CANADA COAL INC.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017
(EXPRESSED IN CANADIAN DOLLARS)

UHY McGovern Hurley LLP
Chartered Professional Accountants

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3
Canada

Tel 416-496-1234
Fax 416-496-0125
Email info@uhymh.com
Web www.uhymh.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Canada Coal Inc.:

We have audited the accompanying consolidated financial statements of Canada Coal Inc. and its subsidiary, which comprise the consolidated statements of financial position as at September 30, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows, and consolidated statements of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Canada Coal Inc. and its subsidiary as at September 30, 2018 and 2017, and their financial performance and cash flows for the years then ended, in accordance with International Financial Reporting Standards.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
October 29, 2018

CANADA COAL INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
AS AT

	September 30, 2018	September 30, 2017
ASSETS		
Current		
Cash and cash equivalents (Note 7)	$ 1,596,128	$ 1,170,111
Receivables (Note 8)	6,092	3,232
Prepaid expenses (Note 9)	5,146	4,750
Total Assets	$ 1,607,366	$ 1,178,093
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 10)	$ 37,609	$ 19,019
Total Liabilities	37,609	19,019
Shareholders' equity		
Capital stock (Note 11)	7,936,101	7,440,037
Reserves (Note 11)	302,431	115,039
Deficit	(6,668,775)	(6,396,002)
Total Shareholders' Equity	1,569,757	1,159,074
Total Liabilities and Shareholders' Equity	$ 1,607,366	$ 1,178,093

Nature and continuance of operations (Note 1)
Commitments and contingencies (Note 14)
Subsequent events (Note 15)

On behalf of the Board:

"R. B. Duncan", Director   "T. A. Fenton", Director

See accompanying notes to the consolidated financial statements.

CANADA COAL INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED SEPTEMBER 30

	2018	2017
EXPENSES		
Management fees (Note 10)	$ 156,000	$ 156,000
Office, rent, and miscellaneous	14,291	14,210
Professional fees (Note 10)	25,212	18,729
Shareholder communications and promotion	1,498	3,339
Transfer agent and filing fees	21,309	17,157
Opportunity investigation costs (Notes 10 and 15)	66,439	-
Loss before other items	284,749	209,435
OTHER ITEMS		
Investment income	(11,976)	(9,593)
Net loss and comprehensive loss for the year	$ 272,773	$ 199,842
Basic and diluted net loss per common share	$ 0.01	$ 0.01
Weighted average number of common shares outstanding – basic and diluted	28,574,190	21,724,875

See accompanying notes to the consolidated financial statements.

CANADA COAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED SEPTEMBER 30

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss for the year	$ (272,773)	$ (199,842)
Change in non-cash working capital items:		
(Increase) in receivables	(2,860)	(2)
(Increase) decrease in prepaid expenses	(396)	395
Increase (decrease) in accounts payable and accrued liabilities	18,590	(3,303)
Net cash flows (used by) operating activities	(257,439)	(202,752)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	700,000	-
Share issuance costs	(16,544)	-
Net cash flows from financing activities	683,456	-
Increase (decrease) in cash and cash equivalents	426,017	(202,752)
Cash and cash equivalents, beginning of year	1,170,111	1,372,863
Cash and cash equivalents, end of year	$ 1,596,128	$ 1,170,111

Cash and cash equivalents, comprised of:

	2018	2017
Cash	$ 508,677	$ 4,636
Short term money market investments	1,087,451	1,165,475
	$ 1,596,128	$ 1,170,111

See accompanying notes to the consolidated financial statements.

CANADA COAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED

	Number of Shares	Capital Stock	*Reserves* Equity Settled Share-Based Payments Reserve	*Reserves* Warrant Reserve	Deficit	Total
Balance, September 30, 2016	21,724,875	$ 7,440,037	$ 523,202	$ -	$ (6,604,323)	$ 1,358,916
Expiry of options	-	-	(408,163)	-	408,163	-
Net loss and comprehensive loss for the year	-	-	-	-	(199,842)	(199,842)
Balance, September 30, 2017	21,724,875	$ 7,440,037	$ 115,039	$ -	$ (6,396,002)	$ 1,159,074
Issued pursuant to private placement	10,000,000	508,072	-	191,928	-	700,000
Share issue costs - cash	-	(12,008)	-	(4,536)	-	(16,544)
Net loss and comprehensive loss for the year	-	-	-	-	(272,773)	(272,773)
Balance, September 30, 2018	31,724,875	$ 7,936,101	$ 115,039	$ 187,392	$ (6,668,775)	$ 1,569,757

See accompanying notes to the consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Canada Coal Inc. (hereafter the "Company" or "Canada Coal") 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. The Company's principal business has been the acquisition and exploration of coal properties in Nunavut, Canada however it is currently exploring other business opportunties (See Note 15). The Company has not generated significant revenues from its operations.

The Company's head office is located at 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9.

These annual consolidated financial statements were approved by the Board of Directors on October 29, 2018.

These consolidated financial statements have been prepared with the assumption that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at September 30, 2018, the Company had working capital of $1,569,757 and an accumulated deficit of $6,668,775 compared with working capital of $1,159,074 and an accumulated deficit of $6,396,002 as at September 30, 2017. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations.

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as held-for-trading, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Principles of consolidation
These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 5200 Nunavut Ltd., a company incorporated under the laws of Nunavut. The subsidiary previously held title to coal licences however it currently has no assets or liabilities as all coal licenses have expired. The subsidiary is inactive. Significant inter-company balances and transactions have been eliminated upon consolidation. All references to the Company should be treated as references to Canada Coal Inc. and its subsidiary.

Subsidiaries are entities over which the Company has control, where control is defined to exist when the Company is exposed to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents
Cash and cash equivalents include balances with banks and short-term money market investments with original maturities of 90 days or less which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts and are available on demand by the Company.

Financial instruments
Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. These instruments are measured at fair value with subsequent changes in fair value recognized in the statement of loss. As at September 30, 2018 and 2017, the Company's cash equivalents are classified as held-for-trading.

Financial assets that have a fixed maturity date and fixed or determinable payments, where the Company intends and has the ability to hold the financial asset to maturity are classified as held-to-maturity and are measured at amortized cost using the effective interest rate method. Any gains and losses arising from the sale of held-to-maturity financial assets are recognized in the statement of loss. As at September 30, 2018 and 2017, the Company has no held-to-maturity financial assets.

Items classified as loans and receivables are measured at amortized cost using the effective interest method. Any gains or losses on the realization of loans and receivables are recognized in the statement of loss. The Company’s cash and receivables are classified as loans and receivables. The estimated fair values of these financial instruments approximate their carrying values because of the limited terms of these instruments.

Available-for-sale assets are those financial assets that are not classified as held-for-trading, held-to-maturity or loans or receivables, and are carried at fair value. Any gains or losses arising from the change in fair value are recorded as other comprehensive income (loss). Available-for-sale investments are written down to fair value through operations whenever it is necessary to reflect other than temporary impairment. Cumulative gains and losses arising upon the sale of the instrument are included in operations. Regular way purchases and sales of financial assets are accounted for at the trade date. As at September 30, 2018 and 2017, the Company has no available-for-sale assets.

Financial liabilities that are not classified as held-to-maturity are classified as other financial liabilities, and are carried at amortized cost using the effective interest method. Any gains or losses arising from the realization of other financial liabilities are recognized in the statement of loss. The Company has classified accounts payable and accrued liabilities as other financial liabilities, which are carried at amortized cost. Due to their short-term natures, the fair values of these financial instruments approximate their carrying values, and are not subject to significant credit or interest rate risk.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). At September 30, 2018 and 2017, the Company's financial instruments that were carried at fair value, consisted of cash equivalents which have been classified as Level 2 within the fair value hierarchy.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that the estimated future cash flows of the assets have been negatively impacted. The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the financial asset’s original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

The carrying amount of the asset is reduced by the amount of the impairment and the loss is recognized in the statement of loss.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in the statement of loss.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in the statement of comprehensive loss.

Impairment of non financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of the fair value less costs to sell and the value in use. If the recoverable amount is less than the carrying amount of the asset, the carrying amount is reduced to the recoverable amount and the impairment loss is recognized in the statement of loss.

Foreign currency translation

The Canadian dollar is the functional and reporting currency of the Company and its subsidiary. All monetary assets and liabilities are translated at the rate of exchange at the financial reporting date and non-monetary assets and liabilities are translated at historical exchange rates, unless such items are carried at market, in which case they are translated at the exchange rates in effect on the statement of financial position date. Income and expenses are translated at the rates approximating those at the transaction dates. Gains and losses arising from translation of foreign currency monetary assets and liabilities are recognized in the statement of loss.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

A provision for onerous contacts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions at September 30, 2018 and 2017.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions
In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

The fair value of stock options granted to employees is recognized as an expense over the vesting period with a corresponding increase in the equity settled share-based payments reserve account. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Unexercised expired stock options are transferred to deficit.

Warrants
Warrants are recognized at fair value on the date of grant and are measured using the Black-Scholes option pricing model. Incremental costs directly attributable to the issue of new warrants are shown in equity as a deduction, net of tax, from the proceeds. Unexercised expired warrants are transferred to deficit.

Income taxes
Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and to the extent that the Company does not consider it probable that a future tax asset will be recovered, it is not recognized.

Loss per share
The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The proceeds upon the exercise of the options and warrants are used to purchase common shares at the average market price during the period. During the years ended September 30, 2018 and 2017, all the outstanding stock options and warrants were anti-dilutive.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comprehensive loss

Other comprehensive loss represents the change in net equity for the period that arises from unrealized gains and losses on available-for-sale financial instruments. Amounts included in other comprehensive loss are shown net of tax. Cumulative changes in other comprehensive loss are presented separately in the consolidated statement of changes in equity. The Company has no financial assets classified as available for sale, and accordingly, net loss is equivalent to comprehensive loss.

Use of estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of the assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the year. The impact of these estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. Estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant estimates made by the Company include inputs used for share-based payment transactions, inputs used for valuation of warrants and valuation of deferred tax assets and liabilities. Actual results could differ from those estimates.

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

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of new and amended IFRS pronouncements
The Company has adopted the following new standards, along with any consequential amendments, effective October 1, 2017. These changes were made in accordance with the applicable transitional provisions. The adoption of these standards did not have a material impact on the Company's financial statements.

IAS 7 Statement of Cash Flows ("IAS 7") was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Future accounting changes
Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after October 1, 2018 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IFRS 9 Financial Instruments: Classification and Measurement ("IFRS 9"), introduces new requirements for the classification and measurement of financial instruments. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

5. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company's capital structure to primarily consist of the components of shareholder's equity.

The Company is dependent on external financing to fund its activities. In order to carry out future activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company continues to seek and assess new opportunities to acquire an interest in additional properties or projects if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no significant changes in the Company's approach to capital management during the year ended September 30, 2018.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

6. FINANCIAL RISK FACTORS

There have been no changes in the risks, objectives, policies and procedures from the previous period. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
The Company's credit risk is primarily attributable to receivables. The receivables primarily relate to sales tax due from the Federal Government of Canada. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to its receivables is remote.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has sufficient cash to meet its current short and mid-term funding requirements.

Market risk
(a) Interest rate risk
The Company has cash balances therefore, interest rate risk is minimal.

(b) Foreign currency risk
The majority of the Company's administrative expenditures are transacted in Canadian dollars. The Company funds certain expenses in the United States on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. Management does not hedge its foreign exchange risk. A 1% change in foreign exchange rates between the Canadian and US dollar at September 30, 2018 and 2017 would not have a significant impact on the Company's financial statements.

(c) Price risk
The Company is exposed to price risk with respect to equity prices as there is a potential adverse effect on the Company due to movements in individual equity prices or the stock market in general.

(d) Sensitivity analysis
Based on management's knowledge and experience of the financial markets, the Company does not expect material movements in the underlying market risk variables over the next twelve-month period.

7. CASH AND CASH EQUIVALENTS

The Company's short term money market instruments accrue interest at 0.95% - 1.35% per annum (2017: 0.75% - 0.85% per annum) and are redeemable at any time without penalty.

8. RECEIVABLES

The receivables balance is comprised of the following item:

	September 30, 2018	September 30, 2017
Sales tax due from Federal Government	$ 6,092	$ 3,232
Total	$ 6,092	$ 3,232

(EXPRESSED IN CANADIAN DOLLARS)

9. PREPAID EXPENSES

The prepaid expense balance is comprised of the following item:

	September 30, 2018	September 30, 2017
Insurance	$ 5,146	$ 4,750
Total	$ 5,146	$ 4,750

10. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them or any companies where they are also a director or officer.

Trading Transactions
The Company entered into the following transactions with related parties for years ended September 30:

	Nature of transactions	Notes	2018	2017
West Oak Capital	Management fees	a	$ 96,000	$ 96,000
Olga Nikitovic	Management fees	b	$ 60,000	$ 60,000
Aird & Berlis	Legal fees	c	$ 40,059	$ 5,199

a) West Oak Capital Partners Inc. ("West Oak") is owned by R. B. Duncan, the Company's Executive Chairman of the Board and CEO. The fees paid to West Oak are included in management fees.

b) Olga Nikitovic is the CFO of the Company. The fees paid relate to financial management and accounting services and are classified as management fees.

c) Tom Fenton, Director and Corporate Secretary for the Company is a partner with Aird & Berlis LLP. Fees of $10,512 (2017: $5,199) are included in professional fees, fees of $7,376 (2017: $Nil) are included in share issue costs, and $22,171 (2017: $Nil) are included in opportunity investigation costs. Legal fees included in accounts payable at September 30, 2018 are $11,616 (2017: $Nil). This balance payable is unsecured, non-interest bearing and due on demand.

Compensation of key management personnel

	Notes	Year ended September 30, 2018	Year ended September 30, 2017
Salaries	a	$ 156,000	$ 156,000
Total		$ 156,000	$ 156,000

a) The Company does not pay any directors' fees nor does the Company pay any health or post employment benefits. The salaries include the fees for the Executive Chairman, CEO and CFO and are included in trading transactions above.

(EXPRESSED IN CANADIAN DOLLARS)

11. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS

Capital stock

The Company has authorized an unlimited number of common shares without par value. As at September 30, 2018, the Company had 31,724,875 common shares outstanding (September 30, 2017 : 21,724,875).

Pursuant to a special resolution passed by shareholders on May 30, 2017, the Company consolidated its capital on a two old for one new basis effective December 11, 2017. All references to common shares, stock options and warrants and their exercise prices in these financial statements have been restated to reflect the effect of this share consolidation.

In January 2018, the Company closed a non-brokered private placement of 10,000,000 units at a price of $0.07 per unit for gross proceeds of $700,000 of which $191,928 has been allocated to warrants. Each unit consists of one common share and one half warrant. Each whole warrant is exercisable at $0.20 per share for a period of three years. Finders' fees of $4,830 were paid.

Share purchase warrants

As at September 30, 2018, the following share purchase warrants were outstanding:

Expiry Date	Exercise Price $	Number of Warrants Outstanding	Weighted average remaining contractual life (years)	Number of Warrants Exercisable
January 23, 2021	0.20	5,000,000	2.31	5,000,000
		5,000,000	2.31	5,000,000

The following is a summary of the share purchase warrant transactions for the years ended September 30, 2018 and 2017.

	Year ended September 30, 2018		Year ended September 30, 2017	
	Number Of Warrants	Weighted Average Exercise Price $	Number Of Warrants	Weighted Average Exercise Price $
Balance, beginning of the year	-	-	-	-
Warrants issued	5,000,000	0.20	-	-
Warrants exercised	-	-	-	-
Warrants expired	-	-	-	-
Balance, end of year	5,000,000	0.20	-	-

(EXPRESSED IN CANADIAN DOLLARS)

11. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of warrants issued for the years ended September 30, 2018 and 2017.

	Year ended September 30 2018	Year ended September 30, 2017
Share price	$0.05	
Risk-free interest rate	1.85%	-
Expected dividend yield	0.00%	-
Expected stock volatility based on historical volatility	173%	-
Expected warrant life in years	3.0 years	-

Stock options

The Company may grant stock options pursuant to a stock option plan (the "Plan") which was established in accordance with the policies of the TSX Venture Exchange. The Board of Directors administers the Plan, pursuant to which the Board may grant from time to time incentive stock options up to an aggregate maximum of 10% of the issued and outstanding shares of the Company to directors, officers, employees, consultants or advisors. The options can be granted for a maximum of 10 years.

As at September 30, 2018, the following incentive stock options were outstanding:

		Options Outstanding and Exercisable	
Expiry Date	Exercise Price $	Number of Options Outstanding and Exercisable	Weighted average remaining contractual life (years)
January 23, 2019	0.40	100,000	0.31
September 22, 2021	0.10	1,250,000	2.98
		1,350,000	2.78

(number of options and exercise prices have been adjusted to reflect the consolidation of the Company's capital on a two old for one new basis)

(EXPRESSED IN CANADIAN DOLLARS)

11. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)

Stock options (Continued)

The following is a summary of the stock option transactions for the the years ended September 30, 2018 and 2017.

	Year ended September 30, 2018		Year ended September 30, 2017	
	Number Of Options	Weighted Average Exercise Price $	Number Of Options	Weighted Average Exercise Price $
Balance, beginning of the year	1,350,000	0.12	1,925,000	0.38
Options granted	-	-	-	-
Options expired	-	-	(575,000)	1.00
Balance, end of year	1,350,000	0.12	1,350,000	0.12

Stock-based compensation

There were no options granted during the years ended September 30, 2018 and 2017.

12. SEGMENTED INFORMATION

The Company previously operated in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. The Company currently has no project. As the operations comprise a single reporting segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

13. INCOME TAXES

a) Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 27% (2017 – 27%) were as follows:

	2018 $	2017 $
Net loss before income taxes	(272,773)	(199,842)
Expected income tax (recovery) based on statutory rate	(73,000)	(53,500)
Adjustment to income tax benefit:		
Change in benefit of tax assets not recognized	73,000	53,500
Deferred income tax (recovery)	-	-

(EXPRESSED IN CANADIAN DOLLARS)

13. INCOME TAXES (Continued)

b) Deferred income tax

	2018 $	2017 $
Unrecognized deductible temporary differences Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:		
Mineral properties and exploration expenditures	2,850,000	2,850,000
Non capital loss carryforwards	1,263,000	987,000
Other temporary differences	63,000	50,000
Total	4,176,000	3,887,000

The tax losses expire from 2030 to 2038. The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

14. COMMITMENTS AND CONTINGENCIES

The Company entered into certain management contracts which contain clauses requiring additional payments of up to $409,000 to be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

15. SUBSEQUENT EVENTS

On July 27, 2018, the Company announced that it had entered into an arm's-length non-binding letter of intent ("LOI") dated July 24, 2018, in respect of a proposed business combination (the "Business Combination") that would have resulted, if completed, in the takeover of Canada Coal by Medcolcanna (formerly Geberi, Ltd.). The LOI provided that Canada Coal and Medcolcanna would negotiate in good faith and attempt to enter into a definitive agreement in respect of the Business Combination on or before September 15, 2018. In connection with the LOI, Canada Coal paid Medcolcanna US$25,000 for the exclusivity rights to the Business Combination.

On October 18, 2018, the Company announced that discussions with Medcolcanna BVI had terminated.