CANADA COAL INC.

Management Discussion and Analysis
For The Year Ended September 30, 2013

January 23, 2014

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements for the years ended September 30, 2013 and 2012 and related notes included therein. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for the Company can be found on the SEDAR website at www.sedar.com.

Forward-Looking Statements

Certain statements contained in this document constitute “forward-looking statements”. When used in this document, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, “believe”, “forecast”, “estimate”, “expect” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Overview

Canada Coal Inc. ("Canada Coal") is a junior resource mining company focussed on the acquisition and exploration of coal properties in Nunavut, Canada. The Company was incorporated on August 26, 2010 under the Business Corporation Act (Ontario) under the name Pacific Coal Corp. On April 12, 2011, the Company changed its name to Canada Coal Inc.

On November 4, 2011, the Company entered into an agreement with Mercury Capital Limited ("Mercury Capital") in respect to a proposed business combination to be effected by way of an amalgamation of the parties. Under the terms of the agreement, holders of common shares and other securities such as options and warrants of Canada Coal and Mercury Capital, received common shares and other securities of the resulting issuer on a one for one basis. The amalgamation constituted a qualifying transaction for Mercury Capital as defined in Policy 2.4 of the Exchange's Corporate Finance Manual.

As a result of the transaction, the former shareholders of the original Canada Coal owned 92% of the outstanding shares of the amalgamated entity. In accordance with IFRS 3, Business Combinations, the substance of the transaction is a reverse acquisition of a non-operating company. The transaction was accounted for as a capital transaction with the original Canada Coal being identified as the acquirer. The resulting financial statements are presented as a continuance of the original Canada Coal.

Canada Coal Inc. was the resulting issuer from the amalgamation and upon completion of the transaction, was considered a Tier I mining issuer. The amalgamation was effective February 23, 2012 and the Company began trading on the TSX Venture Exchange on February 29, 2012.

Overall Performance

The Company incurred a net loss for the year ended September 30, 2013 of $469,972 compared with a net loss of $3,264,327 in the prior year. The three largest contributors to the improvement in net loss were the decreases in share based compensation by $740,730, decreases in deferred income taxes by $849,642 and the elimination of reverse take-over transaction costs of $1,187,770.

In December 2012, the Company announced that it had filed an updated independent technical report for its Nunavut Coal Properties. The technical report, entitled “Updated Independent Technical Report, the Nunavut Coal Project” and dated November 26th, 2012 was prepared by DMT Geosciences Ltd. (“DMT”) of Calgary Alberta. The report details the results of the extensive 2012 mapping and sampling program. The report is available on the Company's website and highlights: consistently low sulphur and low ash, high quality thermal coal in samples; multiple highly prospective coal zones in close proximity to tidewater; and high priority drill targets to further define coal deposits in a Phase 2 program.

The Company prepared and submitted the required permitting applications for a proposed Phase 2 exploration drilling program. The purpose of the proposed program is target four to six high priority coal zones with the aim of delineating coal of sufficient continuity, rank, and quantity to develop a NI 43-101 compliant coal resource estimate.

The Company's permit application was subject to a Nunavut Impact Review process. The Company received a number of public comment letters as a result of the process and has made significant effort to review and address the concerns raised. In July 2013, the Company held community consultations in Grise Fiord. The meeting focused on presenting the planned Phase 2 exploration program and to gather feedback to resolve concerns. A subsequent follow up session was held in Grise Fiord in November 2013 and representatives from Aboriginal Affairs and Northern Development ("AANDC") and Qikiqtani Inuit Association ("QIA") were also in attendance. Based on the results of the November meeting it was determined that further consultation was required with the Hamlet of Grise Fiord to adequately identify and address concerns. The Company has agreed to withdraw its project application and delay its intended exploration program for 12 months so that a working group, comprised of the Company, the community of Grise Fiord, AANDC, QIA and other government agencies can be established to explore ways to progress the project whilst addressing the concerns of all stakeholders.

In addition to trying to advance the exploration of a potentially world class energy asset, Canada Coal began examining the potential for thermal coal on its arctic coal licenses as a solution for the current energy challenges in Nunavut. The Company is actively evaluating various fuel power generation technologies including coal water slurry. The Company retained Tetra Tech Wardrop Inc. to assist in this analysis. The Company plans to present its findings to the appropriate government officials.

The Company has reapplied for seven coal licences which expired during the year and has submitted initial applications for two coal licences in Pond Inlet on Baffin Island. Twenty licences in Axel Heiberg expired in July 2013 and will not be renewed. The Company has been granted a one year extension on the expiry dates of the coal licences currently held and is currently applying for additional extensions.

The Company continues to identify and evaluate other potential coal acquisition opportunities to complement its existing Nunavut coal licence assets.

Operating Activities

On September 15, 2010, the Company entered into an agreement with Weststar Resources Corp. ("Weststar") to purchase the outstanding capital of Weststar's wholly-owned subsidiary, Canadian Sovereign Coal Corp. ("CSCC"). CSCC's only asset was an 80% interest in nine coal exploration licences and eight coal exploration licence applications for approximately 585,397 acres of land located in Ellesmere Island, Nunavut. Weststar's 80% interest in the claims was acquired pursuant to a Letter of Intent dated March 18, 2009 between Hunter Exploration Group ("Hunter") and Weststar.

Operating Activities (Continued)

On September 20, 2010, the Company, Weststar and Hunter entered into an agreement whereby Weststar was released from any obligations or commitments under the original Letter of Intent dated March 18, 2009 and 100% interest in the coal licenses and licence applications was transferred to CSCC. Hunter retained a 2% royalty on the licences of which 1% can be purchased by the Company for $1,000,000. Details of the consideration for the acquisition are outlined in the notes to the consolidated financial statements.

On April 12, 2011, the Company entered into an agreement to purchase all of the issued and outstanding capital of 5200 Nunavut Ltd. ("5200") from arms length third party vendors. The only assets held by 5200 were interests in seven coal exploration licences representing approximately 157,753 acres of land located in Nunavut. The consideration for the acquisition is outlined in the notes to the consolidated financial statements.

In 2011, the Company also applied for 51 additional coal exploration licences representing approximately 1,699,477 acres in Nunavut. These licenses were subsequently approved.

Canada Coal's acquired coal licences were located on Ellesmere Island and Axel Heiberg Islands, Nunavut Territory, Canada. The project consisted of 75 coal licences geographically distributed as nine discrete exploration areas occupying a total of 989,521 hectares. The licences are held by the Company's two wholly owned subsidiaries 5200 Nunavut Ltd. and Canadian Sovereign Coal Corp. The exploration areas consisted of: Fosheim Peninsula, Sor Fiord/Stenkul Fiord, Strathcona Fiord, Vesle Fiord/South Fosheim, May Point, Bache Peninsula, Li Fiord, Good Friday Bay and Mokka Fiord.

The area covered by the Company's coal licences has been the subject of previous exploration work conducted primarily between 1981-1983 by Gulf, Petro Canada and Utah. Fosheim Peninsula was the most widely explored area. Management does not believe that the previous exploration activity included any drilling. While the previous exploration activity resulted in various significant resource estimates, none of them were 43-101 compliant.

The Company acquired a digital elevation model (DEM) for the Fosheim Peninsula and Sor Fiord/Stenkul Fiord areas in September 2011 from PhotoSat of Vancouver, BC. Elevation grids (2.5m prisms) and contours (5/25/50/100) were produced from high resolution stereo satellite photos. The digital elevation mapping is being utilized to assist with project planning.

The Company contracted DMT Geosciences Ltd. ("DMT") (formerly Associated Geosciences Ltd.), Calgary, Alberta, to prepare a 43-101 for the coal assets acquired. As part of the 43-101 process, DMT took samples during its on-site visit to Nunavut. The sample results confirm historic reports that the coals in the area covered by the Company's coal licenses range in rank from high volatile bituminous 'C' to lignite. The samples indicated coals that were generally low in ash (5-10%) and sulphur levels of <0.5%, although occasionally exhibit moderate ash values. The coals are considered to be suitable for use as a high quality thermal coal.

The completed 43-101 report is available on SEDAR. The Report indicated that there is coal present in sufficient quantity and quality to merit further evaluation through an aggressive work program. The Fosheim Peninsula was identified as a priority target for a proposed work program based on the level of historical exploration, the region's potential for higher rank coal occurrences, and the area's suitability for open-pit mining. The Report recommended a two phased exploration program. Phase I would be primarily focused on reconnaissance including mapping and sampling to delineate and prioritize targets.

Phase 2 was contingent on the results of Phase I and would consist of a drilling program to move the project forward to defining 43-101 compliant coal resources if possible.

Operating Activities (Continued)

The Company completed the first round of community consultation in Nunavut during October 2011 and the second round in June 2012.

Also in June 2012, the Company received all its required permits to commence its Phase I exploration program. The work program focused on two main objectives: 1) detailed geologic mapping of the Eureka Sound Formation on Ellesmere Island, within licence blocks on Fosheim Peninsula, Bache Peninsula, Strathcona Fiord and Vesle Fiord, and 2) strategic sampling to determine rank and continuity of known and newly discovered coal zones.

The field exploration was performed over a 6 week period between June 16th, 2012 and July 30th, 2012. Personnel were positioned at Environment Canada's Eureka Weather Station and utilized helicopter support to access the project area. The crew included two teams of geologists, a geophysics team, a heritage team (consisting of a paleontologist and archaeologist), local guides, and aircraft personnel.

Sites for detailed geologic mapping and strategic sampling were assessed based on a priority ranking system established following several weeks of field prospecting. Priority ranking was based on continuity of an exposure, structural complexity of an area, and/or quality control sampling. Two geology teams assessed these sites along with a paleontologist, archaeologist, and local guide to mitigate adverse impacts to heritage resources and the environment. Integration of mapping and sampling results to create a detailed geological interpretation of the project area is ongoing.

Throughout the field program 39 of the Company's total coal exploration licence blocks were assessed including: 22 licence blocks on Fosheim Peninsula, 8 licence blocks on Bache Peninsula, 1 licence block on Strathcona Fiord, and 8 licence blocks on Vesle Fiord. Fosheim Peninsula was the primary exploration target.

Exploration of these licence blocks included collection at 135 sample locations with 285 individual samples taken in total. Upon completion of the field program, samples were delivered to Birtley Coal & Minerals Testing Division of Calgary, Alberta for testing. Results were classified according to ASTM Standards and range from subbituminous A coal to lignite B. The study identified extensive zones of low-sulphur, low-ash, subbituminous coal, suitable for use as thermal coal.

As a result of the mapping and sampling program, several prospective coal zones have been identified for further exploration. Type samples from each of the zones are listed in the table below.

Target Coal Zones with Surface Sample Highlights*

Zone	Sample	Seam Thickness (m)	ADM% (adb)	RM% (adb)	ASH% (db)	VOL% (db)	FC% (db)	S% (db)	BTU/LB (db)	SG
1	2012-AGL-FN-003	7.8	6.82	8.76	5.25	41.20	53.55	0.26	11,530	1.38
	2012-AGL-FN-005	5.0	7.29	6.61	2.71	42.29	55.00	0.15	11,476	1.38
	2012-AGL-FN-001	3.1	13.38	7.59	4.26	39.30	56.44	0.29	11,930	1.35
2	2012-AGL-FN-121	3.3	10.83	5.29	3.98	40.96	55.07	0.25	11,809	1.38
	2012-AGL-FN-123	2.5	14.07	7.66	4.48	42.70	52.82	0.27	11,344	1.39
3	2012-AGL-FN-136	2.0	11.73	1.05	9.45	39.49	51.06	0.25	11,017	1.44
	2012-AGL-FN-138	2.4	11.32	3.69	6.59	40.18	53.24	0.25	11,635	1.42
4	2012-AGL-FN-217	3.0	19.16	3.30	11.46	35.54	53.00	0.32	10,927	1.42
	2012-AGL-FN-218	4.0	16.27	3.41	2.98	40.93	56.10	0.20	11,858	1.37
	2012-AGL-FN-211	3.3	18.81	4.52	5.99	37.65	56.35	0.32	11,666	1.39

***Multiple seams are present in all locations. Selected samples reported here only, results are averaged per seam.**

Zone 1, located near the center of the Fosheim Peninsula area, consists of multiple gently-dipping coal seams including a 7.8 meter and a 5 meter seam along with several smaller seams exposed in a creek

Operating Activities (Continued)

cut. Additional seams outcrop to the east and west of the zone. The zone has been traced over a 5 kilometer strike length and is suspected to extend further through a zone of tundra cover.

Zones 2 and 3 occur in the southern portion of the Fosheim Peninsula. Zone 2 is characterized by broad rolling hills exposing at least eight thin seams at surface (2-3 meters), and the Zone 3 is characterized by higher relief with continuous zones of coal exposed in creek cuts. Coal quality throughout both zones is consistently subbituminous A and additional seams at depth are likely to be encountered through drilling based on regional mapping. Zones 2 and 3 have been mapped over 6 and 5 kilometer strike lengths, respectively.

Zone 4 is located in the northern Fosheim Peninsula region, and is potentially a continuation of Zone 1. Surface exposures in the area are not abundant; however multiple seams on the order of 3-4 meters were evaluated along a creek cut. The Company intends to drill several wildcat holes in the area to evaluate the potential for additional coal at depth.

Secondary objectives achieved during the exploration program included geophysical studies and heritage assessments. Geophysical permafrost studies using ground penetrating radar and ground resistivity equipment were conducted on potential airstrip locales in preparation for future programs and heritage studies were conducted to assist with future project planning.

The Company also commissioned a logistics study to report on viable transport alternatives for future coal operations. The Ice and Marine Shipping Assessment conducted by Enfotec Technical Services is available on the Company's website. The focus of the report was to provide a preliminary ice study and analysis of marine accessibility of Ellesmere Island’s West Fosheim Peninsula. The findings of the report in relation to ice conditions and possible shipping scenarios are in line with the Company’s expectations. Shipping windows of 2, 3 and 6 months have been considered using Polar Class 3 vessels to transport up to 5.25 million tons per year. A more detailed shipping study, hydrographic surveying and port infrastructure analysis are required to gain a better understanding of the potential logistical alternatives.

The Company has retained Tetra Tech Wardrop Inc., to assist the Company in assessing options for arctic mining operations on its Nunavut Coal licences. Coal Water Slurry technology is being evaluated in order to assess the possible future use of the Company’s high grade thermal coal deposits as an alternative energy source in Nunavut. These technologies have the potential to create a diesel-like product that can be easily transported and utilized in Nunavut. The Company is arranging meetings with government officials to discuss the opportunities for these technologies in Nunavut.

In August 2012, the Company applied for an additional 11 coal exploration licences within the Fosheim Peninsula region in key areas surrounding prospective exploration drill targets. The exploration licences were granted in April 2013.

In December 2012, the Company announced that it had filed an updated independent technical report for its Nunavut Coal Properties. The technical report, entitled “Updated Independent Technical Report, the Nunavut Coal Project” and dated November 26th, 2012 was prepared by DMT Geosciences Ltd. The report details the results of extensive 2012 mapping and sampling program. The report is available on the Company's website and highlights: high priority drill targets to further define coal deposits in Phase 2 program; multiple highly prospective coal zones in close proximity to tidewater; and consistently low sulphur and low ash, high quality thermal coal in samples.

In November 2012, the Company prepared and submitted the required permitting applications for a proposed Phase 2 work program. The application requested a permit for 80 drill holes including 30 primary drill holes, 37 secondary drill holes, and 14 wildcat holes with drilling of approximately 9,000 m of core. The Company's application was subject to a Nunavut Impact Review process. The Company received a number of public comment letters as a result of the process and has made significant effort to

Operating Activities (Continued)

review and address the concerns raised. A water management plan and a heritage resource management plan have been prepared to address some of the concerns raised.

In July 2013, the Company held community consultations in Grise Fiord. The meeting focused on presenting the planned Phase 2 exploration program and to gather feedback to resolve concerns relating to water management, wildlife management, and preservation of heritage resources. The meeting was well attended but many of the local hunters were absent due to seasonal work. The Mayor requested a follow up meeting so that the hunters would have an opportunity to voice their concerns. A subsequent follow up session was held in Grise Fiord in November 2013 and representatives from Aboriginal Affairs and Northern Development ("AANDC") and Qikiqtani Inuit Association ("QIA") were also in attendance. Based on the results of the November meeting it was determined that further consultation was required with the Hamlet of Grise Fiord to adequate identify and address concerns. The Company has agreed to withdraw its project application and delay its intended exploration program for 12 months so that a working group, comprised of the Company, the community of Grise Fiord, AANDC, QIA and other government agencies can be established to explore ways to progress the project whilst addressing the concerns of all stakeholders. The working group will meet regularly over the next 12 month period. At the end of the 12 month period, it is anticipated that the Company will resubmit its project application incorporating revisions based on the findings from the joint working group.

In May 2013, the Company applied for two coal licence areas near Pond Inlet on Baffin Island.

Coal licences have a three year term. In June 2013, seven of the licence blocks held by the Company expired. The Company has submitted applications to reacquire the area covered by the expired licences. In July 2013, the Company was granted a one year extension on all of its existing coal licences except for those on Axel Heiberg and is currently applying for additonal extensions. The Company allowed twenty coal licences located in Axel Heiberg to expire as the costs to maintain the licences were too high given that exploration in the area was improbable.

As at September 30, 2013, the Company incurred $251,050 in acquisition costs and $4,429,081 in deferred exploration costs, net of write offs.

Selected Annual Information

Financial Information

	2013	2012	2011
	$	$	$
Revenue (interest income)	29,353	67,284	11,732
Loss before other items for the year	610,669	1,533,841	538,700
Loss before other items per common share, basic and diluted	0.01	0.04	0.03
Net loss for the year	469,972	3,264,327	526,968
Net loss per common share, basic and diluted	0.01	0.08	0.03
Weighted average number of common shares outstanding, basic and diluted	43,449,750	39,038,101	15,890,548
Balance Sheet Data			
Working capital (Deficiency)	1,946,454	3,020,828	3,068,462
Total assets	6,739,915	7,651,785	4,003,281
Long-term debt	Nil	Nil	Nil

Results of Operations

The results of operations reflect the overhead costs incurred for coal asset acquisitions and exploration expenses incurred by the Company to maintain good standing with the various regulatory authorities and to provide an administrative infrastructure to manage the acquisition, exploration and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity required as asset acquisitions and exploration continues. As at September 30, 2013, the Company had not recorded any significant revenues from its projects.

The Company incurred a net loss for the year ended September 30, 2013 of $469,972 compared with a net loss of $3,264,327 in fiscal 2012 and a net loss of $526,968 in fiscal 2011. The variances in the expense categories are provided below:

<u>Management fees $ 252,000 (2012- $339,000; 2011- $160,000)</u>

A decrease of $87,000 in management fees in fiscal 2013 is the result of fiscal 2012 expense including a $90,000 signing bonus to the CEO hired in January 2012 and higher monthly fees paid to the Chairman and CFO for the period October to December 2012. Effective January 1, 2012, these individuals voluntarily reduced their fees from $12,000 and $8,000 to $8,000 and $5,000 per month respectively. These 2012 higher fees were partially offset by the inclusion of 12 months of fees for the current CEO in 2013. In fiscal 2011, only eight months of fees were paid to two officers of the Company.

<u>Consulting fees $113,931 (2012- $45,625; 2011- $69,687)</u>

The increase in consulting fees in fiscal 2013 relates to the use of the services of a registered lobbyist to assist in understanding the political landscape for advancing a potentially world class energy asset in Nunavut. While this lobbyist was utilized in fiscal 2012, a larger portion of his activities in that year were specifically related to exploration and evaluation activities and accordingly those fees were capitalized.

<u>Office, rent and miscellaneous $54,551 (2012- $61,508; 2011- 6,476)</u>

The decrease from the prior year was primarily the result of the inclusion in the fiscal 2012 results of charges for Part X11.6 tax related to flow through financing. This decrease was partially offset by rent expense. The Company began paying rent in February 2012 therefore, fiscal 2012 includes only eight months of rent compared to a full twelve months in fiscal 2013. Expenses in fiscal 2011 were minimal as the Company was a private entity focussed on acquiring coal licences and raising equity.

<u>Professional fees $63,122 (2012- $210,123; 2011- $70,150)</u>

Professional fees decreased in fiscal 2013 as the prior year results included audit and legal fees related to the going public transaction. The decrease is partially offset by an increase in tax return preparation fees for the Company and its subsidiaries in fiscal 2013.

<u>Shareholder communications and promotion $26,980 (2012- $23,848; 2011 -$9,035)</u>

There was no significant change in shareholder communications and promotions between fiscal 2013 and 2012. Expenditures in fiscal 2011 were minimal as the Company was not publically traded.

<u>Share-based compensation $6,049 (2012- $746,779; 2011- $215,408)</u>

In fiscal 2013, 200,000 options were granted while 2,100,000 options were granted in fiscal 2012 and 1,800,000 options were granted in fiscal 2011.

<u>Property investigation costs $41,100 (2012- $Nil; 2011- $Nil)</u>

The Company incurred property investigation costs in fiscal 2013 related to the evaluation of other prospective coal property opportunities. There were no similar expenditures in fiscal 2012 or 2011.

Results of Operations (Continued)

Transfer agent and filing fees $24,278 (2012- $73,545; 2011 - $3,104)

The decrease in transfer agent and filing fees in fiscal 2013 is a result of the fact that fiscal 2012 included fees related to the going public transaction. The Company was not a reporting issuer in fiscal 2011.

Travel and accommodation $28,658 (2012 - $33,413; 2011 -$4,840)

Although travel and accommodation expense decreased during fiscal 2013, the change was not significant. There was minimal travel is fiscal 2011 as the Company focussed on acquiring coal assets and raising equity.

Investment income $29,353 (2012- $67,284; 2011 - $11,732)

The investment income is directly proportional to the average cash balances in each of the fiscal years.

Share of losses of equity associate $8,750 (2012- $Nil; 2011- $Nil)
During fiscal 2013, the Company acquired a 25% interest in Nord Iron Mines, a private company. Nord Iron Mines acquired mineral interests in certain claims however title ownership is currently being litigated. The Company has recorded an equity loss of $8,750 which represents its share of Nord Iron's losses.

Write off of exploration and evaluation expenditures $119,548 (2012 - $Nil; 2011 - $Nil)
During fiscal 2013, the Company wrote off acquisition and maintenance fee costs related to twenty coal licences located in Axel Heiberg which expired. There were no write offs in fiscal 2012 or 2011.

Reverse take-over transaction costs $Nil (2012- $1,187,770; 2011 - $Nil)

In fiscal 2012 the Company became a publically traded company by way of a reverse take-over of Mercury Capital. The Company recorded reverse take-over transaction costs of $1,187,770 which represent the excess of the value of consideration (shares, options and warrants) given by Canada Coal over the fair value of net assets acquired from Mercury Capital.

Deferred income tax (recovery) ($239,642) (2012- $610,000; 2011- $Nil)

In fiscal 2012 the Company recorded a deferred income tax expense related to the issuance of flow-through units which resulted in transferring the tax deduction for exploration and evaluation expenditures to the investors. In fiscal 2013 the Company recorded a deferred income tax recovery primarily attributable to the recognition of deferred tax assets related to the write off of exploration and evaluation expenditures, losses during the year and the utilization of losses to offset taxable gains from the expiry of warrants.

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Results of Operations (Continued)

Summary of Quarterly Results

The following table sets out selected quarterly information for the time periods available. Net loss from operations and Net Loss are the same for all quarters shown.

Three Months Ended	**September 30, 2013**	**June 30, 2013**	**March 31, 2013**	**December 31, 2012**
	$	$	$	$
Revenue (investment income)	6,054	6,698	7,835	8,766
Net Loss	142,029	95,800	133,314	98,829
Net Loss per common share	0.01	0.00	0.00	0.00
Three Months Ended	**September 30, 2012**	**June 30, 2012**	**March 31, 2012**	**December 31, 2011**
	$	$	$	$
Revenue (investment income)	12,428	19,930	20,075	14,851
Net Loss	743,687	121,349	1,493,815	905,476
Net Loss per common share	0.01	0.00	0.04	0.03

The net loss for the three month period ended September 30, 2013 was $142,029 compared with a net loss of $743,687 for the same period in the prior year. The $601,658 improvement is primarily attributable to a $737,333 swing from deferred tax expense to deferred tax recovery offset by the fiscal 2013 write off of exploration and evaluation expenditures of $119,548. The explanations for the write off and tax swing were provided in the annual analysis above.

The remaining variance is predominantly explained by the following items:

- a $17,806 increase in consulting fees related to the use of a registered lobbyist.
- a decrease of $7,487 in office, rent and miscellaneous expense related to the elimination of Part X11.6 tax for flow through which was included in fiscal 2012.
- a decrease of $12,078 in professional fees related to a reduced audit fee accrual and a general decrease in legal services utilized.
- an increase of $6,049 in share-based compensation as 200,000 options were granted in the fourth quarter of fiscal 2013 while no options were granted in the same period in the prior year.
- a decrease of $6,373 in investment income related to lower interest bearing cash balance.

Liquidity and Capital Resources

The Company's cash position at September 30, 2013 was $1,883,776 compared with a cash balance of $3,187,279 at September 30, 2012.

At September 30, 2013 the Company had working capital of $1,946,454 compared to a working capital balance of $3,020,828 at September 30, 2012. For the year ended September 30, 2013, the Company utilized $537,293 for operating activities and $766,210 for exploration and evaluation expenditures and investments.

While the Company has sufficient funds to cover administrative expenditures, it will need to raise additional cash to fund its Phase 2 work programs.

There were no material credit facilities in place as at September 30, 2013.

Any commitments to pay cash or issue shares are disclosed in the notes to the consolidated financial statements.

Related Party Transactions

For the year ended September 30, 2013, the Company entered into the following related party transactions:

a) Incurred management fees of $96,000 (2012: $108,000) to West Oak Capital Partners Inc., a company controlled by R. B. Duncan, CEO of the Company to February 23, 2012 and subsequently Executive Chairman of the Board.

b) Incurred management fees of $96,000 (2012: $162,000) to Abraham Jonker, CEO of the Company as of February 23, 2012. Fees for 2012 included a signing bonus of $90,000.

c) Incurred management fees of $60,000 (2012: $69,000) to Olga Nikitovic (CFO).

d) Incurred legal fees from Aird & Berlis LLP. Tom Fenton (Director and Corporate Secretary) is a partner with Aird & Berlis LLP. General corporate legal fees of $16,355 (2012: $137,525) are reflected as professional fees and fees related to private placements throughout the year of $Nil (2012: $39,833) are reflected as share issue costs. Legal fees included in accounts payable at September 30, 2013 are $559 (2012: $1,875).

e) Incurred rent costs of $18,000 (2012: $12,000) for shared office space with Evolving Gold Corp. The Company and Evolving Gold share one common officer and two common directors.

During the year, the Company acquired a 25% interest in Nord Iron Mines Inc. through the acquisition of 4,000,000 shares valued at $50,000. Nord Iron Mines Inc. is related by virtue of one common officer and director.

The compensation for key management personnel is identified above in (a), (b) and (c). The Company does not pay any health or post employment benefits. The fair value of share based compensation granted to key management or directors for the year ended September 30, 2013 was $6,049 (2012: $746,779).

Off Balance Sheet Arrangements

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

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges
In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Capitalization of exploration and evaluation costs
Management has determined that exploration and evaluation costs incurred during the year have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, proximity of operating facilities, operating management expertise and existing permits.

Impairment of exploration and evaluation assets
While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

Estimation of decommissioning and restoration costs and the timing of expenditure
The cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Income taxes and recoverability of potential deferred tax assets
In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained

Critical Accounting Estimates (Continued)

Income taxes and recoverability of potential deferred tax assets (Continued)
upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Where applicable tax laws and regulations are either unclear or subject to ongoing

Income taxes and recoverability of potential deferred tax assets (continued)
varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Share-based Payments
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Changes in Accounting Policies

Current Accounting Changes

Please refer to Note 4 of the financial statements for a summary of current accounting policy changes.

IFRS 9 Financial Instruments: Classification and Measurement ("IFRS 9"), effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning October 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 9.

IFRS 10 Consolidated Financial Statements (“IFRS 10”) provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. The Company intends to adopt IFRS 10 in its consolidated financial statements for the annual period beginning on October 1, 2013. The Company has not yet determined the impact of the amendments to IFRS 10 on its consolidated financial statements.

IFRS 11 Joint Arrangements (“IFRS 11”) replaces the guidance in IAS 31 *Interests in Joint Ventures*. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment’s opening balance is tested for impairment in accordance with IAS 28 *Investments in*

Changes in Accounting Policies (Continued)

Associates and IAS 36 *Impairment of Assets*. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on October 1, 2013. The Company has not yet determined the impact of the amendments to IFRS 11 on its consolidated financial statements.

IFRS 13 Fair Value Measurement converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 13 on its consolidated financial statements.

IAS 28 Investments in Associates and Joint Ventures (“IAS 28”) was issued by the IASB in May 2011 and supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 defines significant influence as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. IAS 28 also provides guidance on how the equity method of accounting is to be applied and also prescribes how investments in associates and joint ventures should be tested for impairment. The amendments to IAS 28 are effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact of this standard on its consolidated financial statements.

IAS 32 Financial Instruments: Presentation (“IAS 32”) was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. Earlier adoption is permitted. The Company is currently assessing the impact of this standard on its consolidated financial statements.

Financial Instruments

The Company is required to disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the date of the statement of financial position, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts of cash, receivables and accounts payable and accrued liabilities on the consolidated statement of financial position approximate fair market value because of the limited term of these instruments. The Company's cash equivalents classified as held-for trading are carried at fair value. The fair value is determined by reference to observable inputs other than quoted prices in active markets for identical assets.

The Company does not believe it is exposed to significant interest, currency or credit risk arising from these financial instruments.

Proposed Transactions

The Company continues to review and assess possible transactions.

Contingencies

The Company does not have any contingencies or commitments other than those disclosed in the notes to the consolidated financial statements.

Subsequent Events

There are no material subsequent events other than those disclosed in the notes to the consolidated financial statements.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

Other MD&A Requirements

As at January 23, 2014, the Company has 43,449,750 shares outstanding or 73,711,725 shares on a fully diluted basis. If the Company were to issue 26,402,000 upon conversion of all of its outstanding warrants and 4,059,975 upon conversion of its outstanding options, it would raise $11,183,595.

CANADA COAL INC.

CORPORATE DATA

January 23, 2014

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Tom Fenton	Director/Corporate Secretary
William Lindqvist	Director
Olga Nikitovic	CFO

INVESTOR CONTACTS

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CAPITALIZATION

Authorized:	Unlimited
Issued:	43,449,750
Escrow:	4,275,000