

5. Method of amalgamation, check A or B
 Méthode choisie pour la fusion – Cocher A ou B :

A - Amalgamation Agreement / Convention de fusion :



The amalgamation agreement has been duly adopted by the shareholders of each of the amalgamating corporations as required by subsection 176 (4) of the *Business Corporations Act* on the date set out below.
 Les actionnaires de chaque société qui fusionne ont dûment adopté la convention de fusion conformément au paragraphe 176(4) de la *Loi sur les sociétés par actions* à la date mentionnée ci-dessous.

or
ou

B - Amalgamation of a holding corporation and one or more of its subsidiaries or amalgamation of subsidiaries / Fusion d'une société mère avec une ou plusieurs de ses filiales ou fusion de filiales :



The amalgamation has been approved by the directors of each amalgamating corporation by a resolution as required by section 177 of the *Business Corporations Act* on the date set out below.

Les administrateurs de chaque société qui fusionne ont approuvé la fusion par voie de résolution conformément à l'article 177 de la *Loi sur les sociétés par actions* à la date mentionnée ci-dessous.

The articles of amalgamation in substance contain the provisions of the articles of incorporation of
 Les statuts de fusion reprennent essentiellement les dispositions des statuts constitutifs de

and are more particularly set out in these articles.
 et sont énoncés textuellement aux présents statuts.

Names of amalgamating corporations Dénomination sociale des sociétés qui fusionnent	Ontario Corporation Number Numéro de la société en Ontario	Date of Adoption/Approval Date d'adoption ou d'approbation		
		Year année	Month mois	Day jour
CANADA COAL INC.	2254954	2012	02	21
MERCURY CAPITAL LIMITED	2251395	2012	02	21

6. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.
Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la société.

The Corporation is not restricted from carrying on any business or businesses or from exercising any power or powers.

7. The classes and any maximum number of shares that the corporation is authorized to issue:
Catégories et nombre maximal, s'il y a lieu, d'actions que la société est autorisée à émettre :

The Corporation is authorized to issue an unlimited number of shares without nominal or par value of a class designated as common shares (hereinafter called the "Common Shares").

8. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:

Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série :

The rights of the holders of the Common Shares include the following rights:

- (a) to vote at all meetings of shareholders;
- (b) subject to applicable law, to receive dividends in such amounts that the directors may at any time, or from time to time, determine; and
- (c) to receive the remaining property of the Corporation upon dissolution.

9. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:
L'émission, le transfert ou la propriété d'actions est/n'est pas restreint. Les restrictions, s'il y a lieu, sont les suivantes :

The transfer of shares shall not be subject to any restrictions.

10. Other provisions, (if any):
Autres dispositions, s'il y a lieu :

None

11. The statements required by subsection 178(2) of the *Business Corporations Act* are attached as Schedule "A".
Les déclarations exigées aux termes du paragraphe 178(2) de la *Loi sur les sociétés par actions* constituent l'annexe A.
12. A copy of the amalgamation agreement or directors' resolutions (as the case may be) is/are attached as Schedule "B".
Une copie de la convention de fusion ou les résolutions des administrateurs (selon le cas) constitue(nt) l'annexe B.

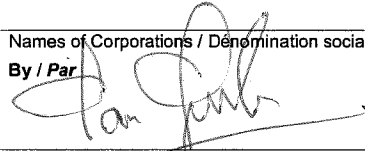
These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

Name and **original signature** of a director or authorized signing officer of each of the amalgamating corporations. Include the name of each corporation, the signatory's name and description of office (e.g. president, secretary). **Only a director or authorized signing officer can sign on behalf of the corporation.** / Nom et **signature originale** d'un administrateur ou d'un signataire autorisé de chaque société qui fusionne. Indiquer la dénomination sociale de chaque société, le nom du signataire et sa fonction (p. ex. : président, secrétaire). **Seul un administrateur ou un dirigeant habilité peut signer au nom de la société.**

CANADA COAL INC.

Names of Corporations / Dénomination sociale des sociétés

By / Par



Thomas A. Fenton

Corporate Secretary

Signature / Signature

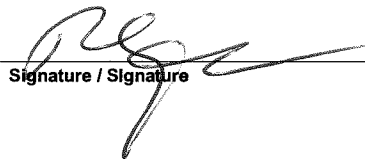
Print name of signatory /
Nom du signataire en lettres moulées

Description of Office / Fonction

MERCURY CAPITAL LIMITED

Names of Corporations / Dénomination sociale des sociétés

By / Par



Robbie Grossman

Corporate Secretary

Signature / Signature

Print name of signatory /
Nom du signataire en lettres moulées

Description of Office / Fonction

Names of Corporations / Dénomination sociale des sociétés

By / Par

Signature / Signature

Print name of signatory /
Nom du signataire en lettres moulées

Description of Office / Fonction

Names of Corporations / Dénomination sociale des sociétés

By / Par

Signature / Signature

Print name of signatory /
Nom du signataire en lettres moulées

Description of Office / Fonction

Names of Corporations / Dénomination sociale des sociétés

By / Par

Signature / Signature

Print name of signatory /
Nom du signataire en lettres moulées

Description of Office / Fonction

4. The director(s) is/are:
Administrateur(s) :

First name, middle names and surname <i>Prénom, autres prénoms et nom de famille</i>	Address for services, giving street & No. or R.R. No., Municipality, Province, Country and Postal code. <i>Domicile élu, y compris la rue et le numéro ou le numéro de la R.R., le nom de la municipalité, la province, le pays et le code postal</i>	Resident Canadian State 'Yes' or 'No' <i>Résident canadien Oui/Non</i>
William F. Lindqvist	181 Bay Street, Suite 1800, Toronto, Ontario, Canada, M5J 2T9	No
Abraham Jonker	181 Bay Street, Suite 1800, Toronto, Ontario, Canada, M5J 2T9	Yes
Edward R. Klue	181 Bay Street, Suite 1800, Toronto, Ontario, Canada, M5J 2T9	Yes

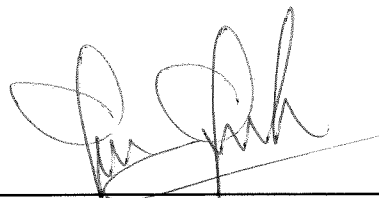
SCHEDULE "A"

**STATEMENT OF DIRECTOR OR OFFICER
PURSUANT TO SUBSECTION 178(2)
OF THE BUSINESS CORPORATIONS ACT (ONTARIO)**

I, Thomas A. Fenton, hereby state that:

1. I am the director and corporate secretary of Canada Coal Inc. and as such have knowledge of its affairs.
2. I have conducted such examinations of the books and records of each amalgamating corporation as are necessary to enable me to make the statements hereinafter set forth.
3. There are reasonable grounds for believing that:
 - (a) each amalgamating corporation, is and the amalgamated corporation, namely Canada Coal Inc., will be able to pay its liabilities as they become due, and
 - (b) the realizable value of the amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes.
4. There are reasonable grounds for believing that no creditor will be prejudiced by the amalgamation.

THIS STATEMENT made this 23rd day of February, 2012.



Thomas A. Fenton

SCHEDULE "A"

**STATEMENT OF DIRECTOR OR OFFICER
PURSUANT TO SUBSECTION 178(2)
OF THE BUSINESS CORPORATIONS ACT (ONTARIO)**

I, Robbie Grossman, hereby state that:

1. I am the director and corporate secretary of Mercury Capital Limited and as such have knowledge of its affairs.
2. I have conducted such examinations of the books and records of each amalgamating corporation as are necessary to enable me to make the statements hereinafter set forth.
3. There are reasonable grounds for believing that:
 - (a) each amalgamating corporation, is and the amalgamated corporation, namely Canada Coal Inc., will be able to pay its liabilities as they become due, and
 - (b) the realizable value of the amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes.
4. There are reasonable grounds for believing that no creditor will be prejudiced by the amalgamation.

THIS STATEMENT made this 23rd day of February, 2012.



Robbie Grossman

SCHEDULE "B"

MERCURY CAPITAL LIMITED

- and -

CANADA COAL INC.

AMALGAMATION AGREEMENT

November 4, 2011

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AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT is made as of the 4th day of November, 2011

BETWEEN:

MERCURY CAPITAL LIMITED,
a corporation existing under the laws of the Province of Ontario

("Mercury")

- and -

CANADA COAL INC.,
a corporation existing under the laws of the Province of Ontario

("Canada Coal")

RECITALS:

- A. Mercury and Canada Coal have agreed that they shall enter into a transaction pursuant to which the business and assets of Mercury shall be combined with that of Canada Coal and which transaction shall constitute the Qualifying Transaction (as herein defined) of Mercury within the meaning of the CPC Policy (as herein defined);
- B. Mercury and Canada Coal intend to effect the transaction by way of an amalgamation of Mercury and Canada Coal pursuant to Section 175 of the OBCA (as herein defined);
- C. the parties wish to enter into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the proposed amalgamation;

THE PARTIES agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context or subject matter provides otherwise, the following terms shall have the meanings set forth below:

"Agency Agreement" means the agency agreement in respect of the Private Placement entered into among Canada Coal, Mercury, Casmir Capital Ltd., Canaccord Genuity Corp., and PowerOne Capital Markets Limited, dated November 4, 2011;

"Agreement" means this agreement, the schedules and any amendments hereto as a whole, and includes any agreement or instrument supplementary or ancillary hereto;

“**Amalco**” means the continuing corporation to be constituted upon completion of the Amalgamation;

“**Amalco Agent’s Warrants**” means the common share purchase warrants of Amalco to be issued in connection with the exchange of the Mercury Agent’s Warrants and the Canada Coal Agent’s Warrants, respectively, as provided in Section 2.13;

“**Amalco Common Shares**” means the common shares in the capital of Amalco;

“**Amalco Options**” means the options to purchase Amalco Common Shares to be issued in connection with the exchange of the Mercury Options and the Canada Coal Options, respectively, as provided in Section 2.13;

“**Amalco Registrar and Transfer Agent**” means Computershare Investor Services Inc. and any other Person which may be appointed as registrar and transfer agent of Amalco from time to time;

“**Amalco Stock Option Plan**” means the incentive stock option plan of Amalco to be approved by the Mercury Shareholders and the Canada Coal Shareholders at the Mercury Meeting and the Canada Coal Meeting, respectively;

“**Amalco Unit Warrant**” means a common share purchase warrant of Amalco to be issued on the exchange or deemed exchange of the Unit Subscription Receipts, with each Amalco Unit Warrant entitling the holder thereof to acquire one Amalco Common Share at price of \$0.80 per share until November 4, 2014;

“**Amalco Warrants**” means common share purchase warrants of Amalco to be issued in connection with the exchange of the Mercury Warrants and the Canada Coal Warrants, respectively, as provided in Section 2.13;

“**Amalgamation**” means the amalgamation of Mercury and Canada Coal pursuant to Section 175 of the OBCA provided for herein;

“**Articles of Amalgamation**” means the articles of amalgamation with respect to the Amalgamation in the form required by the OBCA, substantially in the form attached as Schedule “A”;

“**associate**”, “**affiliate**”, “**insider**” and “**promoter**” have the respective meanings ascribed thereto in the *Securities Act* (Ontario);

“**Business Day**” means any day other than a Saturday or Sunday or statutory holiday in the City of Toronto, Province of Ontario;

“**Canada Coal**” means Canada Coal Inc. and as the context requires, includes each of the Subsidiaries;

“**Canada Coal Agent’s Warrants**” means collectively, as at the date hereof:

- (i) the 804,000 common share purchase warrants of Canada Coal, with each warrant entitling the holder to purchase one Canada Coal Share at a price of \$0.20 per share until April 21, 2013;
- (ii) the 796,000 common share purchase warrants of Canada Coal, with each warrant entitling the holder to purchase one Canada Coal Share at a price of \$0.20 per share until May 4, 2013; and;
- (iii) 602,000 common share purchase warrants of Canada Coal to be issued in connection with the Private Placement with each warrant entitling the holder to purchase one common share of Canada Coal at a price of \$0.80 per share until November 4, 2014;

“Canada Coal Financial Statements” means, collectively, (a) the audited financial statements of Canada Coal for the period from the date of incorporation (August 26, 2010) to September 30, 2010 and for the year ended September 30, 2011, and (b) such additional financial statements as may be required to be prepared and included in the Joint Management Information Circular;

“Canada Coal Flow-Through Shares” means the Canada Coal Shares issued pursuant to the Private Placement, issued as “flow-through shares” within the meaning of Tax Act, subject to certain conditions being met;

“Canada Coal Letter of Transmittal” means the letter of transmittal to be used by Canada Coal Shareholders for the purpose of surrendering certificates representing outstanding Canada Coal Shares and exchanging them for certificates representing Amalco Common Shares;

“Canada Coal Flow-Through Units” means the 6,500,000 units of Canada Coal issued in connection with the Private Placement at a price of \$0.50 per unit, with each unit being comprised of one Canada Coal Flow-Through Share and one-half of one Canada Coal Warrant, provided that if the Release Condition is not satisfied on or before March 4, 2012, each Canada Coal Flow-Through Unit shall at such point and at no additional consideration to the holder, be comprised of one Canada Coal Flow-Through Share and one whole Canada Coal Warrant (instead of one-half of one Canada Coal Warrant);

“Canada Coal Meeting” means the special meeting of the Canada Coal Shareholders to approve the Canada Coal Special Resolution and certain other matters;

“Canada Coal Options” means the 1,600,000 and 2,100,000 outstanding options granted by Canada Coal, as adjusted for any exercise after the date hereof, with each option entitling the holder to purchase one Canada Coal Share at a price of \$0.20 and \$0.50, respectively, per share in accordance with their terms;

“Canada Coal Shares” means the common shares in the capital of Canada Coal Inc. which, for greater certainty, shall include Canada Coal Flow-Through Shares;

“Canada Coal Shareholder” means a holder of outstanding Canada Coal Shares;

“Canada Coal Special Resolution” means the special resolution of the Canada Coal Shareholders to be approved at the Canada Coal Meeting approving the Amalgamation, as set out in the Joint Management Information Circular;

“Canada Coal Warrants” means collectively:

- (i) the 10,050,000 common share purchase warrants of Canada Coal, with each warrant entitling the holder to purchase one Canada Coal Share at a price of \$0.30 per share until the date that is the earlier of (i) twenty-four (24) months following the listing of the common shares in the capital of Canada Coal on the Toronto Stock Exchange, TSX-V or equivalent exchange as approved by Canada Coal, and (ii) 5:00 p.m. (Toronto time) on April 21, 2016;
- (ii) the 9,950,000 common share purchase warrants of Canada Coal, with each warrant entitling the holder to purchase one Canada Coal Share at a price of \$0.30 per share until the date that is the earlier of (i) twenty-four (24) months following the listing of the common shares in the capital of Canada Coal on the Toronto Stock Exchange, TSX-V or equivalent exchange as approved by Canada Coal, and (ii) 5:00 p.m. (Toronto time) on May 4, 2016;
- (iii) the 1,500,000 common share purchase warrants of Canada Coal, with each warrant entitling the holder to purchase one Canada Coal Share at a price of \$0.30 per share until the date that is the earlier of (i) twenty-four (24) months following the listing of the common shares in the capital of Canada Coal on the Toronto Stock Exchange, TSX-V or equivalent exchange as approved by Canada Coal, and (ii) 5:00 p.m. (Toronto time) on June 30, 2016; and
- (iv) 3,250,000 common share purchase warrants of Canada Coal, with each whole warrant entitling the holder to purchase one Canada Coal Share at a price of \$0.80 per share until March 4, 2014, provided that if the Release Condition is not satisfied on or before March 4, 2012, the number of common share purchase warrants of Canada Coal under this subsection (iv) shall be equal to 6,500,000;

“Certificate of Amalgamation” means the certificate of amalgamation giving effect to the Amalgamation as issued by the Director pursuant to subsection 178(4) of the OBCA;

“Closing” means the closing of the Amalgamation;

“Closing Date” means the date of the Closing, which shall be within four Business Days following the later of (i) the date the parties receive conditional approval of the Qualifying Transaction from the TSX-V; (ii) the date of approval of the Mercury Special Resolution by the Mercury Shareholders; (iii) the date of approval of the Canada Coal Special Resolution by the Canada Coal Shareholders; and (iv) such other date as Mercury

and Canada Coal may mutually agree, acting reasonably; but in any event not later April 30, 2011;

“**Confidential Information**” has the meaning specified in Section 8.16;

“**CPC Policy**” means TSX-V Policy 2.4 - *Capital Pool Companies*;

“**Director**” means the Director appointed under Section 278 of the OBCA;

“**Dissent Rights**” has the meaning specified in Section 2.19;

“**Dissenting Holder**” has the meaning specified in Section 2.19;

“**Effective Date**” means the effective date of the Amalgamation, which shall be the date of the Certificate of Amalgamation;

“**Employment Agreements**” means, collectively, the employment agreements entered into between Canada Coal and each of:

- (i) R. Bruce Duncan as President and Chief Executive Officer; and
- (ii) Olga Nikitovic as Chief Financial Officer,

copies of which have been provided to Mercury;

“**Governmental Authority**” means any government, parliament, legislature, regulatory authority, governmental department, agency, commission, board, tribunal, crown corporation, court or other law, rule or regulation-making entity having jurisdiction or exercising executive, legislative, judicial, regulatory or administrative powers on behalf of any federation or nation, or any province, territory, state or other subdivision thereof or any municipality, district or other subdivision thereof;

“**Joint Management Information Circular**” means the joint management information circular of Mercury and Canada Coal prepared in accordance with TSX-V Form 3D1, to be forwarded by Mercury to the Mercury Shareholders and by Canada Coal to the Canada Coal Shareholders, in connection with the Mercury Meeting and the Canada Coal Meeting, respectively;

“**OBCA**” means the *Business Corporations Act (Ontario)*, as the same may be amended, from time to time, and includes any regulations thereto;

“**Mercury Agent’s Warrants**” means collectively:

- (i) the 159,975 outstanding agent’s options issued by Mercury each entitling the holder to purchase one Mercury Share at a price of \$0.20 per share until February 2, 2013, in accordance with their terms; and

- (ii) the 25,000 outstanding agent's warrants issued by Mercury each entitling the holder to purchase one Mercury Share at a price of \$0.20 per share until May 4, 2013, in accordance with their terms

"Mercury Disclosure Record" has the meaning specified in Section 4.1(u);

"Mercury Escrow Agreement" means the escrow agreement dated as of September 30, 2010 made among Mercury, Computershare Investor Services Inc. and certain securityholders of Mercury;

"Mercury Escrowed Shares" means the 1,000,000 Mercury Shares held subject to the Mercury Escrow Agreement;

"Mercury Financial Statements" means, collectively, (a) the audited financial statements of Mercury for the period from the date of incorporation (July 22, 2010) to December 31, 2010, (b) the interim unaudited financial statements for the three month period ended March 31, 2011, (c) the interim unaudited financial statements for the three and six month period ended June 30, 2011, (d) the interim unaudited financial statements for the three and nine month period ended September 30, 2011, and (e) such additional financial statements as may be required to be prepared and included in the Joint Management Information Circular;

"Mercury Letter of Transmittal" means the letter of transmittal to be used by Mercury Shareholders for the purpose of surrendering certificates representing outstanding Mercury Shares and exchanging them for certificates representing Amalco Common Shares;

"Mercury Meeting" means the special meeting of Mercury Shareholders to approve the Mercury Special Resolution and certain other matters;

"Mercury Options" means the 259,975 outstanding options granted by Mercury, as adjusted for any exercise after the date hereof, each option entitling the holder to purchase one Mercury Share at a price of \$0.20 per share until January 28, 2021, in accordance with their terms;

"Mercury Registrar and Transfer Agent" means Computershare Investor Services Inc., and any other Person which may be appointed as registrar and transfer agent of Mercury from time to time;

"Mercury Shareholder" means a holder of outstanding Mercury Shares;

"Mercury Shares" means the common shares in the capital of Mercury;

"Mercury Special Resolution" means the special resolution of the Mercury Shareholders approving the Amalgamation, as set out in the Joint Management Information Circular;

“**Mercury Stock Option Plan**” means the current incentive stock option plan of Mercury;

“**NI 43-101**” means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*, of the Canadian Securities Administrators;

“**Person**” means a natural person, firm, corporation, trust, partnership, joint venture, governmental body or agency or association;

“**Private Placement**” means the brokered private placement of \$1,050,000 of Unit Subscription Receipts and \$3,250,000 of Canada Coal Flow-Through Units for total gross proceeds of \$4,300,000 completed on November 4, 2011;

“**Properties**” means the mining properties, claims, concessions, options, licenses, license applications, leases or other conventional property or proprietary interests or rights of Canada Coal, including those specified in Schedule “B” attached hereto;

“**Qualifying Transaction**” has the meaning ascribed thereto under the CPC Policy;

“**Release Condition**” means the written confirmation of the TSX-V approving the Amalgamation and the listing of the Amalco Common Shares on the TSX-V;

“**Subsidiaries**” means collectively, Canadian Sovereign Coal Corp., a British Columbia corporation, and 5200 Nunavut Ltd., a Nunavut corporation, and “**Subsidiary**” means any of them;

“**Technical Report**” means the technical report dated September 30, 2011 entitled “*The Nunavut Coal Project-Ellesmere Island and Axel Heiberg Island, Nunavut, Canada*” prepared by Keith McCandlish, P. Geol., P. Geo., Susan O'Donnell, P. Geol., of Associated Geosciences Ltd., Calgary, Alberta, Canada;

“**Termination Date**” has the meaning specified in Section 7.2;

“**Time of Closing**” has the meaning specified in Section 5.5;

“**Tax Returns**” means all returns, declarations, reports, information returns and statements filed or required to be filed with any taxing authority relating to Taxes;

“**Taxes**” means all taxes, duties, assessments, imposts and levies however denominated, including any interest, penalties, fines, successor liabilities or other additions that may become payable in respect thereof, imposed by any Governmental Authority in Canada, including those levied on, measured by, or referred to as, income, capital, gross receipts, profits (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding, unemployment insurance, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, franchise taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers compensation and other governmental charges, and other

obligations of the same or of a similar nature to any of the foregoing, which a party is required to pay, withhold, remit or collect;

“**Tax Act**” means the *Income Tax Act* (Canada), as the same may be amended from time to time, and includes any regulations thereto;

“**TSX-V**” means the TSX Venture Exchange Inc.;

“**TSX-V Conditional Approval**” means the conditional approval of the TSX-V concerning the Qualifying Transaction;

“**TSX-V Escrow Agreement**” means the escrow agreement to be entered into among the Registrar and Transfer Agent, Amalco and certain securityholders of Amalco in compliance with the requirements of TSX-V and the CPC Policy, with the securities subject to such agreement to be released as determined by TSX-V; and

“**Unit Subscription Receipts**” means the 2,100,000 subscription receipts issued pursuant to the Private Placement, at a price of \$0.50 per Unit Subscription Receipt with each Unit Subscription Receipt entitling the holder thereof to acquire one Amalco Common Share and one-half of one Amalco Unit Warrant upon certain terms and conditions being satisfied, provided that if the Release Condition is not satisfied on or before March 4, 2012, each Unit Subscription Receipt shall at such point and at no additional consideration to the holder, be comprised of 1.1 Amalco Common Share (instead of one Amalco Common Share) and 0.55 Amalco Warrants (instead of one-half of one Amalco Warrant).

1.2 Interpretation Not Affected by Headings. etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 Number, etc.

This Agreement shall be read with such changes to number and gender as the context requires.

1.4 Date for Any Action

If any action required to be taken hereunder by any party is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding Business Day in such place.

1.5 Currency

Unless otherwise indicated, all sums of money which are referred to in this Agreement are expressed in the currency of Canada.

1.6 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of Mercury or Canada Coal, as applicable, it shall be deemed to refer to the knowledge, information or belief, at the relevant time, of any of the party's directors or officers.

1.7 Meanings

Unless otherwise specifically indicated or the context otherwise requires "**include**", "**includes**" and "**including**" shall be deemed to be followed by the words "**without limitation**".

1.8 Schedules

The following schedules are annexed to and form part of this Agreement:

Schedule "A" - Articles of Amalgamation (form of)

Schedule "B" - Properties

ARTICLE 2 AMALGAMATION

2.1 Amalgamation

On or before the Closing Date, subject to the terms and conditions of this Agreement, Mercury and Canada Coal shall take all steps required to complete the Amalgamation (excluding the filing of the Articles of Amalgamation with the Director) and, without limitation, use all reasonable efforts to apply for and to obtain the approval of their respective shareholders and all other consents, orders or approvals as are necessary or desirable for the implementation of the Amalgamation and the filing of the Articles of Amalgamation with the Director. On Closing, subject to the terms and conditions of this Agreement, Mercury and Canada Coal shall take all steps required to complete the Amalgamation by the filing of the Articles of Amalgamation with the Director pursuant to Section 178 of the OBCA.

2.2 Name

The name of Amalco shall be "**Canada Coal Inc.**"

2.3 Registered Office

The registered office of Amalco shall be 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9.

2.4 Authorized Capital

Amalco shall be authorized to issue an unlimited number of Amalco Common Shares which shall have the rights, privileges, restrictions and conditions set forth in the Articles of Amalgamation.

2.5 Restriction on Share Transfer

The transfer of shares of Amalco shall not be subject to any restrictions.

2.6 Number of Directors

The minimum number of directors of Amalco shall be 3 and the maximum number of directors of Amalco shall be eleven.

2.7 First Directors

The number of first directors of Amalco shall be 6. The first directors of Amalco shall be:

Name	Address for Service	Resident Canadian
R. Stuart Angus	181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9	Yes
R. Bruce Duncan	181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9	Yes
Senator Michael MacDonald	181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9	Yes
Abraham Jonker	181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9	Yes
Thomas A. Fenton	181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9	Yes
Edward R. Klue	181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9	Yes

The first directors shall hold office until the completion of the first annual meeting of the shareholders of Amalco, or until their successors are duly appointed or elected. The subsequent directors shall be elected each year thereafter as provided for in the OBCA and in the by-laws of Amalco. The management and operation of the business and affairs of Amalco shall be under the control of the board of directors of Amalco as it is constituted from time to time.

2.8 First Auditors

The first auditors of Amalco shall be McGovern, Hurley, Cunningham LLP. The first auditors of Amalco shall hold office until the completion of the first annual meeting of shareholders of Amalco following the Amalgamation or until their successor is appointed. The remuneration of the Auditors shall be determined by the board of directors of Amalco as it is constituted from time to time.

2.9 Fiscal Year

The fiscal year end of Amalco shall be December 31, or such other date as the parties may agree, and is subject to receipt of all necessary regulatory approvals.

2.10 Restrictions on Business

There shall be no restrictions on the business that Amalco may carry on.

2.11 Articles of Amalgamation and By-laws

The Articles of Amalgamation shall be in the form set forth as Schedule "A" hereto. Amalco shall adopt the by-laws of Mercury.

2.12 Effect of Certificate of Amalgamation On the Effective Date:

On the Effective Date:

- (a) the amalgamation of Mercury and Canada Coal and their continuance as one corporation shall become effective;
- (b) the property of each of Mercury and Canada Coal shall continue to be the property of Amalco;
- (c) Amalco shall continue to be liable for the obligations of each of Mercury and Canada Coal;
- (d) any existing cause of action, claim or liability to prosecution of either Mercury or Canada Coal shall be unaffected;
- (e) any civil, criminal or administrative action or proceeding pending by or against either Mercury or Canada Coal may be continued to be prosecuted by or against Amalco;
- (f) a conviction against, or ruling, order or judgment in favour of or against, either Mercury or Canada Coal may be enforced by or against Amalco; and
- (g) the Articles of Amalgamation shall be deemed to be the articles of incorporation of Amalco and the Certificate of Amalgamation shall be deemed to be the certificate of incorporation of Amalco.

2.13 Manner of Conversion of Issued Securities

On the Effective Date:

- (a) each one Canada Coal Share (excluding the Canada Coal Flow-Through Shares) shall be exchanged for one fully-paid and non-assessable Amalco Common Share;

- (b) each one Canada Coal Flow-Through Share shall be exchanged for one fully-paid and non-assessable flow-through Amalco Common Share;
- (c) each one Mercury Share shall be exchanged for one fully-paid and non-assessable Amalco Common Share;
- (d) each one Canada Coal Warrant shall be exchanged and replaced by one Amalco Warrant having the same terms and conditions as the respective Canada Coal Warrant;
- (e) each one Canada Coal Agent's Warrant shall be exchanged and replaced by one Amalco Agent's Warrant having the same terms and conditions as the respective Canada Coal Agent's Warrant;
- (f) each one Canada Coal Option shall be replaced with one Amalco Option having the same terms and conditions as the respective Canada Coal Option;
- (g) each one Mercury Agent's Warrant shall be exchanged and replaced by one Amalco Agent's Warrant having the same terms and conditions as the respective Mercury Agent's Warrant;
- (h) each one Mercury Option shall be replaced with one Amalco Option having the same terms and conditions as the respective Mercury Option;
- (i) each Unit Subscription Receipt shall be exchanged for one fully-paid and non-assessable Amalco Common Share and one-half of one Amalco Unit Warrant, provided that if the Release Condition is not satisfied on or before March 4, 2012, each Unit Subscription Receipt shall instead be exchanged for 1.1 fully-paid and non-assessable Amalco Common Shares and 0.55 Amalco Unit Warrants; and
- (j) the aggregate stated capital of Amalco Common Shares shall be an amount equal to the aggregate paid up capital for purposes of the Tax Act of the Mercury Shares and the Canada Coal Shares immediately prior to the Amalgamation, and such stated capital shall be allocated on an equal basis to each Amalco Common Share issued on the Amalgamation.

2.14 Fractional Securities

No fractional securities will be issued by Amalco and no cash will be paid in lieu thereof. Any fraction resulting will be rounded to the nearest whole number with fractions of one-half or greater being rounded to the next higher whole number and fractions of less than one-half being rounded to the next lower whole number.

2.15 Restrictions on Securities

The Amalco Common Shares and other Amalco securities issuable pursuant to Section 2.13 will be subject to compliance with resale restrictions pursuant to applicable securities laws. In addition, certain of the Amalco Common Shares or other Amalco securities to be issued pursuant

to the Amalgamation to certain Canada Coal securityholders specified by TSX-V will be subject to the TSX-V Escrow Agreement.

2.16 Certificates

On the Effective Date:

- (a) the holders of Canada Coal Shares shall cease to be holders of Canada Coal Shares and shall be deemed to be the holders of the Amalco Common Shares to which they are entitled in accordance with Section 2.13, and the holders of certificates representing Canada Coal Shares may surrender such certificates to the Amalco Registrar and Transfer Agent, together with a completed Canada Coal Letter of Transmittal and, upon such surrender, shall be entitled to receive certificates representing the number of Amalco Common Shares to which they are entitled in accordance with Section 2.13 as soon as practicable, but in any event no later than five Business Days following (i) the Effective Date; or (ii) the date of surrender of the certificate representing Canada Coal Shares;
- (b) the holders of Mercury Shares shall cease to be holders of Mercury Shares and shall be deemed to be the holders of the Amalco Common Shares to which they are entitled in accordance with Section 2.13, and the holders of certificates representing Mercury Shares may surrender such certificates to the Amalco Registrar and Transfer Agent, together with a completed Mercury Letter of Transmittal and, upon such surrender, shall be entitled to receive certificates representing the number of Amalco Common Shares to which they are entitled in accordance with Section 2.13 as soon as practicable, but in any event no later than five Business Days following (i) the Effective Date; or (ii) the date of surrender of the certificate representing Mercury Shares;
- (c) the holders of the Mercury Options and Mercury Agent's Warrants shall cease to be holders of such securities and shall be deemed to be the registered holders of the Amalco Options or the Amalco Agent's Warrants, respectively, to which they are entitled in accordance with Section 2.13, and shall receive executed agreements or certificates, as applicable, evidencing such securities of Amalco;
- (d) the holders of the Canada Coal Options, Canada Coal Warrants and Canada Coal Agent's Warrants shall cease to be holders of such securities and shall be deemed to be the registered holders of the Amalco Options, Amalco Warrants or the Amalco Agent's Warrants, respectively, to which they are entitled in accordance with Section 2.13, and shall receive executed agreements or certificates, as applicable, evidencing such securities of Amalco; and
- (e) the holders of Unit Subscription Receipts shall cease to be Unit Subscription Receipt holders of Canada Coal and shall be deemed to be the holders of that number of Amalco Common Shares and Amalco Unit Warrants to which they are entitled in accordance with Section 2.13, and the certificates representing Unit Subscription Receipts shall be cancelled, and the holders of Unit Subscription

Receipts shall be entitled to receive certificates representing that number of Amalco Common Shares and Amalco Unit Warrants to which they are entitled in accordance with Section 2.13, and shall receive executed agreements or certificates, as applicable, evidencing such securities of Amalco.

2.17 Lost Certificates

If any certificate which immediately prior to the Effective Date represented one or more outstanding Mercury Shares, Mercury Options, Mercury Agent's Warrants, Canada Coal Shares, Canada Coal Options, Canada Coal Warrants or Canada Coal Agent's Warrants shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder thereof, as applicable, claiming such certificate to be lost, stolen or destroyed, the Amalco Registrar and Transfer Agent or Amalco, as applicable, will issue in exchange for such lost, stolen or destroyed certificate, one or more certificates representing one or more Amalco Common Shares, Amalco Options, Amalco Warrants, Amalco Unit Warrants or Amalco Agent's Warrants, in each case deliverable pursuant to Section 2.13. When authorizing such replacement certificate in exchange for any lost, stolen, destroyed certificate, the holder to whom certificates representing such securities are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to the Amalco Registrar and Transfer Agent and/or Amalco in such sum as Amalco may direct or otherwise indemnify the Amalco Registrar and Transfer Agent and Amalco in a manner satisfactory to the Amalco Registrar and Transfer Agent and Amalco against any claim that may be made against Amalco with respect to the certificate alleged to have been lost, stolen or destroyed.

2.18 Stock Option Plan

The stock option plan of Amalco shall be the Amalco Stock Option Plan, which stock option plan is to be approved by the Mercury Shareholders at the Mercury Meeting, the Canada Coal Shareholders at the Canada Coal Meeting, and the TSX-V, and will be attached as a schedule to the Joint Management Information Circular.

2.19 Dissent Rights

A registered holder of Canada Coal Shares or Mercury Shares (a "**Dissenting Holder**") may exercise rights of dissent with respect to such Canada Coal Shares or Mercury Shares, as the case may be, pursuant to and in the manner set forth in Section 185 of the OBCA (the "**Dissent Rights**") in connection with the Amalgamation. A Dissenting Holder who duly exercises such Dissent Rights (including the sending of a notice of dissent to Canada Coal or Mercury, as applicable) ceases to have any rights as a holder of Canada Coal Shares or Mercury Shares, as the case may be, other than the right to be paid the fair value of such Dissenting Holder's Canada Coal Shares or Mercury Shares, as the case may be, pursuant to Section 185 of the OBCA except in certain circumstances, including where:

- (a) such Dissenting Holder withdraws the notice of dissent before Canada Coal or Mercury, as applicable, makes an offer to such Dissenting Holder pursuant to subsection 185(15) of the OBCA; or

- (b) Canada Coal or Mercury, as the case may be, fails to make an offer to such Dissenting Holder in accordance with subsection 185(15) of the OBCA and such holder withdraws the notice of dissent.

In the circumstances described in clause (a) or (b), or if a Dissenting Holder is ultimately determined not to be entitled, for any reason, to be paid the fair value for its Canada Coal Shares or Mercury Shares, as the case may be, a Dissenting Holder shall be deemed to have participated in the Amalgamation on the same basis as a non-Dissenting Holder.

2.20 Withholding Rights

Canada Coal, Mercury, the Mercury Registrar and Transfer Agent and the Amalco Registrar and Transfer Agent shall be entitled to deduct and withhold from any amount payable to any holder of a Canada Coal Share, Canada Coal Warrant, Mercury Share, Mercury Option, Mercury Agent's Warrant, Amalco Common Share, Amalco Warrant, Amalco Unit Warrant Amalco Option or Amalco Agent's Warrant such amounts as Canada Coal, Mercury, the Mercury Registrar and Transfer Agent, Amalco or the Amalco Registrar and Transfer Agent is required to deduct and withhold with respect to such payment under the Tax Act or any provision of federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the securities in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. To the extent that the amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, Canada Coal, Mercury, the Mercury Registrar and Transfer Agent, Amalco or the Amalco Registrar and Transfer Agent shall sell or otherwise dispose of such portion of the amount as is necessary to provide sufficient funds to Canada Coal, Mercury, the Mercury Registrar and Transfer Agent, Amalco or the Amalco Registrar and Transfer Agent, as the case may be, to enable it to comply with such deduction or withholding requirement, and Canada Coal, Mercury, the Mercury Registrar and Transfer Agent, Amalco or the Amalco Registrar and Transfer Agent, as the case may be, shall notify the holder thereof and remit any unapplied balance of the next proceeds of such sale.

ARTICLE 3 COVENANTS

3.1 Restrictive Covenants of Canada Coal

Canada Coal covenants and agrees that it will not, from the date hereof to and including the Effective Date, except as contemplated by this Agreement or with the prior written consent of Mercury (such consent not to be unreasonably withheld):

- (a) declare, pay or set aside any dividends or provide for any distribution of its properties or assets, or make any payment by way of return of capital, to its shareholders;
- (b) split, combine or reclassify any outstanding shares;
- (c) except for the Agency Agreement, enter into any material contract;

- (d) redeem, purchase or offer to purchase any of its shares or other securities;
- (e) reorganize, amalgamate or merge with any other Person in any manner whatsoever;
- (f) acquire or agree to acquire (by merger, amalgamation, acquisition of securities or assets or otherwise) any Person or any assets or properties other than in the ordinary course of its business;
- (g) incur or commit to incur any indebtedness for borrowed money or issue any debt securities;
- (h) except pursuant to the Private Placement, issue or commit to issue any shares, rights, warrants or options to purchase such shares, or any securities convertible into such shares, warrants or options, except pursuant to the issuance of securities issuable pursuant to the terms of securities outstanding on the date hereof,
- (i) alter or amend in any way its constating documents or by-laws as the same exist at the date of this Agreement;
- (j) take any action which would be outside the ordinary course of business or which may result in a material adverse change in its affairs;
- (k) sell, pledge, lease, dispose of, grant any interest in, encumber or agree to sell, pledge, lease, dispose of, grant any interest in or encumber any of its assets;
- (l) engage in any business enterprise or other activity materially different from that carried on or intended to be carried on as at the date hereof,
- (m) enter into any transaction with or make payments to a party with which it does not deal at arm's length, other than in the ordinary course of business consistent with past practice;
- (n) except pursuant to an existing employment agreement or the agreement with Abraham Jonker, grant any director, officer or employee who has a policy-making function any increase in compensation or in severance or termination pay (whether or not such compensation or pay is payable in cash), or enter into any employment or consulting agreement with any such director, officer or employee, or hire or promote any such person; or
- (o) perform any act or enter into any transaction or negotiation which might materially adversely interfere or be materially inconsistent with the consummation of the transactions contemplated under this Agreement.

3.2 Positive Covenants of Canada Coal

Canada Coal covenants and agrees that it will:

- (a) use all commercially reasonable efforts to obtain all necessary consents, assignments or waivers from third parties and amendments or terminations to any instrument or agreement and take such other measures as may be necessary to fulfil its obligations under and to carry out the transactions contemplated by this Agreement;
- (b) provide Mercury, on a timely basis, with all relevant information concerning it and its business, property, operations and financial statements for inclusion in the Joint Management Information Circular;
- (c) promptly notify Mercury if at any time before the Effective Time it becomes aware that the Joint Management Information Circular (with respect to information provided by or in relation to Canada Coal) or a filing or an application described in subsection 3.2(j) contains any misrepresentation or any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Joint Management Information Circular or such filing or application; and in any such event, shall cooperate in the preparation of a supplement or amendment to the Joint Management Information Circular or such other document, as required and as the case may be;
- (d) subject to Mercury complying with subsection 3.4(b), ensure that the Joint Management Information Circular complies with all applicable laws and, without limiting the generality of the foregoing, that the Joint Management Information Circular does not contain any misrepresentation or any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to any information relating to or provided by Mercury). Without limiting the generality of the foregoing, Canada Coal shall ensure that the Joint Management Information Circular complies with the CPC Policy (unless otherwise exempted from all or a portion of the CPC Policy by the TSX-V) and applicable laws as they relate to Canada Coal and shall ensure that the Joint Management Information Circular provides the Canada Coal Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Canada Coal Meeting;
- (e) on or before the Closing Date, use all commercially reasonable efforts to convene the Canada Coal Meeting for the purpose of approving the Canada Coal Special Resolution;
- (f) recommend to the Canada Coal Shareholders the approval of the Canada Coal Special Resolution;

- (g) mail to the Canada Coal Shareholders the Joint Management Information Circular and other documentation required in connection with the Canada Coal Meeting in accordance with applicable laws as soon as reasonably practicable;
- (h) solicit from the Canada Coal Shareholders proxies in favour of approval of the Canada Coal Special Resolution;
- (i) not adjourn, postpone or cancel (or propose adjournment, postponement or cancellation of) the Canada Coal Meeting without Mercury's prior written consent except as required by applicable laws or, in the case of adjournment, as may be required by the Canada Coal Shareholders as expressed by majority resolution;
- (j) except for proxies and non-substantive communications with securityholders, furnish promptly to Mercury a copy of each notice, report, schedule or other document delivered, filed or received by it in connection with: (i) the Amalgamation; (ii) any filings under applicable laws; and (iii) any dealings with regulatory agencies in connection with the transactions contemplated herein;
- (k) make other necessary filings and applications under applicable federal and provincial laws and regulations required on its part in connection with the transactions contemplated herein, and take all reasonable action necessary to be in compliance with such laws and regulations;
- (l) use all commercially reasonable efforts to conduct its affairs so that all of its representations and warranties contained herein shall be true and correct on and as of the Closing Date and the Effective Date as if made on the Closing Date or the Effective Date, respectively, except to the extent that such representations and warranties require modification to give effect to the transactions contemplated herein;
- (m) use all commercially reasonable efforts to cause each of the conditions precedent set forth in Sections 5.1 and 5.3 to be complied with;
- (n) subject to the satisfaction of the conditions in Sections 5.1 and 5.2, thereafter together with Mercury file with the Director the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation on or before the Termination Date; and
- (o) notify Mercury immediately upon becoming aware that any of its representations and warranties contained herein are no longer true and correct in any material respect.

3.3 Restrictive Covenants of Mercury

Mercury covenants and agrees that it will not from the date hereof to and including the Effective Date, except as contemplated by this Agreement or with the prior written consent of Canada Coal, such consent not to be unreasonably withheld:

- (a) declare, pay or set aside any dividends or provide for any distribution of its properties or assets, or make any payment by way of return of capital, to its shareholders;
- (b) split, combine or reclassify any outstanding shares;
- (c) except for the Agency Agreement, enter into any material contract;
- (d) redeem, purchase or offer to purchase any of its shares or other securities;
- (e) reorganize, amalgamate or merge with any other Person in any manner whatsoever;
- (f) acquire or agree to acquire (by merger, amalgamation, acquisition of securities or assets or otherwise) any Person or any assets or properties;
- (g) incur or commit to incur any indebtedness for borrowed money or issue any debt securities;
- (h) except pursuant to the Private Placement, issue or commit to issue any shares, rights, warrants or options to purchase such shares, or any securities convertible into such shares, warrants or options, except pursuant to the issuance of securities issuable pursuant to the terms of securities outstanding on the date hereof;
- (i) alter or amend in any way its constating documents or by-laws as the same exist at the date of this Agreement;
- (j) take any action which may result in a material adverse change in its affairs or which is contrary to the CPC Policy;
- (k) sell, pledge, lease, dispose of, grant any interest in, encumber or agree to sell, pledge, lease, dispose of, grant any interest in or encumber any of its assets;
- (l) engage in any business enterprise, other than as contemplated herein pursuant to the CPC Policy;
- (m) enter into any transaction with or make payments to a party with which it does not deal at arm's length, other than in the ordinary course of business consistent with past practice;
- (n) grant any director, officer or employee who has a policy-making function any increase in compensation or in severance or termination pay (whether or not such compensation or pay is payable in cash), or enter into any employment or consulting agreement with any such director, officer or employee, or hire or promote any such person; or

- (o) perform any act or enter into any transaction or negotiation which might materially adversely interfere or be materially inconsistent with the consummation of the transactions contemplated under this Agreement.

3.4 Positive Covenants of Mercury

Mercury covenants and agrees that it will:

- (a) use all commercially reasonable efforts to obtain all necessary consents, assignments or waivers from third parties and amendments or terminations to any instrument or agreement and take such other measures as may be necessary to fulfil its obligations under and to carry out the transactions contemplated by this Agreement;
- (b) provide Canada Coal, on a timely basis, with all relevant information concerning it and its business, property, operations and financial statements for inclusion in the Joint Management Information Circular;
- (c) promptly notify Canada Coal if at any time before the Effective Time it becomes aware that the Joint Management Information Circular (with respect to information provided by or in relation to Mercury) or a filing or an application described in subsection 3.4(k) contains any misrepresentation or any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Joint Management Information Circular or such filing or application; and in any such event, shall cooperate in the preparation of a supplement or amendment to the Joint Management Information Circular or such other document, as required and as the case may be;
- (d) subject to Canada Coal complying with subsection 3.2(b), ensure that the Joint Management Information Circular complies with all applicable laws and, without limiting the generality of the foregoing, that the Joint Management Information Circular does not contain any misrepresentation or any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to any information relating to or provided by Canada Coal). Without limiting the generality of the foregoing, Mercury shall ensure that the Joint Management Information Circular complies with the CPC Policy (unless otherwise exempted from all or a portion of the CPC Policy by the TSX-V) and applicable laws as they relate to Mercury, and provides the Mercury Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Mercury Meeting;

- (e) on or before the Closing Date, use all commercially reasonable efforts to convene the Mercury Meeting for the purpose of approving the Mercury Special Resolution;
- (f) recommend to Mercury Shareholders the approval of the Mercury Special Resolution;
- (g) mail to Mercury Shareholders the Joint Management Information Circular and other documentation required in connection with the Mercury Meeting in accordance with applicable laws as soon as reasonably practicable;
- (h) solicit from Mercury Shareholders proxies in favour of approval of the Mercury Special Resolution;
- (i) not adjourn, postpone or cancel (or propose adjournment, postponement or cancellation of) the Mercury Meeting without Canada Coal's prior written consent except as required by applicable laws or, in the case of adjournment, as may be required by Mercury Shareholders as expressed by majority resolution;
- (j) except for proxies and other non-substantive communications with securityholders, furnish promptly to Canada Coal a copy of each notice, report, schedule or other document delivered, filed or received by Mercury in connection with: (i) the Amalgamation; (ii) any filings under applicable laws; and (iii) any dealings with regulatory agencies in connection with the transactions contemplated herein;
- (k) make other necessary filings and applications under applicable federal and provincial laws and regulations required on its part of connection with the transactions contemplated herein, and take all reasonable action necessary to be in compliance with such laws and regulations;
- (l) use all commercially reasonable efforts to conduct its affairs so that all of its representations and warranties contained herein shall be true and correct on and as of the Closing Date and the Effective Date as if made on the Closing Date or the Effective Date, respectively, except to the extent that such representations and warranties require modification to give effect to the transactions contemplated herein;
- (m) use all commercially reasonable efforts to cause each of the conditions precedent set forth in Sections 5.1 and 5.2 to be complied with;
- (n) subject to satisfaction of the conditions in Sections 5.1 and 5.3, thereafter together with Canada Coal file with the Director the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation on or before the Termination Date; and

- (o) notify Canada Coal immediately upon becoming aware that any of its representations and warranties it contained herein are no longer true and correct in any material respect.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Mercury

Mercury represents and warrants to and in favour of Canada Coal (and acknowledges that Canada Coal is relying upon such representations and warranties) as follows:

- (a) it is a corporation duly incorporated, organized and validly subsisting and in good standing under the laws of the Province of Ontario, and has all the requisite corporate power, capacity and authority to enter into this Agreement and to perform its obligations hereunder and to carry on its business and to own, lease and operate its assets;
- (b) it is a reporting issuer in British Columbia, Alberta and Ontario and is in compliance in all material respects with all of its obligations under the applicable securities laws in British Columbia, Alberta and Ontario. Since October 27, 2010, Mercury has not been the subject of any investigation by any stock exchange or any other securities regulatory authority or body, is current with all filings required to be made by it under applicable securities and corporate legislation and is not aware of any material deficiencies in the filing of any documents or reports with any stock exchange or securities regulatory authority or body;
- (c) the Mercury Shares are currently listed and approved for trading on the TSX-V under the symbol "MLC.P", and on no other stock exchange, and such shares are subject to the halt in trading imposed by the TSX-V under its rules and policies as a result of the announcement of the Amalgamation;
- (d) it has not conducted any business, other than in accordance with the CPC Policy and is in compliance in all material respects with all of the rules, policies and requirements of the TSX-V, including, without limitation, the CPC Policy with respect to the permitted expenditure of funds;
- (e) the entering into and performance of this Agreement and the transactions contemplated herein by Mercury will not violate:
 - (i) its constating documents or by-laws;
 - (ii) any agreement to which it is a party and will not give any Person any right to terminate or cancel any agreement or any right enjoyed by it because of such agreement, and will not result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever in favour of a third party upon or against it or its assets; or

- (iii) any statute, regulation, by-law, order, judgment or decree by which it is bound;
- (f) the execution and delivery of this Agreement and the completion of the transactions contemplated herein have been approved by the board of directors of Mercury and this Agreement constitutes a valid and binding obligation of Mercury enforceable against it in accordance with its terms, subject, however, to the approval of the Amalgamation by the Mercury Shareholders and the TSX-V and the limitations imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance or injunction are granted at the discretion of a court of competent jurisdiction;
- (g) the authorized capital of Mercury consists of an unlimited number of Mercury Shares, of which 3,349,750 Mercury Shares are issued and outstanding as of the date hereof;
- (h) other than pursuant to the Private Placement, the Mercury Options and the Mercury Agent's Warrants, or pursuant to this Agreement, no Person has any agreement, option or right to acquire or capable of becoming an agreement for the purchase or acquisition of any of the unissued Mercury Shares or any other securities of Mercury, and there are no other outstanding securities or instruments which are convertible into or exchangeable for Mercury Shares;
- (i) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review in progress or, to the knowledge of Mercury, pending or threatened against or relating to Mercury or affecting its properties or business which if determined adversely to Mercury might materially and adversely affect its properties, business, future prospects or the financial condition of Mercury, taken as a whole; or the right of Mercury to use, produce or sell its property or assets in whole or in part; and there is not presently outstanding against Mercury any judgment, injunction, rule or order of any court, Governmental Authority, commission, agency or arbitrator;
- (j) it is not in arrears or in default in respect of the filing of any required Taxes or Tax Returns; and (i) all Taxes due and payable or collectible from Mercury shall have been paid or collected prior to the Effective Date, (ii) no claim for additional Taxes due and payable or collectible from Mercury has been made which has not been collected, and (iii) to the best of the knowledge of Mercury, no such return contains any misstatement or conceals any statement that should have been included therein;
- (k) no notices, reports or other filings are required to be made by Mercury with, nor are any consents, approvals, registrations, permits, order or authorizations required to be obtained by Mercury from any third party or Governmental Authority in connection with the execution and delivery of this Agreement by Mercury, the performance of its obligations hereunder or the consummation by

Mercury of the transactions contemplated hereby other than: (i) the approval of the Mercury Special Resolution by the Mercury Shareholders; (ii) the approval of the Amalgamation by the TSX-V; (iii) such registrations and other actions required under applicable securities laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of a new corporation on the Amalgamation; (iv) any filings with the Director; and (v) any other consents, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a material adverse effect on Mercury or prevent or materially impair Mercury's ability to perform its obligations hereunder;

- (l) since October 27, 2010, it has not experienced nor is it aware of any occurrence or event which has had, or might reasonably be expected to have, a materially adverse effect on its affairs or financial condition;
- (m) other than in connection with the Private Placement, it has not incurred any obligation or liability, contingent or otherwise, for broker's fees, commissions or finder's fees or other similar fees in respect of the transactions contemplated herein;
- (n) the Mercury Financial Statements and the notes thereto, have been prepared in accordance with Canadian generally accepted accounting principles or international financial reporting standards, as applicable, are true and correct and present fairly, in all material respects, the financial position of Mercury as at such dates and the results of its operations and changes in financial position for the period indicated in the said statements;
- (o) it has no material liabilities, contingent or otherwise, except those set out in the Mercury Financial Statements and the Joint Management Information Circular;
- (p) except pursuant to the Private Placement and as provided for by this Agreement, no Person has any written or oral agreement, option, understanding or commitment or any right or privilege capable of becoming an agreement for the purchase, exchange, transfer or other disposition from Mercury of any of its assets;
- (q) the Joint Management Information Circular will disclose all material contracts, agreements and commitments (whether written or oral) to which Mercury is a party, and all of such material contracts, agreements and commitments are in full force and effect and Mercury is not in default under any of such contracts, agreements or commitments, save and except for any breach or default which is not material or which has been waived by the other party to such contract, agreement or commitment;
- (r) there does not exist any state of facts which after notice or lapse of time, or both, will constitute a material default or material breach on the part of Mercury under

any of the provisions contained in any of the material contracts, commitments or agreements referred to in subsection 4.1(r);

- (s) no notices, reports or other filings are required to be made by Mercury with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained by Mercury from, any Governmental Authority, other than TSX-V and the usual filings under applicable Canadian securities laws, in connection with the execution and delivery of this Agreement by Mercury and the consummation of the transactions contemplated herein by it, the failure to make or obtain any or all of which is reasonably likely to have a material adverse effect on the financial condition of Mercury or could prevent, materially delay or materially burden the transactions contemplated by this Agreement;
- (t) since October 27, 2010, it has filed all required forms, reports and other documents (collectively, the "**Mercury Disclosure Record**") with the applicable Canadian securities regulatory authorities having jurisdiction; and none of the Mercury Public Disclosure filed with the applicable Canadian securities regulatory authorities having jurisdiction, at the time filed or as subsequently amended, contained any misrepresentation or any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;
- (u) the corporate records and minute books of Mercury contain, in all material respects, complete and accurate minutes of all meetings of the directors and shareholders since its date of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meetings, duly signed;
- (v) other than as disclosed in the prospectus of Mercury dated October 26, 2010, to the knowledge of Mercury, none of the directors, officers or principal Mercury Shareholders is or has been, in the previous ten years, subject to prior regulatory, criminal or bankruptcy proceedings in Canada or elsewhere; and
- (w) it is not a party to any material contract, agreement or understanding with any officer, director, employee, shareholder or any other Person not dealing at arm's length with Mercury.

4.2 Representations and Warranties of Canada Coal

Canada Coal represents and warrants to and in favour of Mercury (and acknowledges that Mercury is relying upon such representations and warranties) as follows:

- (a) it is a corporation duly incorporated, organized and validly subsisting and in good standing under the laws of the Province of Ontario, and has all the requisite corporate power, capacity and authority to enter into this Agreement and to perform its obligations hereunder and to carry on its business and to own, lease and operate its assets;

- (b) it is not reporting issuer in any jurisdiction in Canada and it does not have any of its securities listed on any stock exchange;
- (c) no cease trade order has been issued against it or the Canada Coal Shares in any jurisdiction and, to the knowledge of Canada Coal, no cease trade order is pending or threatened;
- (d) the execution and delivery of this Agreement and the completion of the transactions contemplated herein have been approved by the board of directors of Canada Coal and this Agreement constitutes a valid and binding obligation of Canada Coal enforceable against it in accordance with its terms, subject, however, to the approval of the Amalgamation by the Canada Coal Shareholders and the limitations imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance or injunction are granted at the discretion of a court of competent jurisdiction;
- (e) it has no subsidiaries except Canadian Sovereign Coal Corp. and 5200 Nunavut Ltd.;
- (f) the authorized capital of Canada Coal consists of an unlimited number of Canada Coal Shares, of which, as of the date hereof there are 38,000,000 Canada Coal Shares, issued and outstanding;
- (g) other than the Unit Subscription Receipts, the Canada Coal Warrants, the Canada Coal Options, the Canada Coal Agent's Warrants, or pursuant to this Agreement, no Person has any agreement, option or right to acquire or capable of becoming an agreement for the purchase or acquisition of any of the unissued Canada Coal Shares or any other securities of Canada Coal, and there are no other outstanding securities or instruments which are convertible into or exchangeable for Canada Coal Shares;
- (h) the information concerning Canada Coal to be provided by and contained in the Joint Management Information Circular will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make a statement therein not misleading in light of the circumstances in which it will be made;
- (i) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review in progress or, to the knowledge of Canada Coal, pending or threatened against or relating to Canada Coal or affecting its properties or business which if determined adversely to Canada Coal might materially and adversely affect the properties, business, future prospects or the financial condition of Canada Coal, taken as a whole, or the right of Canada Coal to use, produce or sell its property or assets in whole or in part; and there is not presently outstanding against Canada Coal any judgment, decree, injunction, rule or order of any court, Governmental Authority, commission, agency or arbitrator;

- (j) it is not in arrears or in default in respect of the filing of any required Taxes or Tax Returns; and (i) all Taxes due and payable or collectible from Canada Coal shall have been paid or collected prior to the Effective Date, (ii) no claim for additional Taxes due and payable or collectible from Canada Coal has been made which has not been collected, and (iii) to the best of the knowledge of Canada Coal, no such return contains any misstatement or conceals any statement that should have been included therein;
- (k) no notices, reports or other filings are required to be made by Canada Coal with, nor are any consents, approvals, registrations, permits, order or authorizations required to be obtained by Canada Coal from any third party or Governmental Authority in connection with the execution and delivery of this Agreement by Canada Coal, the performance of its obligations hereunder or the consummation by Canada Coal of the transactions contemplated hereby other than: (i) the approval of the Canada Coal Special Resolution by the Canada Coal Shareholders; (ii) the approval of the Amalgamation by the TSX-V; (iii) such registrations and other actions required under applicable securities laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of a new corporation on the Amalgamation; (iv) any filings with the Director; and (v) any other consents, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a material adverse effect on Canada Coal or prevent or materially impair Canada Coal's ability to perform its obligations hereunder;
- (l) Canada Coal is duly licensed, registered and qualified, in all material respects, and possesses all material certificates, authorizations, permits or licences issued by the appropriate regulatory authorities in the jurisdictions necessary to enable its business to be carried on as now conducted and to enable its property and assets to be owned, leased and operated as they are now, and all such licences, registrations and qualifications are in good standing, in all material respects;
- (m) it has not experienced nor is it aware of any occurrence or event which has had, or might reasonably be expected to have, a materially adverse effect on its affairs or financial condition;
- (n) as of the date hereof:
 - (i) no party has any rights of first refusal, back-in rights or other rights in respect of the Properties;
 - (ii) there are no other outstanding agreements or options to acquire or purchase the properties comprising the Properties or any part thereof or interest therein, and no individual, corporation or other entity has any royalty or other interest whatsoever in production or profits from the properties comprising the Properties or any part thereof;

- (iii) all exploration permits, leases, licenses and mining claims, payments, rentals, taxes, assessments, renewal fees and other governmental charges, owing in respect of the Properties or any part of the Properties, have been paid in full;
- (iv) there is no adverse claim against, or challenge to, the ownership of or title to, the Properties;
- (v) all exploration activities on or in respect of the development of the Properties are in compliance with all applicable Laws and licenses;
- (vi) Canada Coal is not in any violation of any applicable Environmental Laws;
- (vii) Canada Coal has all permits, authorizations and approvals required under any applicable Environmental Laws and is in material compliance with their requirements;
- (viii) to the knowledge of Canada Coal, there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against Canada Coal or claim involving a demand for damages or other potential liability with respect to violations of applicable Environmental Laws; and
- (ix) to the knowledge of Canada Coal, there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting Canada Coal relating to Hazardous Materials or any Environmental Laws;
- (o) Canada Coal holds either freehold title, mining leases, mining concessions, mining claims, options or participating interests or other conventional property or proprietary interests or rights, recognized in the jurisdiction in which the Properties are located under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit Canada Coal to explore for the minerals relating thereto;
- (p) all property, options, leases, concessions or claims in which Canada Coal has an interest or right have been validly located and recorded in accordance in all material respects with all applicable laws and are valid and subsisting;
- (q) the Properties represent all of the material rights owned or held by Canada Coal whether freehold title, mining leases, concessions, options or participating interests or other property or proprietary interests or rights;
- (r) any and all agreements pursuant to which Canada Coal holds its respective Properties or assets or are entitled to the use of the Properties or assets, including,

without limitation, all such agreements (and all amendments thereto) relating to the Properties, are valid and subsisting agreements in full force and effect, enforceable in accordance with their respective terms and Canada Coal is not in material default of any of the provisions of any such agreements nor has any such default been alleged to have occurred, nor are there any disputes with respect thereto, and all applications, claims, options, leases, licenses, and concessions pursuant to which Canada Coal derives its interests in such material assets are in good standing in all material respects and there has been no default under any such applications, leases, claims, licenses, options or concessions and all Taxes, work fees and other amounts required to have been paid with respect to such properties and assets to the date hereof have been paid;

- (s) none of the Properties or any of the agreements referred to in the immediately preceding paragraph have been surrendered, waived, released, amended, assigned, encumbered or discounted by Canada Coal and Canada Coal has not granted any subleases, licenses, options or other rights of occupation in respect of any of the Properties;
- (t) it is in material compliance with NI 43-101 in connection with its Properties and has prepared, filed and certified all technical reports required by applicable securities laws in accordance with NI 43-101;
- (u) the entering into and performance of this Agreement and the transactions contemplated herein by Canada Coal will not violate:
 - (i) its constating documents or by-laws;
 - (ii) any agreement to which it is a party and will not give any Person any right to terminate or cancel any agreement or any right enjoyed by it because of such agreement, and will not result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever in favour of a third party upon or against it or its assets; or
 - (iii) any statute, regulation, order, judgment or decree by which it is bound;
- (v) other than in connection with the Private Placement, it has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees or other similar fees in respect of the transactions contemplated herein;
- (w) since October 1, 2011, there has not been any material adverse change in its condition or operation or in its assets, liabilities or financial condition;
- (x) the Canada Coal Financial Statements and the notes thereto, have been prepared in accordance with Canadian generally accepted accounting principles or international financial reporting standards, as applicable, are true and correct and present fairly, in all material respects, the financial position of Canada Coal as at such dates and the results of its operations and changes in financial position for the period indicated in the said statements;

- (y) it has no material liabilities, contingent or otherwise, except those set out in the Canada Coal Financial Statements and the Joint Management Information Circular;
- (z) other than as disclosed in the Canada Coal Financial Statements, amounts owing to reimburse individuals for business expenses incurred and approved on behalf of Canada Coal or in connection with the agreement with Abraham Jonker, Canada Coal is not indebted to:
 - (i) any director, officer, employee or shareholder of Canada Coal;
 - (ii) any individual related to any of the foregoing by blood, marriage or adoption; or
 - (iii) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in subsections 4.2(aa)(i) and (ii);
- (aa) none of those Persons referred to in subsection 4.2(aa) is indebted to Canada Coal;
- (bb) no Person has any written or oral agreement, option, understanding or commitment or any right or privilege capable of becoming an agreement for the purchase, exchange, transfer or other disposition from Canada Coal of any of its assets;
- (cc) other than the Employment Agreements or the agreement with Abraham Jonker, there are no contracts, agreements or engagements of any director, officer or senior employee of Canada Coal, either written or verbal, providing for a fixed period of employment;
- (dd) the information concerning the Amalgamation to be provided by Canada Coal to the Canada Coal Shareholders in the Joint Management Information Circular will comply with applicable laws and will disclose all material facts relating to the particular matters concerning the Amalgamation and Canada Coal to be acted upon by the Canada Coal Shareholders (as required to be disclosed under applicable laws);
- (ee) the Joint Management Information Circular will disclose all material contracts, agreements and commitments (whether written or oral) to which Canada Coal is a party, and all of such material contracts, agreements and commitments, are in full force and effect and Canada Coal is not in default under any of such contracts, agreements or commitments, save and except for any breach or default which is not material or which has been waived by the other party to such contract, agreement or commitment;
- (ff) there does not exist any state of facts which after notice or lapse of time, or both, will constitute a material default or breach on the part of Canada Coal under any

of the provisions contained in any of the material contracts, commitments or agreements of Canada Coal referred to in subsection 4.2(ff);

- (gg) the corporate records and minute books of Canada Coal contain, in all material respects, complete and accurate minutes of all meetings of the directors and shareholders since its date of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meetings, duly signed;
- (hh) to the knowledge of Canada Coal, none of the directors or officers of Canada Coal is or has ever been subject to prior regulatory, criminal or bankruptcy proceedings in Canada or elsewhere;
- (ii) it is not a party to any material contract, agreement or understanding with any officer, director, employee, shareholder or any other Person not dealing at arm's length with Canada Coal;

4.3 Survival of Representations and Warrants

The representations and warranties contained in this Agreement shall be true on the Closing Date as though they were made on the Closing Date and they shall survive the completion of the transactions contemplated under this Agreement in full force and effect for a period of two years. No party shall be under liability in respect of any claim for a breach of a representation and warranty if the facts or circumstances giving rise thereto are known to the other party at the date of this Agreement.

ARTICLE 5 CONDITIONS PRECEDENT AND OTHER MATTERS

5.1 Mutual Conditions Precedent

The respective obligations of the parties hereto to consummate the transactions contemplated herein are subject to the satisfaction, on or before the Closing Date, of the following conditions any of which may be waived by the mutual consent of the parties without prejudice to their rights to rely on any other of such conditions:

- (a) the Mercury Special Resolution shall have been approved by the Mercury Shareholders in accordance with the provisions of the OBCA;
- (b) the Canada Coal Special Resolution shall have been approved by the Canada Coal Shareholders in accordance with the provisions of the OBCA;
- (c) Canada Coal shall have completed the Private Placement for minimum gross proceeds of \$4,300,000;
- (d) there shall not exist any prohibition at law against the completion of the Amalgamation;

- (e) the Amalco Stock Option Plan shall be in a form satisfactory to each of Canada Coal and Mercury;
- (f) the parties shall have received the TSX-V Conditional Approval letter approving the Amalgamation upon the terms hereof as a Qualifying Transaction of Mercury, approving the listing of the Amalco Common Shares issued and outstanding on the Effective Date and the Amalco Common Shares issuable pursuant to the Amalgamation upon exercise of any securities of Amalco convertible or exercisable into Amalco Common Shares, as well as conditionally approving the Amalco Stock Option Plan, subject to the usual conditions;
- (g) Amalco, upon completion of the Amalgamation, shall meet the initial listing requirements of the TSX-V and the TSX-V shall have, prior to the Effective Date, issued its conditional approval of the transactions contemplated herein including:
 - (i) the Amalgamation as a Qualifying Transaction of Mercury;
 - (ii) the listing on the TSX-V prior to the Effective Date of the Amalco Common Shares: (i) to be issued pursuant to the Amalgamation as of the Effective Date; (ii) issuable upon exercise of the Amalco Options granted under the Amalco Stock Option Plan; and (iii) issuable upon exercise of the Amalco Agent's Warrants, the Amalco Unit Warrants and the Amalco Warrants;
 - (iii) the issuance by Amalco of the Amalco Options on the terms and conditions of the Amalco Stock Option Plan and the issuance of the Amalco Agent's Warrant, the Amalco Unit Warrants and the Amalco Warrants;
- (h) the TSX-V Escrow Agreement shall have been entered into with terms satisfactory to the parties thereto (including the TSX-V);
- (i) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, including, without limitation the Amalgamation;
- (j) all consents, orders and approvals, including, without limitation, regulatory approvals, required or necessary or desirable for the completion of the transactions provided for in this Agreement shall have been obtained or received from the Person having jurisdiction in the circumstances, all on terms satisfactory to each of the parties hereto, acting reasonably; and
- (k) this Agreement shall not have been terminated in accordance with Section 7.2.

5.2 Conditions to Obligations of Canada Coal

The obligation of Canada Coal to consummate the transactions contemplated herein is subject to the satisfaction, on or before the Closing Date, of the following conditions:

- (a) each of the acts and undertakings of Mercury to be performed on or before the Closing Date pursuant to the terms of this Agreement shall have been duly performed by Mercury;
- (b) no material adverse change in the business, affairs, assets or operations of Mercury shall have occurred between the date hereof and the Closing Date;
- (c) except as affected by the transactions contemplated herein, the representations and warranties of Mercury contained in Section 4.1 shall be true in all material respects on the Closing Date with the same effect as though such representations and warranties had been made at and as of such date and Canada Coal shall have received a certificate to that effect, dated the Closing Date, from a senior officer of Mercury acceptable to Canada Coal, to the best of his knowledge, having made reasonable inquiry;
- (d) the covenants of Mercury contained in Sections 3.3 and 3.4 shall have been complied with and Canada Coal shall have received a certificate of an officer of Mercury to such effect, dated the Closing Date, of a senior officer of Mercury;
- (e) Mercury shall have furnished Canada Coal with:
 - (i) certified copies of the resolutions passed by the board of directors of Mercury approving this Agreement and the consummation of the transactions contemplated herein;
 - (ii) certified copies of the Mercury Special Resolution and the resolution approving the Amalco Stock Option Plan as passed by the Mercury Shareholders at the Mercury Meeting;
 - (iii) a bring down certificate of an officer of Mercury confirming that the representations and warranties of Mercury set forth in Section 4.1;
 - (iv) a certificate of the Mercury Registrar and Transfer Agent stating the number of issued and outstanding Mercury Shares;
 - (v) a favourable legal opinion of Garfinkle Biderman LLP, counsel to Mercury, addressed to the Canada Coal Shareholders, Canada Coal and its counsel in form and substance acceptable to counsel to Canada Coal, acting reasonably,
- (f) the holders of not more than 2.5% of the issued and outstanding Mercury Shares shall have exercised, and not withdrawn, their dissent rights with respect to the Amalgamation pursuant to the OBCA;
- (g) since the date of this Agreement, no action, suit or proceeding shall have been taken before or by any Person against Mercury (whether or not purportedly on behalf of Mercury) that would, if successful, have a material adverse effect on Mercury, in the sole discretion of Canada Coal, acting reasonably; and

- (h) all other necessary corporate action shall have been taken by Mercury to permit the consummation of the Amalgamation and the transactions contemplated herein.

The conditions described above are for the exclusive benefit of Canada Coal and may be asserted by Canada Coal regardless of the circumstances, or may be waived by Canada Coal in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Canada Coal may have hereunder or at law.

5.3 Conditions to Obligations of Mercury

The obligation of Mercury to consummate the transactions contemplated herein is subject to the satisfaction, on or before the Closing Date, of the following conditions:

- (a) each of the acts and undertakings of Canada Coal to be performed on or before the Closing Date pursuant to the terms of this Agreement shall have been duly performed by Canada Coal;
- (b) no material adverse change in the business, affairs, assets financial condition or operations of Canada Coal shall have occurred between the date hereof and the Closing Date;
- (c) except as affected by the transactions contemplated herein, the representations and warranties of Canada Coal contained in Section 4.2 shall be true in all material respects on the Closing Date with the same effect as though such representations and warranties had been made at and as of such time, and Mercury shall have received a certificate to such effect, dated the Closing Date, from a senior officer of Canada Coal, acceptable to Mercury, to the best of his knowledge having made reasonable inquiry;
- (d) the covenants of Canada Coal contained in Sections 3.1 and 3.2 shall have been complied with, and Mercury shall have received a certificate to such effect, dated the Closing Date, of a senior officer of Canada Coal;
- (e) Canada Coal shall have furnished Mercury with:
 - (i) certified copies of the resolutions passed by the board of directors of Canada Coal approving this Agreement and the consummation of the transactions contemplated herein;
 - (ii) a certified copy of the Canada Coal Special Resolution and the resolution approving the Amalco Stock Option Plan as passed by the Canada Coal Shareholders;
 - (iii) a bring down certificate of an officer of Canada Coal confirming that the representations and warranties of Canada Coal set forth in Section 4.2;
 - (iv) a certificate of an officer of Canada Coal stating the number of issued and outstanding Canada Coal Shares;

- (v) a favourable legal opinion of Aird & Berlis LLP, counsel to Canada Coal, addressed to the Mercury Shareholders, Mercury and its counsel in form and substance acceptable to counsel Mercury, acting reasonably;
- (f) holders of not more than 2.5% of the issued and outstanding Canada Coal Shares shall have exercised, and not withdrawn, their dissent rights with respect to the Amalgamation pursuant to the OBCA;
- (g) since the date of this Agreement, no action, suit or proceeding shall have been taken before or by any Person against Canada Coal (whether or not purportedly on behalf of Canada Coal) that would, if successful, have a material adverse effect on Canada Coal, in the sole discretion of Mercury, acting reasonably; and
- (h) all other necessary corporate action shall have been taken by Canada Coal to permit the consummation of the Amalgamation and the transactions contemplated herein, including the Private Placement.

The conditions described above are for the exclusive benefit of Mercury and may be asserted by Mercury regardless of the circumstances, or may be waived by Mercury in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Mercury may have hereunder or at law.

5.4 Merger of Conditions

The conditions set out in Sections 5.1, 5.2 and 5.3 shall be conclusively deemed to have been satisfied, waived or released on the filing of Articles of Amalgamation with the Director and such other documents as are required to be filed under the OBCA for acceptance by the Director to give effect to the Amalgamation, and the issuance by the Director of a Certificate of Amalgamation.

5.5 Closing Matters

The completion of the transactions contemplated under this Agreement shall be closed at the offices of Aird & Berlis LLP, BCE Place, Suite 1800, 181 Bay Street, Toronto, Ontario, M5J 2T9, at 10:00 a.m. (Toronto Time) (the "**Time of Closing**") on the Closing Date.

ARTICLE 6 NOTICES

6.1 Notices

All notices, requests and demands hereunder, which may or are required to be given pursuant to any provision of this Agreement, shall be given or made in writing and shall be delivered by courier, mailed by first-class mail, registered or certified mail, return receipt requested, postage prepaid or transmitted by fax or by email as follows:

- (a) to Mercury, addressed to:

Mercury Capital Limited
1 Adelaide Street East, Suite 801
Toronto, Ontario
M5C 2V9

Attention: Alexander C. Logie
Fax: (416) 869-0547
Email: logie@candlebrookcapital.com

with a copy (which shall not constitute notice to Mercury) to:

Garfinkle Biderman LLP
1 Adelaide Street East, Suite 801
Toronto, Ontario
M5C 2V9

Attention: Robbie Grossman
Fax: (416) 869-0547
Email: rgrossman@GARFINKLE.com

(b) to Canada Coal, addressed to:

Canada Coal Inc.
BCE Place, Suite 1800
181 Bay Street
Toronto, Ontario
M5J 2T9

Attention: R. Bruce Duncan
Fax: (905) 813-1985
Email: rbduncan@sympatico.ca

with a copy (which shall not constitute notice to Canada Coal) to:

Aird & Berlis LLP
BCE Place, Suite 1800
181 Bay Street
Toronto, Ontario
M5J 2T9

Attention: Thomas A. Fenton
Fax: (416) 863-1515
Email: tdenton@airdberlis.com

or to such other addresses and fax numbers as the parties may, from time to time, advise to the other parties hereto by notice in writing. All notices, requests and demands hereunder shall be

deemed to have been received, if delivered by courier or mail on the date of delivery and if sent by fax, on the next Business Day after the telecopy was sent.

ARTICLE 7 AMENDMENT AND TERMINATION OF AGREEMENT

7.1 Amendment

This Agreement may, at any time and from time to time before or after the holding of the Mercury Meeting and the Canada Coal Meeting, be amended by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties hereto;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties hereto; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment shall change the provisions hereof regarding the consideration to be received by securityholders of Mercury and securityholders of Canada Coal without approval by such securityholders of Mercury and Canada Coal given in the same manner as required for the approval of the Amalgamation.

7.2 Rights of Termination

If any of the conditions contained in Article 5 shall not be fulfilled or performed by April 30, 2012 (the "**Termination Date**") and such condition is contained in:

- (a) Section 5.1, any of the parties hereto may terminate this Agreement by notice to the other party;
- (b) Section 5.2, Canada Coal may terminate this Agreement by notice to Mercury; or
- (c) Section 5.3, Mercury may terminate this Agreement by notice to Canada Coal.

If this Agreement is terminated as aforesaid, the party terminating this Agreement shall be released from all obligations under this Agreement, all rights of specific performance against such party shall terminate and, unless such party can show that the condition the non-performance of which has caused such party to terminate this Agreement was reasonably capable of being performed by the other party, then the other party shall also be released from all obligations hereunder; and further provided that any of such conditions may be waived in full or

in part by either of the parties without prejudice to its rights of termination in the event of the non-fulfillment or non-performance of any other condition,

7.3 Notice of Unfulfilled Conditions

If Mercury or Canada Coal shall determine at any time prior to the Effective Date that it intends to refuse to consummate the Amalgamation or any of the other transactions contemplated hereby because of any unfulfilled or unperformed condition contained in this Agreement on the part of the other of them to be fulfilled or performed, Mercury or Canada Coal, as the case may be, shall so notify the other of them forthwith upon making such determination in order that such other of them shall have the right and opportunity to take such steps, at its own expense, as may be necessary for the purpose of fulfilling or performing such condition within a reasonable period of time, but in no event later than the Termination Date.

7.4 Mutual Termination

This Agreement may, at any time before or after the holding of the Mercury Meeting or the Canada Coal Meeting, but no later than the last Business Day immediately preceding the Effective Date, be terminated by mutual agreement of the directors of Mercury and Canada Coal without further action on the part of the Mercury Shareholders or the Canada Coal Shareholders, and, if the Amalgamation does not become effective on or before the Termination Date, either Mercury or Canada Coal may unilaterally terminate this Agreement, which termination will be effective upon a resolution to that effect being passed by its directors and notice thereof being given to the other of them.

ARTICLE 8 GENERAL

8.1 Stand Still Agreement

As long as this Agreement is in effect and except as contemplated herein, neither Mercury nor Canada Coal (including their respective directors, officers and agents) will solicit any discussions, expressions of interest, proposals or accept any offers from any Person relating to a possible merger, amalgamation, arrangement or relating to the sale of substantially all of the shares or assets, or any controlling equity interest of Mercury or Canada Coal (other than as contemplated under this Agreement), as applicable, provided however that the board of directors of Mercury and Canada Coal, as applicable, may take action or refrain from taking action as is appropriate to satisfy applicable fiduciary duties and further provided that Mercury and Canada Coal (including their directors, officers and agents) may solicit and accept offers if the Articles of Amalgamation are not filed with the Director on or before the Termination Date.

8.2 Disclosure of Alternative Transaction

In the event either Canada Coal or Mercury shall receive an unsolicited proposal, offer or expression of interest in connection with any of those matters referred to in Section 8.1 on or before the Termination Date, the recipient of such proposal, offer or expression of interest shall notify the other party and shall provide details of such proposal, offer or expression of interest to the other party.

8.3 Entire Agreement

The terms and provisions herein contained and the schedules hereto constitute the entire agreement between the parties and shall supersede all previous oral or written communications including, without limitation, the letter agreement between the parties dated June 30, 2011.

8.4 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

8.5 Investigation

Any investigation by a party hereto and its advisors shall not mitigate, diminish or affect the representations and warranties of the other party of this Agreement.

8.6 Waiver and Modification

Canada Coal and Mercury may waive or consent to the modification of, in whole or in part, any inaccuracy or any representation or warranty made to them hereunder or in any document to be delivered pursuant hereto and may waive or consent to the modification of any of the covenants or agreements herein contained for their respective benefit or waive or consent to the modification of any of the obligations of the other parties hereto. Any waiver or consent to the modification of any of the provisions of this Agreement, to be effective, must be in writing executed by the party granting such waiver or consent.

8.7 No Personal Liability

- (a) No director, officer, employee or agent of Mercury shall have any personal liability whatsoever to Canada Coal under this Agreement or any other document delivered in connection with the Amalgamation on behalf of Mercury.
- (b) No director, officer, employee or agent of Canada Coal shall have any personal liability whatsoever to Mercury under this Agreement or any other document delivered in connection with the Amalgamation on behalf of Canada Coal.

8.8 Third Party Beneficiaries

Nothing in this Agreement, express or implied, shall be construed to create any third party beneficiaries.

8.9 Assignment

No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other party hereto.

8.10 Public Disclosure

The parties agree to consult with each other before making any public disclosure or announcement of or pertaining to this Agreement, and that any such disclosure or announcement shall be mutually satisfactory to all parties; provided, however, this Section shall not apply in the event any party hereto is advised by its counsel that certain disclosures or announcements, which the other parties after reasonable notice will not consent to, are required to be made by applicable laws, stock exchange rules or policies of regulatory authorities having jurisdiction.

8.11 Expenses

Whether or not the Amalgamation is completed, Mercury and Canada Coal shall each pay for their respective costs and expenses, including legal and account costs, incurred in connection with the Amalgamation.

8.12 Time of Essence

Time shall be of the essence of this Agreement.

8.13 Governing Law

The laws of the Province of Ontario and the federal laws of Canada applicable therein will govern all matters arising under this Agreement, and the parties hereto irrevocably atom to the jurisdiction of the courts of the Province of Ontario.

8.14 Severability

If any provisions contained in this Agreement shall be declared invalid, illegal or unenforceable by a court or other lawful authority of competent jurisdiction, this Agreement shall continue in force with respect to the enforceable provisions and all rights and remedies accrued under the enforceable provisions shall survive any such declaration, and any non-enforceable provision shall to the extent permitted by law be replaced by a provision which, being valid, comes closest to the intention underlying the invalid, illegal and unenforceable provision.

8.15 Confidentiality

Each of Canada Coal and Mercury will provide such information as to its financial condition, business, properties, title, assets and affairs (including any material contracts) as may reasonably be requested by the other party. Such information which:

- (a) has not become generally available to the public; or
- (b) was not available to a party or its representatives on a non-confidential basis before the date of this letter; or
- (c) does not become available to a party or its representatives on a non-confidential basis from a person who is not, to the knowledge of the party or its representatives, otherwise bound by confidentiality obligations to the provider of

such information or otherwise prohibited from transmitting the information to the party or its representatives;

will be kept confidential by each party and shall constitute confidential information (the "**Confidential Information**"). No Confidential Information may be released to third parties without the consent of the provider thereof, except that the parties hereto agree that they will not unreasonably withhold such consent to the extent that such Confidential Information is compelled to be released by legal process or must be released to regulatory bodies and/or included in public documents.

8.16 Further Assurances

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other parties hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

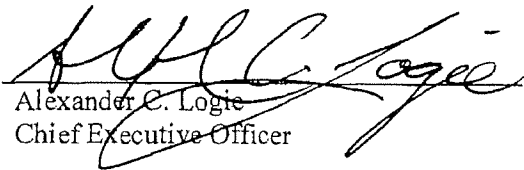
8.17 Counterparts and Facsimile Copies

This Agreement may be executed in separate counterparts, and all such counterparts when taken together shall constitute one agreement. The parties shall be entitled to rely on delivery of a facsimile copy of the executed Agreement and such facsimile copy shall be legally effective to create a valid and binding Agreement.


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THE PARTIES HAVE EXECUTED this Agreement as of the date first above written.

MERCURY CAPITAL LIMITED

Per: 
Alexander C. Logie
Chief Executive Officer

CANADA COAL INC.

Per: 
R. Bruce Duncan
President & Chief Executive Officer

(Signature page to Amalgamation Agreement)

Schedule "A"

Draft Articles of Amendment

5. Method of amalgamation, check A or B
 Méthode choisie pour la fusion – Cocher A ou B :

A - Amalgamation Agreement / Convention de fusion :



The amalgamation agreement has been duly adopted by the shareholders of each of the amalgamating corporations as required by subsection 176 (4) of the *Business Corporations Act* on the date set out below.
 Les actionnaires de chaque société qui fusionne ont dûment adopté la convention de fusion conformément au paragraphe 176(4) de la *Loi sur les sociétés par actions* à la date mentionnée ci-dessous.

or
ou

B - Amalgamation of a holding corporation and one or more of its subsidiaries or amalgamation of subsidiaries / Fusion d'une société mère avec une ou plusieurs de ses filiales ou fusion de filiales :



The amalgamation has been approved by the directors of each amalgamating corporation by a resolution as required by section 177 of the *Business Corporations Act* on the date set out below.
 Les administrateurs de chaque société qui fusionne ont approuvé la fusion par voie de résolution conformément à l'article 177 de la *Loi sur les sociétés par actions* à la date mentionnée ci-dessous.

The articles of amalgamation in substance contain the provisions of the articles of incorporation of
 Les statuts de fusion reprennent essentiellement les dispositions des statuts constitutifs de

and are more particularly set out in these articles.
 et sont énoncés textuellement aux présents statuts.

Names of amalgamating corporations Dénomination sociale des sociétés qui fusionnent	Ontario Corporation Number Numéro de la société en Ontario	Date of Adoption/Approval Date d'adoption ou d'approbation		
		Year année	Month mois	Day jour
CANADA COAL INC.	2254954			
MERCURY CAPITAL LIMITED	2251395			

6. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.
Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la société.

The Corporation is not restricted by these articles of incorporation from carrying on any business or businesses or from exercising any power or powers.

7. The classes and any maximum number of shares that the corporation is authorized to issue:
Catégories et nombre maximal, s'il y a lieu, d'actions que la société est autorisée à émettre :

The Corporation is authorized to issue an unlimited number of shares without nominal or par value of a class designated as common shares (hereinafter called the "Common Shares").

8. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:

Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série :

The rights of the holders of the Common Shares include the following rights:

- (a) to vote at all meetings of shareholders;
- (b) subject to applicable law, to receive dividends in such amounts that the directors may at any time, or from time to time, determine; and
- (c) to receive the remaining property of the Corporation upon dissolution.

9. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:
L'émission, le transfert ou la propriété d'actions est/n'est pas restreint. Les restrictions, s'il y a lieu, sont les suivantes :

The transfer of shares shall not be subject to any restrictions.

10. Other provisions, (if any):
Autres dispositions, s'il y a lieu :

None

11. The statements required by subsection 178(2) of the *Business Corporations Act* are attached as Schedule "A".
Les déclarations exigées aux termes du paragraphe 178(2) de la *Loi sur les sociétés par actions* constituent l'annexe A.
12. A copy of the amalgamation agreement or directors' resolutions (as the case may be) is/are attached as Schedule "B".
Une copie de la convention de fusion ou les résolutions des administrateurs (selon le cas) constitue(nt) l'annexe B.

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

Name and **original signature** of a director or authorized signing officer of each of the amalgamating corporations. Include the name of each corporation, the signatories name and description of office (e.g. president, secretary). **Only a director or authorized signing officer can sign on behalf of the corporation.** / Nom et **signature originale** d'un administrateur ou d'un signataire autorisé de chaque société qui fusionne. Indiquer la dénomination sociale de chaque société, le nom du signataire et sa fonction (p. ex. : président, secrétaire). **Seul un administrateur ou un dirigeant habilité peut signer au nom de la société.**

CANADA COAL INC.

Names of Corporations / Dénomination sociale des sociétés

By / Par

Robert Bruce Duncan

Chief Executive Officer

Signature / Signature

Print name of signatory /
Nom du signataire en lettres moulées

Description of Office / Fonction

MERCURY CAPITAL LIMITED

Names of Corporations / Dénomination sociale des sociétés

By / Par

Alexander Logie

Chief Executive Officer

Signature / Signature

Print name of signatory /
Nom du signataire en lettres moulées

Description of Office / Fonction

Names of Corporations / Dénomination sociale des sociétés

By / Par

Signature / Signature

Print name of signatory /
Nom du signataire en lettres moulées

Description of Office / Fonction

Names of Corporations / Dénomination sociale des sociétés

By / Par

Signature / Signature

Print name of signatory /
Nom du signataire en lettres moulées

Description of Office / Fonction

Names of Corporations / Dénomination sociale des sociétés

By / Par

Signature / Signature

Print name of signatory /
Nom du signataire en lettres moulées

Description of Office / Fonction

4. The director(s) is/are:
Administrateur(s) :

First name, middle names and surname <i>Prénom, autres prénoms et nom de famille</i>	Address for services, giving street & No. or R.R. No., Municipality, Province, Country and Postal code. <i>Domicile élu, y compris la rue et le numéro ou le numéro de la R.R., le nom de la municipalité, la province, le pays et le code postal</i>	Resident Canadian State 'Yes' or 'No' <i>Résident canadien Oui/Non</i>
R. Stuart Angus	181 Bay Street, Suite 1800, Toronto, Ontario, Canada, M5J 2T9	Yes
Abraham Jonker	181 Bay Street, Suite 1800, Toronto, Ontario, Canada, M5J 2T9	Yes
Edward R. Klue	181 Bay Street, Suite 1800, Toronto, Ontario, Canada, M5J 2T9	Yes

Schedule "B"

Properties

LIC#	NTS Sheet	Quarter	Owner	Application Date	Status	Acre	End of 1st Term	End of 2nd Term	Expiry Date
101	049G16	NW	Canadian Sovereign Coal Corp	2008-06-05	Active	33610.42	6/5/2012	6/5/2013	6/5/2014
102	049G16	SW	Canadian Sovereign Coal Corp	2008-06-05	Active	34023.23	6/5/2012	6/5/2013	6/5/2014
103	049G16	SE	Canadian Sovereign Coal Corp	2008-06-05	Active	34024.04	6/5/2012	6/5/2013	6/5/2014
104	049G16	NE	Canadian Sovereign Coal Corp	2008-06-05	Active	33611.2	6/5/2012	6/5/2013	6/5/2014
105	049D05	SW	Canadian Sovereign Coal Corp	2008-06-05	Active	39395.39	6/5/2012	6/5/2013	6/5/2014
106	049E11	SE	Canadian Sovereign Coal Corp	2008-06-05	Active	31021.56	6/5/2012	6/5/2013	6/5/2014
107	049E11	NE	Canadian Sovereign Coal Corp	2008-06-05	Active	32356.27	6/5/2012	6/5/2013	6/5/2014
108	049E14	SE	Canadian Sovereign Coal Corp	2008-06-05	Active	29580.11	6/5/2012	6/5/2013	6/5/2014
109	049G09	NW	5200 Nunavut Limited	2008-06-06	Active	34435.89	6/6/2011	6/6/2012	6/6/2013
110	049G10	NE	5200 Nunavut Limited	2008-06-06	Active	24074.64	6/6/2011	6/6/2012	6/6/2013
111	049G15	SE	5200 Nunavut Limited	2008-06-06	Active	34022.45	6/6/2011	6/6/2012	6/6/2013
112	049G08	SW	5200 Nunavut Limited	2008-06-06	Active	4212.24	6/6/2011	6/6/2012	6/6/2013
113	049G07	SE	5200 Nunavut Limited	2008-06-06	Active	35107.95	6/6/2011	6/6/2012	6/6/2013
114	049G07	NE	5200 Nunavut Limited	2008-06-06	Active	14004.16	6/6/2011	6/6/2012	6/6/2013
115	049G02	NE	5200 Nunavut Limited	2008-06-06	Active	11898.06	6/6/2011	6/6/2012	6/6/2013
122	049H12	SW	Canadian Sovereign Coal Corp	2009-03-16	Active	34849.25	3/16/2012	3/16/2013	3/16/2014
123	049H12	NW	Canadian Sovereign Coal Corp	2009-03-16	Active	34436.73	3/16/2012	3/16/2013	3/16/2014
124	049G08	NW	Canadian Sovereign Coal Corp	2009-03-16	Active	10440.3	3/16/2012	3/16/2013	3/16/2014
125	049G08	NE	Canadian Sovereign Coal Corp	2009-03-16	Active	34732.03	3/16/2012	3/16/2013	3/16/2014
126	340B03	SE	Canadian Sovereign Coal Corp	2009-03-16	Active	66393.13	3/16/2012	3/16/2013	3/16/2014

LIC#	NTS Sheet	Quarter	Owner	Application Date	Status	Acre	End of 1st Term	End of 2nd Term	Expiry Date
127	049H13	NW	Canadian Sovereign Coal Corp	2009-03-16	Active	33611.19	3/16/2012	3/16/2013	3/16/2014
128	049H13	SW	Canadian Sovereign Coal Corp	2009-03-16	Active	34024.04	3/16/2012	3/16/2013	3/16/2014
130	049G09	SE	Canadian Sovereign Coal Corp	2009-03-16	Active	34849.25	3/16/2012	3/16/2013	3/16/2014
131	049G09	NE	Canadian Sovereign Coal Corp	2009-03-16	Active	34436.73	3/16/2012	3/16/2013	3/16/2014
146	039H03	NW	5200 Nunavut Limited	2011-05-30	Pending	25040.55	5/30/2012	5/30/2013	5/30/2014
147	039H03	SW	5200 Nunavut Limited	2011-05-30	Pending	29844.6	5/30/2012	5/30/2013	5/30/2014
148	039H03	SE	5200 Nunavut Limited	2011-05-30	Pending	2488.05	5/30/2012	5/30/2013	5/30/2014
149	039H03	NE	5200 Nunavut Limited	2011-05-30	Pending	700.61	5/30/2012	5/30/2013	5/30/2014
150	039H04	NW	5200 Nunavut Limited	2011-05-30	Pending	27142.87	5/30/2012	5/30/2013	5/30/2014
151	039H04	SW	5200 Nunavut Limited	2011-05-30	Pending	10066.76	5/30/2012	5/30/2013	5/30/2014
152	039H04	SE	5200 Nunavut Limited	2011-05-30	Pending	23961.02	5/30/2012	5/30/2013	5/30/2014
153	039H04	NE	5200 Nunavut Limited	2011-05-30	Pending	33456.87	5/30/2012	5/30/2013	5/30/2014
154	049D05	NW	5200 Nunavut Limited	2011-05-30	Pending	16080.63	5/30/2012	5/30/2013	5/30/2014
155	049D05	SE	5200 Nunavut Limited	2011-05-30	Pending	41720	5/30/2012	5/30/2013	5/30/2014
156	049D05	NE	5200 Nunavut Limited	2011-05-30	Pending	41717.42	5/30/2012	5/30/2013	5/30/2014
157	049C07	NW	5200 Nunavut Limited	2011-05-30	Pending	29667.97	5/30/2012	5/30/2013	5/30/2014
158	049C07	SW	5200 Nunavut Limited	2011-05-30	Pending	37872.26	5/30/2012	5/30/2013	5/30/2014
159	049C07	SE	5200 Nunavut Limited	2011-05-30	Pending	42239.55	5/30/2012	5/30/2013	5/30/2014
160	340B02	NW	5200 Nunavut Limited	2011-05-30	Pending	32353.88	5/30/2012	5/30/2013	5/30/2014
161	340B02	SW	5200 Nunavut Limited	2011-05-30	Pending	60885.45	5/30/2012	5/30/2013	5/30/2014
162	340B03	NE	5200 Nunavut Limited	2011-05-30	Pending	65566.79	5/30/2012	5/30/2013	5/30/2014
163	049C08	SW	5200 Nunavut Limited	2011-05-30	Pending	29884.28	5/30/2012	5/30/2013	5/30/2014
164	049C08	SE	5200 Nunavut Limited	2011-05-30	Pending	41641.18	5/30/2012	5/30/2013	5/30/2014
165	049C08	NE	5200 Nunavut Limited	2011-05-30	Pending	6124.39	5/30/2012	5/30/2013	5/30/2014
166	049G08	SE	5200 Nunavut Limited	2011-05-30	Pending	29712.38	5/30/2012	5/30/2013	5/30/2014
167	049G10	NW	5200 Nunavut Limited	2011-07-27	Pending	10947.01	7/27/2012	7/27/2013	7/27/2014

LIC#	NTS Sheet	Quarter	Owner	Application Date	Status	Acre	End of 1st Term	End of 2nd Term	Expiry Date
168	049G15	NE	5200 Nunavut Limited	2011-07-27	Pending	29856.22	7/27/2012	7/27/2013	7/27/2014
169	049H04	NW	5200 Nunavut Limited	2011-07-27	Pending	33772.73	7/27/2012	7/27/2013	7/27/2014
170	049H04	SW	5200 Nunavut Limited	2011-07-27	Pending	22583.4	7/27/2012	7/27/2013	7/27/2014
171	049H04	SE	5200 Nunavut Limited	2011-07-27	Pending	34571.19	7/27/2012	7/27/2013	7/27/2014
172	049H04	NE	5200 Nunavut Limited	2011-07-27	Pending	36084.76	7/27/2012	7/27/2013	7/27/2014
173	049H03	NW	5200 Nunavut Limited	2011-07-27	Pending	36083.99	7/27/2012	7/27/2013	7/27/2014
174	049H03	SW	5200 Nunavut Limited	2011-07-27	Pending	36495.73	7/27/2012	7/27/2013	7/27/2014
175	049E13	NW	5200 Nunavut Limited	2011-07-27	Pending	15614.38	7/27/2012	7/27/2013	7/27/2014
176	049E13	NE	5200 Nunavut Limited	2011-07-27	Pending	18310.02	7/27/2012	7/27/2013	7/27/2014
177	059E12	SW	5200 Nunavut Limited	2011-07-27	Pending	31055.28	7/27/2012	7/27/2013	7/27/2014
178	059E05	NW	5200 Nunavut Limited	2011-07-27	Pending	38550.87	7/27/2012	7/27/2013	7/27/2014
179	560A04	SW	5200 Nunavut Limited	2011-07-27	Pending	24471.46	7/27/2012	7/27/2013	7/27/2014
180	049G05	NW	5200 Nunavut Limited	2011-07-27	Pending	35259.06	7/27/2012	7/27/2013	7/27/2014
181	049G12	NW	5200 Nunavut Limited	2011-07-27	Pending	34434.38	7/27/2012	7/27/2013	7/27/2014
182	049G12	SW	5200 Nunavut Limited	2011-07-27	Pending	34846.81	7/27/2012	7/27/2013	7/27/2014
183	059H09	SE	5200 Nunavut Limited	2011-07-27	Pending	34847.16	7/27/2012	7/27/2013	7/27/2014
184	059H09	NE	5200 Nunavut Limited	2011-07-27	Pending	34434.72	7/27/2012	7/27/2013	7/27/2014
185	049G13	NW	5200 Nunavut Limited	2011-07-27	Pending	33609	7/27/2012	7/27/2013	7/27/2014
186	049G13	SW	5200 Nunavut Limited	2011-07-27	Pending	34021.78	7/27/2012	7/27/2013	7/27/2014
187	059H16	NW	5200 Nunavut Limited	2011-07-27	Pending	33609.78	7/27/2012	7/27/2013	7/27/2014
188	059H16	SW	5200 Nunavut Limited	2011-07-27	Pending	34022.59	7/27/2012	7/27/2013	7/27/2014
189	059H16	SE	5200 Nunavut Limited	2011-07-27	Pending	34022.1	7/27/2012	7/27/2013	7/27/2014
190	059H16	NE	5200 Nunavut Limited	2011-07-27	Pending	33609.31	7/27/2012	7/27/2013	7/27/2014
191	059H15	NE	5200 Nunavut Limited	2011-07-27	Pending	33610.4	7/27/2012	7/27/2013	7/27/2014
192	560A01	NW	5200 Nunavut Limited	2011-07-27	Pending	62604.83	7/27/2012	7/27/2013	7/27/2014
193	560A01	SW	5200 Nunavut Limited	2011-07-27	Pending	66492.86	7/27/2012	7/27/2013	7/27/2014
194	560A01	SE	5200 Nunavut Limited	2011-07-27	Pending	61364.99	7/27/2012	7/27/2013	7/27/2014
195	560A07	NE	5200 Nunavut Limited	2011-07-27	Pending	63913.11	7/27/2012	7/27/2013	7/27/2014

LIC#	NTS Sheet	Quarter	Owner	Application Date	Status	Acre	End of 1st Term	End of 2nd Term	Expiry Date
196	560A10	SE	5200 Nunavut Limited	2011-07-27	Pending	38209.22	7/27/2012	7/27/2013	7/27/2014