

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF  
CANADA COAL INC.  
TO BE HELD ON FEBRUARY 7, 2020  
AND  
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF  
MIJEM INC.  
TO BE HELD ON FEBRUARY 7, 2020  
AND  
JOINT MANAGEMENT INFORMATION CIRCULAR  
with respect to, among other things, a proposed  
BUSINESS COMBINATION  
involving  
CANADA COAL INC., MIJEM INC. AND 2726846 ONTARIO INC.**

**January 6, 2020**

**CANADA COAL INC.**  
**5213 Durie Road**  
**Mississauga, Ontario**  
**L5M 2C6**

January 6, 2020

Dear Shareholders:

The directors of Canada Coal Inc. ("**Canada Coal**") cordially invite you to attend the annual and special meeting (the "**Canada Coal Meeting**") of the shareholders of Canada Coal (the "**Canada Coal Shareholders**") to be held at the offices of Aird & Berlis LLP, 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9 on February 7, 2020 at 10:00 a.m. (Toronto time) to consider certain matters relating to a proposed business combination (the "**Business Combination**") involving Canada Coal, Mijem Inc. ("**Mijem**") and 2726846 Ontario Inc. ("**Subco**"), a wholly-owned subsidiary of Canada Coal.

**The Business Combination**

The Business Combination will be facilitated by an amalgamation of Mijem and Subco, pursuant to which each current holder of Mijem common shares ("**Mijem Common Shares**") will receive common shares in the capital of Canada Coal ("**Canada Coal Common Shares**").

Mijem is a social media and technology company that provides innovative solutions to create a vibrant social marketplace for students to connect with other students and to efficiently buy, sell and trade goods and services on and off campus. Mijem's patent pending flagship technology currently permits thousands of university and college students across the United States and Canada to both connect online and engage in campus themed commerce. Accordingly, the addressable market for Mijem is the global post-secondary education student population.

After careful consideration, the directors of Canada Coal (the "**Canada Coal Board**") unanimously determined that the Business Combination is in the best interests of Canada Coal. **On that basis, the Canada Coal Board unanimously approved the entering into of a business combination agreement providing for the Business Combination and unanimously recommends that Canada Coal Shareholders vote in favour of the resolutions applicable to Canada Coal Shareholders enclosed in the accompanying joint management information circular (the "Information Circular").** Details of the Business Combination, including financial and other information concerning Mijem, the business of Canada Coal following completion of the Business Combination (the "**Resulting Issuer**"), a summary of the reasons and other factors the Canada Coal Board considered in making its recommendation to Canada Coal Shareholders and certain risk factors relating to the Business Combination are described in more detail in the Information Circular.

Following the Business Combination, it is expected that the Resulting Issuer will be led by Mijem's existing senior management team, including Phuong Dinh, Chief Executive Officer, and Gord Tomkin, Chief Financial Officer. The proposed board of directors of the Resulting Issuer is expected to consist of Phuong Dinh, Gordon Westwater, Joey Caturay, Erin Oor and Mag Sad.

In connection with the Business Combination, each of Canada Coal and Mijem are proposing a concurrent non-brokered private placement for aggregate gross proceeds of between \$1,850,000 and \$3,000,000. Canada Coal and Mijem plan to issue subscription receipts and/or Mijem Common Shares (in the case of Mijem only) resulting in the issuance immediately prior to the closing of the Business Combination of not less than 10,882,353 and not more than 17,647,059 common shares in the capital of the Resulting Issuer (the "**Resulting Issuer Shares**").

The parties will be applying to have the Resulting Issuer Shares listed on the Canadian Securities Exchange.

## What You Need to Do

Although Canada Coal Shareholders are not being asked to approve the Business Combination itself, you are being asked to approve certain matters intended to facilitate the Business Combination, including a consolidation of the existing Canada Coal Common Shares on the basis on one post-consolidation Canada Coal Common Share for each two Canada Coal Common Shares currently held, the change of Canada Coal's name to "Mijem Inc." effective upon the closing of the Business Combination and the delisting of the Canada Coal Common Shares from NEX, a separate board of the TSXV.

Each of these matters is also described in more detail in the Information Circular. The approvals relating to the share consolidation and the name change will require the affirmative approval of not less than 66<sup>2/3</sup>% of the votes cast on these resolutions by Canada Coal Shareholders attending the meeting in person or by proxy. The approval of the delisting from NEX will require (i) at least a majority of the votes cast on the delisting resolution at the Canada Coal Meeting, whether in person or by proxy; and (ii) a "majority of the minority shareholder approval" obtained in accordance with the requirements of the TSXV, being at least a majority of the votes cast on the delisting resolution at the Canada Coal Meeting by the disinterested shareholders of Canada Coal, being all share shareholders of Canada Coal other than promoters, directors, officers and other insiders, whether in person or by proxy.

Your vote is important. We hope you will attend the Canada Coal Meeting. Whether or not you are able to attend, it is important that you be represented at the Canada Coal Meeting. We encourage you to complete the enclosed form of proxy and return it, by the time specified in the notice of the Canada Coal Meeting and the Information Circular, to Computershare Investor Services Inc. at the address specified on the form of proxy. Voting by proxy will not prevent you from voting in person if you attend the Canada Coal Meeting but will ensure your vote will be counted if you are unable to attend.

If you are a non-registered holder of Canada Coal Common Shares and have received this letter and the Information Circular from your broker or another intermediary, please complete and return the form of proxy, voting instruction form or other authorization form provided to you by your broker or other intermediary in accordance with the instructions provided with it. Failure to do so may result in your Canada Coal Common Shares not being eligible to be voted at the Canada Coal Meeting.

The Information Circular contains important information and all Canada Coal Shareholders are urged to read the Information Circular before voting. If you have any questions about the Business Combination, the Resulting Issuer or the matters being proposed at the Canada Coal Meeting or any of the other matters discussed in the Information Circular, or if you need assistance completing your form of proxy or voting instruction form, please contact Olga Nikitovic by email at [olga.nikitovic@sympatico.ca](mailto:olga.nikitovic@sympatico.ca).

Sincerely,

(signed) "R. Bruce Duncan"

R. Bruce Duncan  
President, Chief Executive Officer and Chairman

**MIJEM INC.**  
**36 King Street East, Suite 524**  
**Toronto, Ontario M5C 1E5**

January 6, 2020

Dear Shareholders:

The directors of Mijem Inc. ("**Mijem**") cordially invite you to attend the special meeting (the "**Mijem Meeting**") of the shareholders of Mijem (the "**Mijem Shareholders**") to be held at the offices of Gowling WLG LLP, 1 First Canadian Place, 100 King Street West, Suite 1600, Toronto, Ontario, Canada M5X 1G5 on February 7, 2020 at 10:00 a.m. (Toronto time) to consider certain matters relating to a proposed business combination (the "**Business Combination**") involving Mijem, Canada Coal Inc. ("**Canada Coal**") and 2726846 Ontario Inc. ("**Subco**"), a wholly-owned subsidiary of Canada Coal.

**The Business Combination**

The Business Combination will be facilitated by an amalgamation of Mijem and Subco, pursuant to which each current holder of common shares in the capital of Mijem ("**Mijem Common Shares**") will receive common shares in the capital of Canada Coal ("**Canada Coal Common Shares**").

After careful consideration, the sole director of Mijem has determined that the Business Combination is in the best interests of Mijem. **On that basis, the sole director of Mijem approved the entering into of a business combination agreement providing for the Business Combination and recommends that Mijem Shareholders vote in favour of the resolutions applicable to Mijem Shareholders enclosed in the accompanying joint management information circular** (the "**Information Circular**"). Details of the Business Combination, including financial and other information concerning Canada Coal, the business of Canada Coal following completion of the Business Combination (the "**Resulting Issuer**"), a summary of the reasons and other factors the sole director of Mijem considered in making its recommendation to Mijem Shareholders and certain risk factors relating to the Business Combination are described in more detail in the Information Circular.

Following the Business Combination, it is expected that the Resulting Issuer will be led by Mijem's existing senior management team, including Phuong Dinh, Chief Executive Officer, and Gord Tomkin, Chief Financial Officer. The proposed board of directors of the Resulting Issuer is expected to consist of Phuong Dinh, Gordon Westwater, Joey Caturay, Erin Oor and Mag Sad.

In connection with the Business Combination, each of Canada Coal and Mijem are proposing a concurrent non-brokered private placement for aggregate gross proceeds of between \$1,850,000 and \$3,000,000. Canada Coal and Mijem plan to issue subscription receipts and/or Mijem Common Shares (in the case of Mijem only) resulting in the issuance immediately prior to the closing of the Business Combination of not less than 10,882,353 and not more than 17,647,059 common shares in the capital of the Resulting Issuer (the "**Resulting Issuer Shares**").

The parties will be applying to have the Resulting Issuer Shares listed on the Canadian Securities Exchange.

**What You Need to Do**

The matters pertaining to the Business Combination are described in more detail in the Information Circular. The approval of the amalgamation that will give effect to the Business Combination will require the affirmative approval of not less than 66<sup>2/3</sup>% of the votes cast on these resolutions by Mijem Shareholders attending the meeting in person or by proxy.

Your vote is important. We hope you will attend the Mijem Meeting. Whether or not you are able to attend, it is important that you be represented at the Mijem Meeting. We encourage you to complete the enclosed

form of proxy and return it, by the time specified in the notice of the Mijem Meeting and the Information Circular, to Mijem at the address specified on the form of proxy. Voting by proxy will not prevent you from voting in person if you attend the Mijem Meeting but will ensure your vote will be counted if you are unable to attend.

The Information Circular contains important information and all Mijem Shareholders are urged to read the Information Circular before voting. If you have any questions about the Business Combination, the Resulting Issuer or the matters being proposed at the Mijem Meeting or any of the other matters discussed in the Information Circular, or if you need assistance completing your form of proxy or voting instruction form, please contact Gord Tomkin by email at [gtomkin@mijem.com](mailto:gtomkin@mijem.com).

Sincerely,

(signed) "*Phuong Dinh*"

Phuong Dinh  
President

## CANADA COAL INC.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the "**Canada Coal Meeting**") of the shareholders ("**Canada Coal Shareholders**") of Canada Coal Inc. ("**Canada Coal**") will be held at the offices of Aird & Berlis LLP, 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9 on February 7, 2020, at 10:00 a.m. (EST) and any adjournment or adjournments thereof for the following purposes, namely:

1. To receive and consider the audited financial statements of Canada Coal for the financial years ended September 30, 2019, 2018 and 2017, together with a report of the auditors thereon;
2. Subject to the transactions herein described being completed, to set the number of directors of Canada Coal at five (5) and to elect Phuong Dinh, Erin Oor, Joey Caturay, Mag Saad and Gordon Westwater, to serve as directors of Canada Coal until the next annual meeting or until otherwise resolved, provided, however, if the transactions herein described are not completed, to set the number of directors of Canada Coal at four (4) and to elect R. Bruce Duncan, Richard Klue, Thomas A. Fenton and Ian Smith to serve as directors of Canada Coal until the next annual meeting or until otherwise resolved;
3. Subject to the transactions herein described being completed, to appoint Zeifmans, LLP, Chartered Accountants, as auditors of Canada Coal, to hold office until the close of the next annual meeting and to authorize the director to fix their remuneration, provided, however, if the transactions herein described are not completed, to appoint McGovern Hurley LLP, Chartered Accountants, as auditors of Canada Coal, to hold office until the close of the next annual meeting and to authorize the director to fix their remuneration;
4. To consider and, if thought appropriate, pass with or without variation, a special resolution in the form attached as Schedule "A" (the "**Consolidation Resolution**"), by not less than 2/3 of the votes cast by Canada Coal Shareholders entitled to vote on that resolution, present or represented by proxy at the Canada Coal Meeting, approving the consolidation of the common shares in the capital of Canada Coal by a ratio of 2:1;
5. To consider and, if thought appropriate, pass with or without amendment, a special resolution in the form attached as Schedule "B" (the "**Name Change Resolution**"), by not less than 2/3 of the votes cast by Canada Coal Shareholders entitled to vote on that resolution, present or represented by proxy at the Canada Coal Meeting, approving a name change of Canada Coal to "Mijem Inc.";
6. To consider and, if thought fit, to pass, with or without amendment, an ordinary resolution in the form attached as Schedule "C" to the Information Circular ("**Stock Option Plan Resolution**") approving the Stock Option Plan;
7. Subject to the transactions herein described being completed, to approve the voluntary delisting of the common shares in the capital of Canada Coal from NEX, a separate board of the TSX Venture Exchange, in the form attached as Schedule "D" to the Information Circular (the "**Delisting Resolution**");
8. To transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

The full text of the business combination agreement entered into among Canada Coal, Mijem Inc. and 2726846 Ontario Inc., a wholly-owned subsidiary of Canada Coal (the "**Combination Agreement**"), is attached as Schedule "E" to the accompanying joint management information circular (the "**Information Circular**").

The Canada Coal Board believes that the transactions contemplated by the Business Combination Agreement are in the best interests of Canada Coal, and unanimously recommends that Canada Coal Shareholders vote in favour of the foregoing resolutions.

The details of the matters proposed to be brought before the Canada Coal Meeting, including the text of resolutions referred to above, are set forth in the Information Circular and in the Schedules thereto accompanying and forming part of this Notice.

The record date for the determination of Canada Coal Shareholders entitled to receive notice of and to vote at the Canada Coal Meeting is December 13, 2019. A Shareholder may attend the Canada Coal Meeting in person or may be represented by proxy. Canada Coal Shareholders who are unable to attend the Canada Coal Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Canada Coal Meeting or any adjournment thereof. To be effective, the enclosed proxy must be mailed so as to reach or be deposited with the office of Computershare Investor Services Inc., by mail or by hand at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the time set for the Canada Coal Meeting or any adjournment thereof.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

**The persons named in the enclosed form of proxy for Canada Coal are directors and/or officers of Canada Coal. Each Canada Coal Shareholder has the right to appoint a proxy holder other than such persons, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder's behalf at the Canada Coal Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.**

Toronto, Ontario  
January 6, 2020

**BY ORDER OF THE BOARD OF DIRECTORS**

(Signed) *"R. Bruce Duncan"*  
President, Chief Executive Officer and Chairman

## MIJEM INC.

### NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that a special meeting (the "**Mijem Meeting**") of the shareholders ("**Mijem Shareholders**") of Mijem Inc. ("**Mijem**") will be held at the offices of Gowling WLG LLP, 1 First Canadian Place, 100 King Street West, Suite 1600, Toronto, Ontario, Canada M5X 1G5 on February 7, 2020, at 10:00 a.m. (EST) and any adjournment or adjournments thereof for the following purposes, namely:

1. To consider and, if thought appropriate, pass a special resolution, a copy of which is included with the accompanying joint management information circular (the "**Circular**") as Schedule "F", by not less than 2/3 of the votes cast by Mijem Shareholders entitled to vote on that resolution, present or represented by proxy at the Mijem Meeting, in order to authorize and approve the amalgamation of Mijem with 2726846 Ontario Inc. ("**Subco**"), a wholly-owned subsidiary of Canada Coal Inc. ("**Canada Coal**"), pursuant to articles of amalgamation to be filed with the Ontario Ministry of Government and Consumer Services (the "**Amalgamation Resolution**");
2. To transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

The above matters are being considered in connection with the proposed business combination (the "**Business Combination**") involving Mijem, Canada Coal and Subco, pursuant to a business combination agreement entered into among such parties (the "**Combination Agreement**"). The full text of the Business Combination Agreement is attached as Schedule "E" to the Information Circular.

The sole director of Mijem believes that the transactions contemplated by the Business Combination Agreement are in the best interests of Mijem, and unanimously recommends that Mijem Shareholders vote in favour of the Amalgamation Resolution.

The details of the matters proposed to be brought before the Meeting, including the text of resolutions referred to above, are set forth in the accompanying Information Circular and in the Schedules thereto accompanying and forming part of this Notice.

The record date for the determination of Mijem Shareholders entitled to receive notice of and to vote at the Mijem Meeting is January 6, 2020.

### **DISSENTING RIGHTS**

Section 185 of the *Business Corporations Act* (Ontario) (the "**Act**"), the provisions of which are attached hereto as Schedule K to the Information Circular, provides Mijem Shareholders with the right to dissent and be paid the fair value of his shares in accordance with section 185 of the Act, in connection with the proposed amalgamation of Mijem with Subco.

Any Mijem Shareholder who dissents from the Amalgamation Resolution in compliance with section 185 of the Act will be entitled, in the event that the Amalgamation Resolution is duly passed by Mijem Shareholders, to be paid by Mijem the fair value of the common shares of Mijem held by such dissenting shareholder determined as of the close of business on the business day before the Amalgamation Resolution is duly passed. A Mijem Shareholder is not entitled to dissent with respect to the Amalgamation Resolution if such holder votes any of such shares beneficially held by such holder in favour of the Amalgamation Resolution.

The execution or exercise of a proxy does not constitute a written objection for purposes of the right to dissent under the Act. The Act requires adherence to the procedures established therein and failure to adhere to such procedures may result in the loss of all rights of dissent. Accordingly, each Mijem



Shareholder who might desire to exercise their right of dissent should carefully consider and comply with the provisions of Section 185 of the Act and consult their legal advisors.

### **AMALGAMATION RESOLUTION**

The matters set forth in the Amalgamation Resolution, a copy of which is included with the accompanying Information Circular as Schedule "E", shall be voted upon by the Mijem Shareholders.

### **VOTING BY PROXY**

A Shareholder may attend the Mijem Meeting in person or may be represented by proxy. Mijem Shareholders who are unable to attend the Mijem Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Mijem Meeting or any adjournment thereof. To be effective, the enclosed proxy must be mailed so as to reach or be deposited with Mijem, by mail or by hand at Mijem Inc., 36 King Street East, Suite 525, Toronto, Ontario, Canada M5C 3B2 or by email to Gord Tomkin at gtomkin@mijem.com not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the time set for the Mijem Meeting or any adjournment thereof.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

**The persons named in the enclosed form of proxy for Mijem are directors and/or officers of Mijem. Each Mijem Shareholder has the right to appoint a proxy holder other than such persons, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder's behalf at the Mijem Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.**

Toronto, Ontario  
January 6, 2020

**BY ORDER OF THE SOLE DIRECTOR**

(Signed) "*Phuong Dinh*"  
President and Director

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## GLOSSARY OF TERMS

*Whenever used in this Information Circular including the summary hereof, unless the context otherwise requires, the following terms shall have the indicated meanings and grammatical variations of such words and terms have corresponding meanings. Words importing the singular number, where the context requires, include the plural and vice versa and words importing any gender include all genders. In this Information Circular, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.*

"**Affiliate**" means a company that is affiliated with another company as described below.

A corporation is an "Affiliate" of another corporation if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A corporation is "controlled" by a Person if:

- (a) voting securities of the corporation are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the corporation.

A Person beneficially owns securities that are beneficially owned by:

- (a) a corporation controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person.

"**Amalco**" means the corporation resulting from the amalgamation of Subco and Mijem pursuant to the Amalgamation, to be named "Mijem Technologies Inc."

"**Amalco Shares**" means the common shares in the capital of Amalco.

"**Amalgamation**" means the amalgamation of Subco and Mijem in accordance with the terms and subject to the conditions of the Combination Agreement pursuant to which Subco and Mijem will amalgamate to form Amalco and Mijem Shareholders will receive 2.144 Resulting Issuer Shares for each Mijem Share held by such Mijem Shareholder immediately prior to the Effective Time.

"**Amalgamation Agreement**" means the amalgamation agreement to be entered into between Mijem, Subco and Canada Coal to give effect to the Amalgamation.

"**Amalgamation Resolution**" means a special resolution of the Mijem Shareholders approving the Amalgamation and related transactions to be voted on at the Mijem Meeting in the form set forth in Schedule "E" to this Information Circular.

"**Articles of Amalgamation**" means the articles of amalgamation of Subco and Mijem in respect of the Amalgamation that are required by the OBCA to be filed with the OBCA director in order to effect the Amalgamation.

"**Associate**" when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or
- (d) in the case of a Person who is an individual:
  - (i) that Person's spouse or child, or
  - (ii) any relative of the Person or of his spouse who has the same residence as that Person.

"**Audit Committee**" has the meaning ascribed thereto under *Part VII – Information Concerning the Resulting Issuer – Directors and Officers – Committees of the Board*.

"**Business**" means the conduct of any activities relating to the owning and operating of an online social marketplace for the sale of goods and services, in accordance with applicable law.

"**Canada Coal**" or the "**Corporation**" means Canada Coal Inc.

"**Canada Coal Board**" means the Board of Directors of Canada Coal.

"**Canada Coal Meeting**" means the annual and special meeting of the Canada Coal Shareholders, to be held on February 7, 2020 at 10:00 a.m. (EST) at the offices of Aird & Berlis LLP, Barristers & Solicitors, Brookfield Place, Suite 1800, 181 Bay Street, Toronto, Ontario M5J 2T9.

"**Canada Coal Notice of Meeting**" means the notice of meeting distributed to Canada Coal Shareholders in connection with the Canada Coal Meeting.

"**Canada Coal Options**" means the options to purchase Canada Coal Shares issued under the Canada Coal Stock Option Plan.

"**Canada Coal Proxy**" means the form of proxy delivered to registered Canada Coal Shareholders in connection with the Canada Coal Meeting.

"**Canada Coal Record Date**" means the record date for determining the Canada Coal Shareholders eligible to vote at the Canada Coal Meeting, being December 13, 2019.

"**Canada Coal Shareholders**" means the holders of Canada Coal Shares.

"**Canada Coal Shares**" means the common shares in the capital of Canada Coal.

"**Canada Coal Stock Option Plan**" means the current stock option plan of Canada Coal and which will be the Resulting Issuer Option Plan following the Transaction.

"**Canada Coal Subscription Receipts**" means the subscription receipts to be issued by Canada Coal pursuant to the Offering having the terms and conditions substantially as described under *Part I – The Transaction – The Offering*.

"**Canada Coal Warrants**" means the common share purchase warrants to purchase Canada Coal Shares.

"**CCK Audit Committee**" has the meaning ascribed thereto under *Part II – General Information In Respect of the Canada Coal Meeting – Audit Committee of Canada Coal*.

"**Combination Agreement**" means the Combination Agreement made as of November 15, 2019 between Mijem, Subco and Canada Coal to give effect to the Amalgamation.

"**Consolidation Resolution**" means a special resolution of the Canada Coal Shareholders approving the Share Consolidation to be voted on at the Canada Coal Meeting in the form set forth in Schedule "A" to this Information Circular.

"**CSE**" means the Canadian Securities Exchange.

"**Delisting**" means the delisting of the Canada Coal Shares from NEX.

"**Delisting Resolution**" means an ordinary resolution of disinterested Canada Coal Shareholders approving the delisting of the Canada Coal Shares from NEX in the form set forth in Schedule "D" to this Information Circular.

"**Effective Date**" means the effective date of the Amalgamation.

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date.

"**Escrow Release Conditions**" means:

- (a) written confirmation from each of Mijem and Canada Coal that all conditions to the completion of the Transaction have been satisfied or waived, other than the release of the Escrowed Funds and the closing of the Transaction, each of which will be completed forthwith upon release of the Escrowed Funds;
- (b) the receipt of all shareholder and regulatory approvals required for the Transaction;
- (c) the distribution of: (i) the Mijem Shares underlying the Subscription Receipts; and (ii) the Resulting Issuer Shares to be issued in exchange for the Mijem Shares pursuant to the Transaction being exempt from applicable prospectus and registration requirements of applicable securities laws;
- (d) the Resulting Issuer Shares being conditionally approved for listing on the CSE and the completion, satisfaction or waiver of all conditions precedent to such listing, other than the release of the Escrowed Funds;
- (e) the delisting of the Canada Coal Shares from NEX being conditionally approved; and
- (f) Mijem and Canada Coal shall have delivered a release notice to the Subscription Receipt Agent confirming that items (a) through (f), inclusive, have been satisfied.

"**Escrowed Funds**" means the aggregate subscription proceeds from Subscription Receipts issued pursuant to the Offering placed in escrow with the Subscription Receipt Agent, together with all the interest and other income earned thereon.

"**Finder Shares**" has the meaning provided to it under *Part I – The Transaction – Effect of the Amalgamation*.

"**Governmental Authority**" means any Canadian or foreign, federal, provincial, state, county, regional, local or municipal government, any agency, administration, board, bureau, commission, department, service, or other instrumentality or political subdivision of the foregoing, and any Person with jurisdiction exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or monetary policy (including any court or arbitration authority).

"HST" means harmonized sales tax.

"**Information Circular**" means this joint management information circular of Canada Coal and Mijem.

"**Informed Person**" means:

- (a) a director or executive officer of a reporting issuer;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of a reporting issuer;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of a reporting issuer or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

"**Insider**" in relation to an issuer means: (i) a director or senior officer of the issuer; (ii) a director or senior officer of a company that is an Insider or subsidiary of the issuer; (iii) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or (iv) the issuer itself if it holds any of its own securities.

"**Letter of Intent**" means the letter agreement dated October 15, 2019 between Mijem and the Corporation pursuant to which the parties agreed to effect the Transaction.

"**Licences**" means all licences, permits, approvals, orders, authorizations, registrations, findings of suitability, franchises, exemptions, waivers and entitlements issued or proposed to be issued by a Governmental Authority required for, or relating to, the conduct of the Business.

"**Material Adverse Effect**" means, with respect to any party, any change, event, effect, occurrence or state of facts that has, or could reasonably be expected to constitute a material adverse change in respect of or to have an effect that is materially adverse to, the business, assets, liabilities (including contingent liabilities), conditions (financial or otherwise), prospects or results of operations of the party and its subsidiaries, as applicable, taken as a whole. The foregoing shall not include any change or effects attributable to: (a) changes relating to general economic, political or financial conditions; (b) the state of securities markets in general; (c) changes affecting the technology industry, in general, which does not have a materially disproportionate effect on any party; or (d) the announcement of the Transaction.

"**Mijem**" means Mijem Inc., a corporation incorporated under the OBCA.

"**Mijem Liquidity Warrants**" has the meaning ascribed thereto in *Part VII – Information Concerning Mijem – Share Capital*.

"**Mijem Meeting**" means the special meeting of the Mijem Shareholders, to be held on February 7, 2020 at 10:00 a.m. (EST) at the offices of Gowling WLG LLP, 1 First Canadian Place, 100 King Street West, Suite 1600, Toronto, Ontario, Canada M5X 1G5.

"**Mijem Notice of Meeting**" means the notice of meeting distributed to Mijem Shareholders in connection with the Mijem Meeting.

"**Mijem Proxy**" means the form of proxy delivered to registered Mijem Shareholders in connection with the Mijem Meeting.



"**Mijem Record Date**" means the record date for determining the Mijem Shareholders eligible to vote at the Mijem Meeting, being January 6, 2020.

"**Mijem Shareholders**" means holders of Mijem Shares.

"**Mijem Shares**" means the common shares in the capital of Mijem.

"**Mijem Subscription Receipts**" means the subscription receipts to be issued by Mijem pursuant to the Offering having the terms and conditions substantially as described under *Part I – The Transaction – The Offering*.

"**Mijem Warrants**" means the currently issued and outstanding warrants to purchase Mijem Shares.

"**Minimum Offering**" means the minimum offering of Subscription Receipts and/or Mijem Shares for aggregate gross proceeds of not less than \$1,850,000.

"**Maximum Offering**" means the maximum offering of Subscription Receipts and/or Mijem Shares for aggregate gross proceeds of not more than \$3,000,000.

"**Name Change**" means the amendment to the articles of incorporation of Canada Coal to effect the name change of Canada Coal to "Mijem Inc."

"**Name Change Resolution**" means a special resolution of the Canada Coal Shareholders approving the Name Change to be voted on at the Canada Coal Meeting in the form set forth in Schedule "B" to this Information Circular.

"**NEO**" means a named executive officer.

"**NEX**" means NEX board of the TSXV.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**NI 54-101**" means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

"**NI 58-101**" means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

"**Notice of Canada Coal Meeting**" means the notice of meeting with respect to the Canada Coal Meeting included in the Information Circular.

"**Notice of Mijem Meeting**" means the notice of meeting with respect to the Mijem Meeting included in the Information Circular.

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended.

"**OBCA Director**" means the director appointed pursuant to Section 278 of the OBCA.

"**Offering**" has the meaning ascribed thereto under *Part I – The Transaction – The Offering*.

"**Person**" means an individual, partnership, corporation, limited liability corporation, trust or any other entity.

"**Replacement Warrants**" means the common share purchase warrants of the Resulting Issuer to be issued in exchange for the Mijem Warrants in accordance with the Combination Agreement.

"**Resulting Issuer**" means Canada Coal after completion of the Transaction, the name of which will be changed to "Mijem Inc."

**"Resulting Issuer Board"** means the board of directors of the Resulting Issuer as the same is constituted from time to time.

**"Resulting Issuer Option Plan"** means the Canada Coal Stock Option Plan upon completion of the Transaction.

**"Resulting Issuer Options"** means options to purchase Resulting Issuer Shares outstanding on completion of the Transaction.

**"Resulting Issuer Shareholders"** means the holders of Resulting Issuer Shares.

**"Resulting Issuer Shares"** means the common shares in the capital of the Resulting Issuer after giving effect to the Share Consolidation and upon completion of the Transaction.

**"Resulting Issuer Warrants"** means the Canada Coal Warrants and the warrants of the Resulting Issuer issued in replacement of Mijem Warrants upon completion of the Transaction.

**"Share Consolidation"** means the consolidation of the Canada Coal Shares immediately prior to the Transaction on the basis of two (2) pre-consolidation Canada Coal Shares for one (1) post-consolidation Canada Coal Share.

**"Stock Option Plan Resolution"** means an ordinary resolution of the Canada Coal Shareholders approving the Canada Coal Stock Option Plan to be voted on at the Canada Coal Meeting in the form set forth in Schedule "C" to this Information Circular.

**"Subco"** means 2726846 Ontario Inc., a wholly-owned subsidiary of Canada Coal, created under the OBCA for the purposes of effecting the Transaction.

**"Subco Shares"** means the common shares in the capital of Subco.

**"Subscription Receipt Agent"** means Caravel Law Professional Corporation, in its capacity as subscription receipt agent in connection with the Offering.

**"Subscription Receipts"** means, collectively, the Mijem Subscription Receipts and the Canada Coal Subscription Receipts.

**"Subscription Receipt Indenture"** means the subscription receipt indenture to be entered into among the Corporation, Mijem and the Subscription Receipt Agent providing for the issuance of, and the terms and conditions applicable to, the Subscription Receipts.

**"Tax Act"** means the *Income Tax Act* (Canada), as amended.

**"Transaction"** means the business combination involving Canada Coal and Mijem, that will result in a reverse take-over of Canada Coal by Mijem pursuant to a "three-cornered amalgamation" among Canada Coal, Subco and Mijem.

**"TSXV"** means the TSX Venture Exchange Inc.

**"United States"** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

## JOINT INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation of proxies by the management of each of Canada Coal and Mijem for use at the Canada Coal Meeting and Mijem Meeting, respectively, and at any adjournment or postponement of those meetings.

All information in this Information Circular with respect to Mijem was supplied by Mijem for inclusion herein and Canada Coal and its board of directors and officers have relied on Mijem with respect to such information without independent verification. Although Canada Coal has no knowledge that would indicate that any of the information provided by Mijem is untrue or incomplete, neither Canada Coal nor any of its officers or directors assumes any responsibility for the accuracy or completeness of such information and any failure by Mijem to disclose facts or events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Canada Coal.

All information in this Information Circular with respect to Canada Coal was supplied by Canada Coal for inclusion herein and Mijem and its sole director and its officers have relied on Canada Coal with respect to such information without independent verification. Although Mijem has no knowledge that would indicate that any of the information provided by Canada Coal is untrue or incomplete, neither Mijem nor any of its officers or directors assumes any responsibility for the accuracy or completeness of such information and any failure by Canada Coal to disclose facts or events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Mijem.

No person is authorized to give any information or to make any representation not contained in this Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized. For great certainty, to the extent that any information provided on Mijem's website is inconsistent with this Information Circular, you should rely on the information provided in this Information Circular.

This Information Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Unless otherwise noted, all information in this Information Circular is provided as of January 6, 2020.

***NONE OF THE TSX VENTURE EXCHANGE, THE CANADIAN SECURITIES EXCHANGE NOR ANY SECURITIES REGULATORY AUTHORITY HAS IN ANY WAY PASSED UPON THE MERITS OF THE TRANSACTIONS DESCRIBED IN THIS INFORMATION CIRCULAR.***

Completion of the Transaction is subject to a number of conditions, including but not limited to, shareholder approval and the Offering. The Transaction cannot close until the required Canada Coal shareholder approval and Mijem shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

All summaries of, and references to, the Combination Agreement in this Information Circular are qualified in their entirety by the complete text of the Combination Agreement. The Combination Agreement is attached as Schedule "E" and is also available under Canada Coal's profile on SEDAR at [www.sedar.com](http://www.sedar.com). You are urged to carefully read the full text of the Combination Agreement.

Neither Canada Coal Shareholders or Mijem Shareholders should construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own legal, tax and financial or other professional advisors in considering the relevant legal, tax and financial or other matters contained in this Information Circular.

#### **SPECIAL NOTE REGARDING FORWARD LOOKING INFORMATION**

This Information Circular contains certain forward-looking information. Words such as "may", "would", "could", "will", "expects", "anticipates", "believes", variations of such words and similar expressions are intended to identify such forward looking information. Specifically, and without limiting the generality of the foregoing, all information included in this Information Circular that addresses activities, events or developments that Canada Coal, Mijem or the Resulting Issuer expects or anticipates will or may occur in the future, including, but not limited to, such things as future capital (including the amount and nature thereof), projects under development, goals, objectives, plans and references to the future success of such entities is forward looking information, including, without limitation, such

information contained in this Information Circular. Actual results could differ materially from those expressed or implied by such forward looking information as a result of certain factors, including those described in *Part VII - Information Concerning Mijem - Risk Factors Relating to Mijem and the Resulting Issuer* in this Information Circular.

Readers are cautioned not to place undue reliance on forward looking information contained in this Information Circular, which reflects the analysis of the management of Canada Coal, Mijem and the Resulting Issuer, as appropriate, only as of the date of this Information Circular. There can be no assurance that the actual results or developments anticipated by Canada Coal, Mijem or the Resulting Issuer will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Canada Coal, Mijem or the Resulting Issuer or any of the business or operations of such entities. Canada Coal, Mijem and the Resulting Issuer do not intend, and do not assume any obligation, to update such forward looking information.

### **MARKET AND INDUSTRY DATA**

This Information Circular includes market and industry data that has been obtained from third party sources, including industry publications, as well as industry data prepared by Mijem management on the basis of its knowledge of and experience in the online social marketplace industry (including management's estimates and assumptions relating to such industry based on that knowledge). The knowledge of management of Mijem of such industry has been developed through its experience and participation in such industry. Although management of Canada Coal or Mijem believe such information to be reliable, neither Canada Coal nor Mijem nor their management have independently verified any of the data from third party sources referred to in this Information Circular or ascertained the underlying economic assumptions relied upon by such sources. References in this Information Circular to any publications, reports, surveys or articles prepared by third parties should not be construed as depicting the complete findings of the entire publication, report, survey or article. The information in any such publication, report, survey or article is not incorporated by reference in this Information Circular.

### **CURRENCY PRESENTATION**

Each of Canada Coal and Mijem reports their financial statements using Canadian dollars. Accordingly, unless otherwise indicated, all references to "\$" in this Information Circular refer to Canadian dollars.

## SUMMARY OF INFORMATION CIRCULAR

*The following is a summary of information relating to Canada Coal, Mijem and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Information Circular. This summary is provided for convenience of reference only and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Information Circular and the Schedules attached hereto, which information is specifically incorporated by reference into and forms an integral part of this Information Circular. Reference is made to the Glossary of Terms for the definitions of certain abbreviations and capitalized terms used in this Information Circular and in this summary.*

### **The Meetings**

#### *Time, Date and Place of Meetings*

The Canada Coal Meeting will be held at the offices of Aird & Berlis LLP, Brookfield Place, Suite 1800, 181 Bay Street, Toronto, Ontario M5J 2T9, on February 7, 2020 at 10:00 a.m. (EST).

The Mijem Meeting will be held at the offices of Gowling WLG LLP, 1 First Canadian Place, 100 King Street West, Suite 1600, Toronto, Ontario, Canada M5X 1G5 on February 7, 2020, at 10:00 a.m. (EST).

#### *The Record Dates*

The Canada Coal Record Date for determining the Canada Coal Shareholders eligible to vote at the Canada Coal Meeting was December 13, 2019.

The Mijem Record Date for determining the Mijem Shareholders eligible to vote at the Mijem Meeting was January 6, 2020.

#### *Purpose of the Meetings*

The Meetings are being held to permit the Canada Coal Shareholders and the Mijem Shareholders, respectively, to consider matters relating to the Transaction.

The Canada Coal Meeting is being held for the purpose of: (i) receiving audited financial statements; (ii) electing directors, (iii) appointing auditors; (iv) subject to the Transaction being completed, approving the Delisting Resolution; (v) subject to the Transaction being completed, approving of the Consolidation Resolution; (vi) subject to the Transaction being completed, approving of the Name Change Resolution; (vii) approving the Stock Option Plan Resolution; and (ix) for the purpose of transacting such further or other business as may properly come before the Canada Coal Meeting or any adjournment or adjournments thereof.

The Mijem Meeting is being held for the purposes of (i) approving the Amalgamation Resolution; and (ii) transacting such further or other business as may properly come before the Mijem Meeting or any adjournment or adjournments thereof.

### **Canada Coal**

Canada Coal was incorporated pursuant to the provisions of the OBCA on August 26, 2010 under the name "Pacific Coal Corp." On April 12, 2011, it changed its name to "Canada Coal Inc." Canada Coal's registered office is located at 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9. Canada Coal began trading on the TSXV on February 29, 2012 under the symbol "CCK". As a result of not maintaining the requirements for a TSXV tier 2 listed issuer, effective at the commencement of trading on Monday, December 17, 2018, Canada Coal's listing was transferred to NEX under the symbol "CCK.H".

Canada Coal's principal business was the acquisition and exploration of coal properties in Nunavut, Canada, however by September 2014, it wrote off its exploration expenditures due to uncertainty of reaching an agreement with the local community with respect to its exploration plans. Canada Coal allowed all of its coal licences to expire. Currently, Canada Coal's only material assets are cash and cash equivalents.

## **Mijem**

Mijem was incorporated under the OBCA on August 19, 2014. The articles of incorporation of Mijem were subsequently amended on August 27, 2018 to subdivide the 218,544 Mijem Shares then issued and outstanding on the basis of 100 Mijem Shares for each then issued and outstanding Mijem Share.

Mijem is a social media and technology company that provides innovative solutions to create a vibrant social marketplace for students to connect with other students and to efficiently buy, sell and trade goods and services on and off campus. Mijem's patent pending flagship technology currently permits thousands of university and college students across the United States and Canada to both connect online and engage in campus themed commerce. Accordingly, the addressable market for Mijem is the global post-secondary education student population.

## **The Transaction**

### *Background to the Business Combination*

In 2014, given the delays and uncertainty of obtaining the required permits to advance Canada Coal's assets, the Canada Coal Board instructed management to explore potential acquisitions or opportunities, with a view to maximizing shareholder value. Canada Coal has reviewed a number of opportunities.

Management of Mijem sought to go public by way of a reverse takeover of a Canadian reporting issuer. Canada Coal was a viable partner to Mijem for the purposes of completing such a transaction, as Canada Coal was, and continues to be, a Canadian reporting issuer and the Canada Coal Shares were listed on the TSXV (which listing has since been transferred to NEX).

On October 15, 2019, Canada Coal and Mijem entered into the Letter of Intent setting forth the terms of a proposed Business Combination. Each company was provided with a due diligence period during which the parties granted each other access to certain confidential information and the opportunity to conduct preliminary due diligence.

Following the entering into of the Letter of Intent, Canada Coal and Mijem continued to negotiate the final terms and conditions of the proposed Business Combination, and the Combination Agreement was entered into as of November 15, 2019. Canada Coal publicly announced the proposed Business Combination on November 20, 2019.

On January 6, 2020, the Canada Coal Board approved this Information Circular, reaffirmed its recommendation to Canada Coal Shareholders to vote in favour of the matters provided for herein, and authorized Canada Coal to convene the Canada Coal Meeting.

A full description of the background, history, business, affairs, management and share structure of Canada Coal is contained in this Information Circular under the heading *Part VI - Information Concerning Canada Coal*.

A full description of the background, history, business, affairs, management and share structure of Mijem is contained in this Information Circular under the heading *Part VII - Information Concerning Mijem*.

### *The Combination Agreement*

On November 15, 2019, Canada Coal and Mijem entered into the Combination Agreement to combine the two entities. Upon completion of the Transaction, the Resulting Issuer will carry on the business currently operated by Mijem, as described under the heading *Part VII – Information Concerning Mijem – Narrative Description of the Business*.

The Transaction is structured as a three-cornered amalgamation (the "**Amalgamation**") between Canada Coal, Mijem and Subco, whereby Mijem and Subco will amalgamate to form Amalco pursuant to the OBCA and each Mijem Shareholder will be entitled to receive 2.144 Resulting Issuer Shares for each Mijem Share held by such Mijem Shareholder immediately prior to the Effective Time.

Upon the satisfaction and/or waiver of the conditions to the completion of the Transaction including, without limitation, satisfying the Escrow Release Conditions, obtaining the requisite shareholder and regulatory approvals and applicable filing, Subco and Mijem will jointly file the Articles of Amalgamation.

Immediately prior to the Effective Time of the Amalgamation and subject to the satisfaction and/or waiver of the Escrow Release Conditions but following the Share Consolidation, each Mijem Subscription Receipt will be automatically converted into 0.46642 of a Mijem Share and each Canada Coal Subscription Receipt will be automatically converted into one (1) Canada Coal Share, without payment of additional consideration or further action on the part of the holder.

See *Part I - Description of the Transaction – The Combination Agreement*.

### *The Offering*

In connection with the Transaction, each of Canada Coal and Mijem is completing a concurrent non-brokered private placement for aggregate gross proceeds of between \$1,850,000 and \$3,000,000 (the "**Offering**"). Canada Coal and Mijem plan to issue Subscription Receipts and/or Mijem Shares (in the case of Mijem only) resulting in the issuance immediately prior to the closing of the Amalgamation of not less than 10,882,353 and not more than 17,647,059 Resulting Issuer Shares.

Mijem Subscription Receipts will be issued at a subscription price of \$0.17 per Mijem Subscription Receipt. Each Mijem Subscription Receipt will entitle the holder thereof to receive, without the payment of any additional consideration and without any further action on the part of the holder, 0.46642 of a Mijem Share, in accordance with the terms and conditions of the Mijem Subscription Receipts and subject to any adjustments in accordance with the Subscription Receipt Indenture, upon satisfaction of the Escrow Release Conditions and receipt by the Subscription Receipt Agent of a release notice. Pursuant to the terms of the Combination Agreement, immediately following the issuance of the Mijem Shares, Mijem and Subco shall amalgamate and as a result thereof, each Mijem Share shall be cancelled, and the holder thereof shall receive 2.144 Resulting Issuer Shares in consideration for each Mijem Share so cancelled. Any fractional number of Resulting Issuer Shares equal to or greater than 0.5 will be rounded up to the nearest whole number and less than 0.5 will be rounded down to the nearest whole number.

Mijem Shares to be issued by Mijem as part of the Offering will be issued at a subscription price of \$0.3645 per Mijem Share.

Canada Coal Subscription Receipts will be issued at a subscription price of \$0.17 per Canada Coal Subscription Receipt. Each Canada Coal Subscription Receipt so issued by Canada Coal will entitle the holder thereof to receive, without the payment of any additional consideration and without any further action on the part of the holder, one Resulting Issuer Share, in accordance with the terms and conditions of the Canada Coal Subscription Receipts and subject to any adjustments in accordance with the Subscription Receipt Indenture, upon satisfaction of the Escrow Release Conditions and receipt by the Subscription Receipt Agent of release notice in respect of the escrow.

The proceeds from the Subscription Receipts will be deposited in escrow with a subscription receipt agent. Upon the occurrence of certain events, including, without limitation, the completion of the Transaction and subsequent listing of the Resulting Issuer Shares, the Escrowed Funds will be released to Canada Coal and Mijem, respectively, and the Subscription Receipts will be automatically exchanged, without additional payment, into Canada Coal Shares or Mijem, respectively, with such shares ultimately being exchanged for Resulting Issuer shares.

See *Part I – The Transaction – The Offering*

### *NEX Delisting*

In connection with the completion of the Transaction, assuming receipt of the Canada Coal Shareholder approval, Canada Coal is applying to delist the Canada Coal Shares from NEX. An application will be made to list the Resulting Issuer Shares on the CSE. Listing of the Resulting Issuer Shares on the CSE is subject to the satisfaction of all the listing requirements of the CSE.

*See Part III –Matters to be Acted Upon at the Canada Coal Meeting – Delisting From NEX*

### *Share Consolidation*

In connection with the completion of the Transaction, assuming receipt of Canada Coal Shareholder approval, Canada Coal will effect the Share Consolidation to consolidate the Canada Coal Shares on the basis of two (2) pre-consolidation Canada Coal Shares for every one (1) post-consolidation Canada Coal Share.

*See Part III –Matters to be Acted Upon at the Canada Coal Meeting – The Share Consolidation*

### *Name Change*

In connection with the completion of the Transaction, assuming receipt of the relevant shareholder approval, Canada Coal will effect the Name Change by changing its name to "Mijem Inc." and Amalco's name will be "Mijem Technologies Inc."

*See Part III –Matters to be Acted Upon at the Canada Coal Meeting – The Name Change*

### *Shareholder Approvals*

To be effective, the Consolidation Resolution and the Name Change Resolution must be approved by not less than two-thirds of the votes cast by Canada Coal Shareholders present in person or represented by proxy at the Canada Coal Meeting. The Delisting Resolution will require (i) at least a majority of the votes cast on the delisting resolution at the Canada Coal Meeting, whether in person or by proxy; and (ii) a "majority of the minority shareholder approval" obtained in accordance with the requirements of the TSXV, being at least a majority of the votes cast on the delisting resolution at the Canada Coal Meeting by the disinterested shareholders of Canada Coal, being all share shareholders of Canada Coal other than promoters, directors, officers and other insiders, whether in person or by proxy. All other resolutions and certain of the annual meeting matters to be considered by Canada Coal Shareholders at the Canada Coal Meeting must be approved by a majority of the votes cast by Canada Coal Shareholders present in person or represented by proxy at the Canada Coal Meeting.

To be effective, the Amalgamation Resolution must be approved by not less than two-thirds of the votes cast by Mijem Shareholders present in person or represented by proxy at the Mijem Meeting.

### *Conditions to the Combination Agreement*

The Combination Agreement contains customary representations and warranties for transactions of this nature, including representations and warranties that Canada Coal and Mijem are, respectively, in compliance with all applicable laws and are otherwise legally capable of entering into the Combination Agreement and completing the Transaction. The Combination Agreement also provides that the Transaction is subject to a number of conditions in favour of either or both of Canada Coal and Mijem, including the following:

- (a) Canada Coal and Subco shall have performed in all material respects the obligations to be performed under the Combination Agreement on or before the Effective Date;
- (b) Mijem shall have performed in all material respects the obligations to be performed by it under the Combination Agreement on or before the Effective Date;



- (c) Each of the representations and warranties of Mijem, Canada Coal and Subco contained in the Combination Agreement shall have been true and correct and contained no misstatement or omission that would make any such representation or warranty misleading when made and shall be true and correct and contain no misstatement or omission that would make any such representation or warranty misleading at and as of the Effective Date with the same force and effect as if made as of the Effective Date;
- (d) the Transaction and other transactions, as proposed or with any amendment, shall have been approved by the Canada Coal Shareholders at the Canada Coal Meeting and by the Mijem Shareholders at the Mijem Meeting, in each case in compliance with applicable legislation and no more than 5% of either the Canada Coal Shareholders or the Mijem Shareholders, respectively, shall have exercised their statutory dissent rights in respect to the Transaction;
- (e) all consents, approvals and authorizations of any governmental or regulatory authority or person whose consent to the Transaction is required to be obtained in order to carry out the transactions contemplated hereby in compliance with all laws and agreements binding upon the parties hereto will have been obtained;
- (f) no act, action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court, tribunal or governmental agency or other regulatory authority or administrative agency or commission by any elected or appointed public official or private person (including, without limitation, any individual, corporation, firm, group or entity) in Canada, the United States or elsewhere, whether or not having the force of law, and no law, regulation or policy shall have been proposed, enacted, promulgated or applied, which has the effect to cease trade, enjoin, prohibit or impose material limitations or conditions on the Transaction or which, if the Transaction were consummated, would have a material adverse effect on Canada Coal or Mijem;
- (g) there shall not have been any event, occurrence, development or state of circumstances or facts or change in Canada Coal or its business (including any damage, destruction or other casualty loss affecting Canada Coal or its business that has had or that may be reasonably expected to have, either alone or together with all such events, occurrences, developments, states of circumstances or facts or changes, a material adverse effect on Canada Coal;
- (h) Canada Coal Shareholders shall have approved the Name Change Resolution and the Consolidation Resolution;
- (i) the Canada Coal Shares shall have been delisted from NEX and the Resulting Issuer Shares shall have been conditionally approved for listing, subject to customary conditions, on the CSE;
- (j) there shall have been no changes, amendments, or modifications to the Mijem Licenses or the Land Interests;
- (k) Mijem shall have completed the Minimum Offering; and
- (l) Canada Coal shall have provided evidence reasonably satisfactory to Mijem that Canada Coal has, as of the Effective Date, net working capital of not less than \$1,000,000 after giving effect to all payments to be made by Canada Coal as provided for in the Combination Agreement but without giving effect to payment of (i) legal fees of counsel to Canada Coal up to a maximum of \$31,000 plus HST (but excluding any applicable disbursements); and costs associated with the Canada Coal Meeting up to a maximum of \$6,500 plus HST; and (iii) filing fees.

If any of the conditions precedent contained in the Combination Agreement shall not be fulfilled or performed, the party entitled to the benefit of such conditions shall be entitled to terminate the Transaction or waive the condition.

### *Recommendation of the Directors*

The Canada Coal Board and the Mijem Board have concluded that the Transaction is fair to and in the best interests of their respective shareholders.

In arriving at their conclusion, each member of the Canada Coal Board and the Mijem Board considered information with respect to the financial condition, business and operations of each of Canada Coal and Mijem, on both an historical and prospective basis, including information in respect of Canada Coal and Mijem on a pro forma combined basis.

The Canada Coal Board and the Mijem Board considered a number of factors which make the Transaction attractive to their respective shareholders, including the following:

- Canada Coal had no assets other than cash.
- Canada Coal viewed the transaction as an opportunity to increase shareholder value.
- Mijem wished to go public by way of a reverse takeover of a Canadian reporting issuer. Canada Coal meets this requirement by virtue of its status as a Canadian reporting issuer.
- The opportunities for growth in Mijem's Business.

The expectation is that the Resulting Issuer will generate greater investor attention, resulting in an improved market capitalization, liquidity and ability to secure financing.

### ***Resulting Issuer Capitalization***

After giving effect to the Share Consolidation, the Minimum Offering, the Maximum Offering and the closing of the Transaction, the Resulting Issuer's capitalization on a fully-diluted basis is shown as follows:

	<b>Resulting Issuer Shares (Minimum Offering)</b>	<b>Percentage (fully diluted)</b>	<b>Resulting Issuer Shares (Maximum Offering)</b>	<b>Percentage (fully diluted)</b>
Resulting Issuer Shares reserved for Canada Coal Shareholders	15,862,438	17.49%	15,862,438	16.28%
Resulting Issuer Shares reserved for Mijem Shareholders	59,117,632	65.19%	59,117,632	60.66%
Resulting Issuer Shares reserved for issuance pursuant to Subscription Receipts	10,882,353	12.00%	17,647,059	18.11%
Resulting Issuer Shares reserved for issuance pursuant to the Finder Shares	764,706	0.84%	764,706	0.78%
Resulting Issuer Shares reserved for holders of Canada Coal Options	625,000 <sup>(1)</sup>	0.69%	625,000 <sup>(1)</sup>	0.64%

	<b>Resulting Issuer Shares (Minimum Offering)</b>	<b>Percentage (fully diluted)</b>	<b>Resulting Issuer Shares (Maximum Offering)</b>	<b>Percentage (fully diluted)</b>
Resulting Issuer Shares reserved for holders of Canada Coal Warrants	2,500,000 <sup>(2)</sup>	2.76%	2,500,000 <sup>(2)</sup>	2.57%
Resulting Issuer Shares reserved for holders of Mijem Warrants	933,252 <sup>(3)</sup>	1.03%	933,252 <sup>(3)</sup>	0.96%
<b>Total</b>	<b>90,685,381<sup>(4)</sup></b>	<b>100%</b>	<b>97,450,087<sup>(4)</sup></b>	<b>100%</b>

**Notes:**

- (1) Exercisable at an exercise price of \$0.20 per Resulting Issuer Share until one year following the completion of the Transaction.
- (2) Exercisable at a price per Resulting Issuer Share of \$0.40 until January 23, 2021.
- (3) (a) 140,646 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.178 until January 20, 2020; (b) 140,861 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.178 until February 27, 2020; (c) 140,646 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.178 until April 21, 2020; (d) 51,670 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.0484 until November 1, 2020; and (e) 459,429 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.1632 until August 7, 2021.
- (4) In addition to the above, Resulting Issuer Warrants may be issued in connection with the Offering to appropriately registered entities as a finder's fee.

See Part VIII – Information Concerning the Resulting Issuer – Pro Forma Consolidated Capitalization.

**Estimated Available Funds and Principal Purposes**

Upon completion of the Transaction, the Resulting Issuer will have estimated funds of approximately \$2,827,000 available (assuming completion of the Minimum Offering). The following table sets out the proposed use of the available funds by the Resulting Issuer after giving effect to the release of the Escrowed Funds and the completion of the Transaction.

<b>Source of Funds</b>	<b>Following Completion of the Transaction and the release of the Escrowed Funds</b>
Estimated Canada Coal Working Capital as at October 31, 2019	\$1.300 million
Estimated Mijem Working Capital as at October 31, 2019	\$0.009 million
Gross Proceeds of the Offering <sup>(1)</sup>	\$1.850 Million
<b>Gross Funds</b>	<b>\$3.159 million</b>
Less: Canada Coal Termination Expenses	0.216 million
Less: Finder's Commissions on Offering	0.105 million
Less: Finder's Fees	0.050 million
Less: Mijem Transaction Expenses	0.050 million
Less: Canada Coal Transaction Expenses	0.037 million
Less: CSE Filing Fees	0.014 million
<b>Total Deductions Upon Closing</b>	<b>\$0.472 million</b>
<b>Available Funds to the Resulting Issuer:</b>	<b>\$2.687 million</b>

**Note:**

- (1) Assuming completion of the Minimum Offering.

The Resulting Issuer expects that the principal purpose of such funds will be used to implement Mijem's Business plan. Specifically, the Resulting Issuer intends to use the funds available for the following purposes (the following estimates based on a 12-month breakdown):

Principal Uses of Available Funds	Following Completion of the Transaction and the release of the Escrowed Funds
Marketing activities for 12 months	\$0.843 million
Research & development for 12 months	\$0.885 million
Administrative expenses for 12 months	\$0.411 million
Retirement of debt and other payables	\$0.215 million
Unallocated working capital	\$0.333 million
Total uses of funds:	\$2.687 million

The consolidated pro forma balance sheet of the Resulting Issuer, which gives effect to the Transaction as if it had been completed on October 31, 2019, is attached hereto as Schedule "K".

See Part VIII – Information Concerning the Resulting Issuer – Estimated Available Funds and Principal Purposes.

### Board of Directors and Management of the Resulting Issuer

The following are the names, age and municipalities of residence of those individuals who will serve as directors and officers of the Resulting Issuer, their positions and offices with the Resulting Issuer, their principal occupations during the last five years, the number of Resulting Issuer Shares that each will hold upon completion of the Transaction and the percentage of the class that such holdings represent. The information concerning the initial directors of Resulting Issuer is as furnished by such directors.

Name and Municipality of Residence	Principal Occupations for the Previous Five Years	Positions and Offices with the Resulting Issuer	Director/ Officer Since	Number (and Percentage) of Resulting Issuer Shares Owned or Controlled <sup>(1)</sup>
Phuong Dinh Toronto, Ontario	Founder and President, Mijem Inc.  Co-Founder and Festival Manager, Cityfest Entertainment Inc.  Consultant, Element Fleet Management  Consultant, Mark Longo & Associates	Director and Chief Executive Officer	To be appointed at closing of the Transaction	21,440,000 (24.7%)
Joey Caturay Toronto, Ontario	VP Innovation Technology, OnX Enterprise Solutions  Founder, Mona Networks  President, Little Room Inc.	Director	To be appointed at closing of the Transaction	Nil

Name and Municipality of Residence	Principal Occupations for the Previous Five Years	Positions and Offices with the Resulting Issuer	Director/ Officer Since	Number (and Percentage) of Resulting Issuer Shares Owned or Controlled <sup>(1)</sup>
Erin Oor Calgary, Alberta	Counsel, Bryan & Co. LLP, Edmonton, Alberta  General Counsel, Vice President, AutoCanada Inc., (ACQ-TSX)  General Manager and General Counsel, Unified Alloys (Ontario) Inc.	Director	To be appointed at closing of the Transaction	Nil
Gordon Westwater Toronto, Ontario	Chief Executive Officer, Chainsync  Chief Executive Officer, Active/Ipico Sports  Chief Executive, Ipico Inc	Director	To be appointed at closing of the Transaction	Nil
Mag Saad Toronto, Ontario	President, Magnous Consulting Inc.	Director	To be appointed at closing of the Transaction	306,288 (0.4%)
Gord Tomkin Toronto, Ontario	President, Great Team Inc.	Chief Financial Officer	To be appointed at closing of the Transaction	Nil

**Notes:**

(1) The information as to the number of shares beneficially owned, or over which control or direction is exercised, directly or indirectly, not being within the direct knowledge of the Resulting Issuer, has been furnished by the respective individuals. The percentage of Resulting Issuer Shares held is calculated assuming completion of the Minimum Offering.

(2) Mr. Dinh has been a director and officer of Mijem since August 19, 2014.

If the Transaction is successfully completed, the parties intend that the officers of the Resulting Issuer will consist of Phuong Dinh (Chief Executive Officer) and Gord Tomkin (Chief Financial Officer).

See *Part VIII – Information Concerning the Resulting Issuer – Directors and Officers*.

**Selected Pro-Forma Financial Information**

The unaudited pro-forma consolidated statement of financial position of the Resulting Issuer is attached as Schedule "K" to this Information Circular. The unaudited pro-forma consolidated statement of financial position of the Resulting Issuer as at October 31, 2019 has been prepared from the financial statements of Canada Coal (see Schedule "G") and the financial statements of Mijem (see Schedule "I"). The unaudited pro-forma consolidated statement of financial position of the Resulting Issuer gives effect to the proposed Transaction and to the Minimum Offering, as described below and in the notes to the unaudited pro-forma statement of financial position of the Resulting Issuer. The unaudited pro-forma consolidated statement of financial position and the notes thereto should be read in conjunction with the financial statements of Canada Coal and Mijem, including the notes thereto, included at Schedules "F" and "H", respectively.

### *Pro-Forma Consolidated Statement of Financial Position*

<b>Balance Sheet Data</b>	<b>As at October 31, 2019<sup>(1)</sup></b>
Current Assets	\$2,991,894
Total Assets	\$3,037,814
Current Liabilities	\$257,854
Total Liabilities	\$472,497
Shareholders' Equity	\$2,565,317

**Note:**

(1) The *pro forma* unaudited consolidated statement of financial position of the Resulting Issuer has been compiled from and includes (i) the interim statement of financial position of Mijem as at October 31, 2019; and (ii) the audited annual statement of financial position of Canada Coal as at September 30, 2019.

See *Part VIII – Information Concerning the Resulting Issuer – Selected Pro Forma Financial Information*.

### **Conflicts of Interest**

There are potential conflicts of interest to which the directors and officers of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation, with a view to potential acquisition of interests in businesses and corporations on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies under the OBCA, as the case may be.

### **Interest of Experts and Consultants**

No person or company who is named as having prepared or certified a part of the Information Circular or prepared or certified a report or valuation described or included in the Information Circular has, or will have upon completion of the Transaction, any direct or indirect interest in the Resulting Issuer.

### **Risk Factors**

There are certain risk factors associated with the Transaction which should be carefully considered by Canada Coal Shareholders and Mijem Shareholders, including the fact that the Transaction may not be completed if, among other things, the Consolidation Resolution, the Name Change Resolution, the Delisting Resolution and the Amalgamation Resolution are not approved at the Canada Coal Meeting or the Mijem Meeting, as applicable, or if any other conditions precedent to the completion of the Transaction are not satisfied or waived, as applicable.

If the Transaction is completed as contemplated, Mijem will become a wholly-owned subsidiary of the Resulting Issuer and the Resulting Issuer will continue the business of Mijem going forward. There are numerous risks associated with such business.

See *Part VII – Information Concerning Mijem – Risk Factors Relating to Mijem and the Resulting Issuer*.

### **Resale of Resulting Issuer Shares**

If the Transaction is completed, holders of Mijem Shares resident in each of the provinces and territories of Canada will receive Resulting Issuer Shares pursuant to the Transaction which may be subject to prospectus requirements and statutory hold periods in certain circumstances. See *Part II - Matters to be Acted Upon at the Canada Coal Meeting - Resale of Resulting Issuer Shares* in this Information Circular.

**Accompanying Documents**

This Notice of Meeting and Information Circular are accompanied by several schedules that are incorporated by reference into, form an integral part of, and should be read in conjunction with this Information Circular. It is recommended that Shareholders read the Notice of Meeting, the Information Circular and the attached schedules in their entirety.

## PART I - THE TRANSACTION

The discussion of the Combination Agreement that follows in this Part is intended to provide a general review and summary only. For details, reference should be made to the Combination Agreement attached hereto as Schedule "E".

### Background to the Business Combination

In 2014, given the delays and uncertainty of obtaining the required permits to advance Canada Coal's assets, the Canada Coal Board instructed management to explore potential acquisitions or opportunities, with a view to maximizing shareholder value. Canada Coal has reviewed a number of opportunities.

Management of Mijem sought to go public by way of a reverse takeover of a Canadian reporting issuer. Canada Coal was a viable partner to Mijem for the purposes of completing such a transaction, as Canada Coal was, and continues to be, a Canadian reporting issuer and the Canada Coal Shares were listed on the TSXV (which listing has since been transferred to NEX).

On October 15, 2019, Canada Coal and Mijem entered into the Letter of Intent setting forth the terms of a proposed Business Combination. Each company was provided with a due diligence period during which the parties granted each other access to certain confidential information and the opportunity to conduct preliminary due diligence.

Following the entering into of the Letter of Intent, Canada Coal and Mijem continued to negotiate the final terms and conditions of the proposed Business Combination, and the Combination Agreement was entered into as of November 15, 2019. Canada Coal publicly announced the proposed Business Combination on November 20, 2019.

On January 6, 2020, the Canada Coal Board approved this Information Circular, reaffirmed its recommendation to Canada Coal Shareholders to vote in favour of the matters provided for herein, and authorized Canada Coal to convene the Canada Coal Meeting.

A full description of the background, history, business, affairs, management and share structure of Canada Coal is contained in this Information Circular under the heading *Part VI - Information Concerning Canada Coal*.

### The Combination Agreement

On November 15, 2019, Canada Coal and Mijem entered into the Combination Agreement to combine the two entities. Upon completion of the Transaction, the Resulting Issuer will carry on the business currently operated by Mijem. Mijem provides innovative solutions to create a vibrant social marketplace for students to connect with other students and to efficiently buy, sell and trade goods and services on and off campus (online marketplace). Mijem's patent pending flagship technology currently permits thousands of university and college students across the United States and Canada to both connect online and engage in campus themed commerce.

The Transaction is structured as a three-cornered amalgamation (the "**Amalgamation**") between Canada Coal, Mijem and Subco, whereby Mijem and Subco will amalgamate to form Amalco pursuant to the OBCA and each Mijem Shareholder will be entitled to receive 2.144 Resulting Issuer Shares for each Mijem Share held by such Mijem Shareholder immediately prior to the Effective Time.

Upon the satisfaction and/or waiver of the conditions to the completion of the Transaction, including, without limitation, satisfying the Escrow Release Conditions, obtaining the requisite shareholder and regulatory approvals and applicable filing, Subco and Mijem will jointly file the Articles of Amalgamation.

Immediately prior to the Effective Time of the Amalgamation and subject to the satisfaction and/or waiver of the Escrow Release Conditions but following the Share Consolidation, each Mijem Subscription Receipt will be automatically converted into 0.46642 of a Mijem Share and each Canada Coal Subscription Receipt will be automatically converted into one (1) Canada Coal Share, without payment of additional consideration or further action on the part of the holder.



Immediately prior to the Amalgamation, Canada Coal will complete the Share Consolidation and Name Change.

### **Effect of the Amalgamation**

At the Effective Time of the Amalgamation, and as a result of the Amalgamation:

- (i) each holder of Mijem Shares (including holders of Mijem Shares issued pursuant to the conversion of the Mijem Subscription Receipts) shall receive 2.144 fully paid and non-assessable Resulting Issuer Shares for each issued and outstanding Mijem Share held by such holder immediately prior to the Effective Time, following which all such Mijem Shares shall be cancelled;
- (ii) Canada Coal shall receive one fully paid and non-assessable Amalco Share for each Subco Share held by Canada Coal, following which all such Subco Shares shall be cancelled;
- (iii) in consideration of the issuance of Resulting Issuer Shares to the Mijem Shareholders, Amalco shall issue one Amalco Share for each Resulting Issuer Share so issued;
- (iv) the Resulting Issuer shall add to the stated capital maintained in respect of the Resulting Issuer Shares an amount equal to the aggregate paid-up capital (for the purposes of the Tax Act) of the Mijem Shares immediately prior to the Amalgamation;
- (v) Amalco shall add to the stated capital maintained in respect of the Amalco Shares an amount such that the stated capital of the Amalco Shares shall be equal to the aggregate paid-up capital (for the purposes of the Tax Act) immediately prior to the Amalgamation of the Subco Shares and the Mijem Shares;
- (vi) Amalco will become a wholly-owned subsidiary of the Resulting Issuer; and
- (vii) the Resulting Issuer shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to transactions contemplated by the Amalgamation Agreement to any holder of Mijem Shares such amounts as it determines are required or permitted to be deducted and withheld with respect to such payment under the Tax Act or any provision of provincial, state, local or foreign tax law, in each case as amended; 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 Mijem Shares, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

Upon completion of the Amalgamation, each Mijem Warrant shall be exchanged for 2.144 Replacement Warrants to acquire (on substantially the same terms and conditions as were applicable to such Mijem Warrant immediately before the Effective Time under the agreement evidencing the grant), one Resulting Issuer Share at an exercise price per Resulting Issuer Share based on the exercise price of the Mijem Warrant, as adjusted to give effect to the Amalgamation.

In connection with the entering into of the Combination Agreement and subject to completion of the Transaction, Canada Coal will pay cash finder's fees in an amount not to exceed \$50,000 plus HST and issue up to 764,705 Canada Coal Shares (the "**Finder Shares**").

### **The Offering**

In connection with the Transaction, each of Canada Coal and Mijem is completing a concurrent non-brokered private placement for aggregate gross proceeds of between \$1,850,000 and \$3,000,000 (the "**Offering**"). Canada Coal and Mijem plan to issue Subscription Receipts and/or Mijem Shares (in the case of Mijem only) resulting in the issuance immediately prior to the closing of the Amalgamation of not less than 10,882,353 and not more than 17,647,059 Resulting Issuer Shares.

Mijem Subscription Receipts will be issued at a subscription price of \$0.17 per Mijem Subscription Receipt. Each Mijem Subscription Receipt will entitle the holder thereof to receive, without the payment of any additional consideration and without any further action on the part of the holder, 0.46642 of a Mijem Share, in accordance with the terms and conditions of the Mijem Subscription Receipts and subject to any adjustments in accordance with the Subscription Receipt Indenture, upon satisfaction of the Escrow Release Conditions and receipt by the Subscription Receipt Agent of a release notice. Pursuant to the terms of the Combination Agreement, immediately following the issuance of the Mijem Shares, Mijem and Subco shall amalgamate and as a result thereof, each Mijem Share shall be cancelled, and the holder thereof shall receive 2.144 Resulting Issuer Shares in consideration for each Mijem Share so cancelled. Any fractional number of Resulting Issuer Shares equal to or greater than 0.5 will be rounded up to the nearest whole number and less than 0.5 will be rounded down to the nearest whole number.

Canada Coal Subscription Receipts will be issued at a subscription price of \$0.17 per Canada Coal Subscription Receipt. Each Canada Coal Subscription Receipt so issued by Canada Coal will entitle the holder thereof to receive, without the payment of any additional consideration and without any further action on the part of the holder, one Resulting Issuer Share, in accordance with the terms and conditions of the Canada Coal Subscription Receipts and subject to any adjustments in accordance with the Subscription Receipt Indenture, upon satisfaction of the Escrow Release Conditions and receipt by the Subscription Receipt Agent of release notice in respect of the escrow.

The proceeds from the Subscription Receipts will be deposited in escrow with the Subscription Receipt Agent. Upon the occurrence of certain events, including, without limitation, the completion of the Transaction and subsequent listing of the shares of the Resulting Issuer, the Escrowed Funds will be released to Canada Coal and Mijem, respectively, and the Subscription Receipts will be automatically exchanged, without additional payment, into common shares of the Corporation or Mijem, respectively, with such shares ultimately being exchanged for Resulting Issuer shares.

Mijem Shares to be issued by Mijem as part of the Offering will be issued at a subscription price of \$0.3645 per Mijem Share. Pursuant to the terms of the Combination Agreement, upon the Amalgamation, each Mijem Share so issued shall be cancelled, and the holder thereof shall receive 2.144 Resulting Issuer Shares in consideration for each Mijem Share so cancelled. Any fractional number of Resulting Issuer Shares equal to or greater than 0.5 will be rounded up to the nearest whole number and less than 0.5 will be rounded down to the nearest whole number.

In connection with the Offering, the Corporation and Mijem may pay finders' fees to appropriately registered entities for subscriptions from subscribers introduced by such entities.

#### *Name Change*

In connection with the completion of the Transaction, assuming receipt of the relevant shareholder approval, Canada Coal will effect the Name Change by changing its name to "Mijem Inc." and Amalco's name will be "Mijem Technologies Inc."

#### *Share Consolidation*

In connection with the completion of the Transaction, assuming receipt of the relevant shareholder approval, Canada Coal will effect the Share Consolidation to consolidate the Canada Coal Shares on the basis of two (2) pre-consolidation Canada Coal Shares for every one (1) post-consolidation Canada Coal Share.

#### *NEX Delisting*

In connection with the completion of the Transaction, Canada Coal is applying to delist the Canada Coal Shares from NEX. An application has been made to list the Resulting Issuer Shares on the CSE. Listing of the Resulting Issuer Shares on the CSE is subject to the satisfaction of all the requirements of the CSE.

## Capitalization

### *Canada Coal Capitalization*

As at the date of this Information Circular but without giving effect to the Share Consolidation, there were (a) 31,724,875 Canada Coal Shares; (b) Canada Coal Options to acquire 1,250,000 Canada Coal Shares; and (c) Canada Coal Warrants to acquire 5,000,000 Canada Coal Shares. In connection with the closing of the Transaction, Canada Coal may issue up to 764,705 Finder Shares.

After giving effect to the Share Consolidation and the Transaction, the 31,724,875 Canada Coal Shares will be consolidated into 15,862,438 Resulting Issuer Shares and the Canada Coal Options and Canada Coal Warrants will be adjusted based on the Share Consolidation to become securities to acquire Resulting Issuer Shares.

### *Mijem Capitalization*

As at the date of this Information Circular, there were (a) 27,570,549 Mijem Shares; and (b) Mijem Warrants to acquire 435,286 Mijem Shares.

At the Effective Time, each holder of Mijem Shares shall receive 2.144 fully paid and non-assessable Resulting Issuer Shares for each issued and outstanding Mijem Share held by such holder immediately prior to the Effective Time, following which all such Mijem Shares shall be cancelled. Each Mijem Warrant shall be exchanged for 2.144 Replacement Warrants to acquire (on substantially the same terms and conditions as were applicable to such Mijem Warrant immediately before the Effective Time), one Resulting Issuer Share at an exercise price per Resulting Issuer Share based on the exercise price of the Mijem Warrant, as adjusted to give effect to the Amalgamation.

### *Resulting Issuer Capitalization*

After giving effect to the Share Consolidation, the Minimum Offering, the Maximum Offering and the closing of the Transaction, the Resulting Issuer's capitalization on a fully-diluted basis is shown as follows:

	<b>Resulting Issuer Shares (Minimum Offering)</b>	<b>Percentage (fully diluted)</b>	<b>Resulting Issuer Shares (Maximum Offering)</b>	<b>Percentage (fully diluted)</b>
Resulting Issuer Shares reserved for Canada Coal Shareholders	15,862,438	17.49%	15,862,438	16.28%
Resulting Issuer Shares reserved for Mijem Shareholders	59,117,632	65.19%	59,117,632	60.66%
Resulting Issuer Shares reserved for issuance pursuant to Subscription Receipts	10,882,353	12.00%	17,647,059	18.11%
Resulting Issuer Shares reserved for issuance pursuant to the Finder Shares	764,706	0.84%	764,706	0.78%
Resulting Issuer Shares reserved for holders of Canada Coal Options	625,000 <sup>(1)</sup>	0.69%	625,000 <sup>(1)</sup>	0.64%

	<b>Resulting Issuer Shares (Minimum Offering)</b>	<b>Percentage (fully diluted)</b>	<b>Resulting Issuer Shares (Maximum Offering)</b>	<b>Percentage (fully diluted)</b>
Resulting Issuer Shares reserved for holders of Canada Coal Warrants	2,500,000 <sup>(2)</sup>	2.76%	2,500,000 <sup>(2)</sup>	2.57%
Resulting Issuer Shares reserved for holders of Mijem Warrants	933,252 <sup>(3)</sup>	1.03%	933,252 <sup>(3)</sup>	0.96%
<b>Total</b>	<b>90,685,381<sup>(4)</sup></b>	<b>100%</b>	<b>97,450,087<sup>(4)</sup></b>	<b>100%</b>

**Notes:**

- (1) Exercisable at an exercise price of \$0.20 per Resulting Issuer Share until one year following completion of the Transaction.
- (2) Exercisable at a price per Resulting Issuer Share of \$0.40 until January 23, 2021.
- (3) (a) 140,646 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.178 until January 20, 2020; (b) 140,861 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.178 until February 27, 2020; (c) 140,646 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.178 until April 21, 2020; (d) 51,670 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.0484 until November 1, 2020; and (e) 459,429 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.1632 until August 7, 2021.
- (4) In addition to the above, Resulting Issuer Warrants may be issued in connection with the Offering to appropriately registered entities in connection with subscriptions from investors introduced to by such entities.

The successful completion of the Transaction will constitute a "reverse takeover" of Canada Coal within the meaning of such term under applicable securities laws and stock exchange policies.

***Conditions to the Combination Agreement***

The Combination Agreement contains customary representations and warranties for transactions of this nature, including representations and warranties that Canada Coal and Mijem are, respectively, in compliance with all applicable laws and are otherwise legally capable of entering into the Combination Agreement and completing the Transaction. The Combination Agreement also provides that the Transaction is subject to a number of conditions in favour of either or both of Canada Coal and Mijem, including the following:

- (a) Canada Coal and Subco shall have performed in all material respects the obligations to be performed under the Combination Agreement on or before the Effective Date;
- (b) Mijem shall have performed in all material respects the obligations to be performed by it under the Combination Agreement on or before the Effective Date;
- (c) Each of the representations and warranties of Mijem, Canada Coal and Subco contained in the Combination Agreement shall have been true and correct and contained no misstatement or omission that would make any such representation or warranty misleading when made and shall be true and correct and contain no misstatement or omission that would make any such representation or warranty misleading at and as of the Effective Date with the same force and effect as if made as of the Effective Date;
- (d) the Transaction and other transactions, as proposed or with any amendment, shall have been approved by the Canada Coal Shareholders at the Canada Coal Meeting and by the Mijem Shareholders at the Mijem Meeting, in each case in compliance with applicable legislation and no more than 5% of either the Canada Coal Shareholders or the Mijem Shareholders, respectively, shall have exercised their statutory dissent rights in respect to the Transaction;
- (e) all consents, approvals and authorizations of any governmental or regulatory authority or person whose consent to the Transaction is required to be obtained in order to carry out the transactions contemplated hereby in compliance with all laws and agreements binding upon the parties hereto will have been obtained;

- (f) no act, action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court, tribunal or governmental agency or other regulatory authority or administrative agency or commission by any elected or appointed public official or private person (including, without limitation, any individual, corporation, firm, group or entity) in Canada, the United States or elsewhere, whether or not having the force of law, and no law, regulation or policy shall have been proposed, enacted, promulgated or applied, which has the effect to cease trade, enjoin, prohibit or impose material limitations or conditions on the Transaction or which, if the Transaction were consummated, would have a material adverse effect on Canada Coal or Mijem;
- (g) there shall not have been any event, occurrence, development or state of circumstances or facts or change in Canada Coal or its business (including any damage, destruction or other casualty loss affecting Canada Coal or its business that has had or that may be reasonably expected to have, either alone or together with all such events, occurrences, developments, states of circumstances or facts or changes, a Material Adverse Effect on Canada Coal;
- (h) Canada Coal Shareholders shall have approved the Name Change Resolution and the Consolidation Resolution;
- (i) the Canada Coal Shares shall have been delisted from NEX and the Resulting Issuer Shares shall have been conditionally approved for listing, subject to customary conditions, on the CSE;
- (j) there shall have been no changes, amendments, or modifications to the Mijem Licenses or the Land Interests;
- (k) Mijem shall have completed the Minimum Offering; and
- (l) Canada Coal shall have provided evidence reasonably satisfactory to Mijem that Canada Coal has, as of the Effective Date, net working capital of not less than \$1,000,000 after giving effect to all payments to be made by Canada Coal as provided for in the Combination Agreement but without giving effect to payment of (i) legal fees of counsel to Canada Coal up to a maximum of \$31,000 plus HST (but excluding any applicable disbursements); and costs associated with the Canada Coal Meeting up to a maximum of \$6,500 plus HST; and (iii) filing fees.

If any of the conditions precedent contained in the Combination Agreement shall not be fulfilled or performed, the party entitled to the benefit of such conditions shall be entitled to terminate the Transaction or waive the condition.

### ***Recommendation of the Directors***

The Canada Coal Board and the Mijem Board have concluded that the Transaction is fair to and in the best interests of their respective shareholders.

In arriving at their conclusion, each member of the Canada Coal Board and the Mijem Board considered information with respect to the financial condition, business and operations of each of Canada Coal and Mijem, on both an historical and prospective basis, including information in respect of Canada Coal and Mijem on a pro forma combined basis.

The Canada Coal Board and the Mijem Board considered a number of factors which make the Transaction attractive to their respective Shareholders, including the following:

- Canada Coal had no material assets other than cash and cash equivalents.
- Canada Coal viewed the transaction as an opportunity to increase shareholder value.
- Mijem wished to go public by way of a reverse takeover of a Canadian reporting issuer. Canada Coal meets this requirement by virtue of its status as a Canadian reporting issuer.

- The opportunities for growth in Mijem's Business.
- The expectation is that the Resulting Issuer will generate greater investor attention, resulting in an improved market capitalization, liquidity and ability to secure financing.

### **Resale of Resulting Issuer Shares**

Except for Resulting Issuer Shares issued upon the exercise of Canada Coal Subscription Receipts, the Resulting Issuer Shares to be issued pursuant to the Transaction will be issued in reliance on exemptions from prospectus and registration requirements of applicable securities laws, and such Resulting Issuer Shares will be "freely tradable" (other than any trading restrictions which may apply to the holdings of a Control Person and those subject to escrow as described under *Part VIII - Information Concerning The Resulting Issuer - Escrowed Securities*) under such applicable securities laws. Resulting Issuer Shares issued upon the exercise of Canada Coal Subscription Receipts will be subject to a four month hold period pursuant to the securities laws of the provinces and territories of Canada.

### **Escrowed Shares**

A total of 21,746,288 Resulting Issuer Shares issued to certain Mijem Shareholders pursuant to the Transaction are expected to be subject to the escrow requirements under the Escrow Agreement. See *Part VIII - Information Concerning the Resulting Issuer - Escrowed Securities*.

### **Exchange of Share Certificates**

If the Transaction becomes effective, as soon as practicable after the Effective Date, certificates or confirmations of "uncertificated" ownership representing Resulting Issuer Shares, as determined by Canada Coal and Mijem, will be forwarded to Mijem Shareholders and Canada Coal Shareholders.

On the consolidation of Canada Coal Shares, no fractional shares will be issued and no cash will be paid in lieu thereof. Any fractional Canada Coal Shares 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.

### **Lost or Destroyed Share Certificates**

Where a certificate representing Canada Coal Shares, Mijem Shares or Resulting Issuer Shares has been lost or destroyed, the holder of such certificates should immediately contact Computershare Investor Services Inc., the registrar and transfer agent of the Resulting Issuer Shares, so that arrangements can be made to issue a replacement share certificate to such holder upon such holder satisfying such reasonable requirements as may be imposed by Resulting Issuer in connection with the issue of such replacement share certificate.

## **PART II - GENERAL INFORMATION IN RESPECT OF THE CANADA COAL MEETING**

### **Solicitation of Proxies**

This Information Circular is furnished in connection with the solicitation of proxies by the management of Canada Coal for use at the Canada Coal Meeting to be held on February 7, 2020 at 10:00 a.m. (EST) at the offices of Aird & Berlis LLP, 181 Bay Street, Suite 1800, Toronto, Ontario and at any adjournment(s) thereof, for the purposes set forth in the accompanying Notice of Canada Coal Meeting. Proxies will be solicited by mail and may also be solicited personally or by telephone or facsimile by the directors or officers of Canada Coal who will not be specifically remunerated therefore. The cost of solicitation by management of Canada Coal will be borne by Canada Coal.

Canada Coal may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of voting securities of Canada Coal (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this Information Circular, the Notice of Canada Coal

Meeting and Canada Coal Proxy to the beneficial owners of such securities. Canada Coal will provide, without cost to such persons, upon request to Canada Coal, additional copies of the foregoing documents required for this purpose.

### **Appointment and Revocation Of Proxies**

R. Bruce Duncan and Olga Nikitovic (the management designees named in the accompanying Canada Coal Proxy) are officers and/or directors of Canada Coal. **A Canada Coal Shareholder has the right to appoint a person (who need not be a Canada Coal Shareholder), other than R. Bruce Duncan or Olga Nikitovic to represent such Canada Coal Shareholder at the Canada Coal Meeting.** To exercise this right, a Canada Coal Shareholder should insert the name of the other person in the blank space provided on the Canada Coal Proxy and deleting therefrom the names of the management designees. Alternatively, a Canada Coal Shareholder may complete another appropriate Canada Coal Proxy. A Canada Coal Proxy will not be valid unless it is deposited at the offices of Computershare Investor Services Inc., 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 or by fax at 1-866-249-7775 (within North America) or 1-416-263-9524 (outside North America), not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the Canada Coal Meeting or any adjournment thereof.

A Canada Coal shareholder who has submitted a Canada Coal Proxy may revoke it by an instrument in writing signed by the Canada Coal Shareholder or by an authorized attorney or, if the Canada Coal Shareholder is a corporation, by a duly authorized officer, and deposited at Aird & Berlis LLP, 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9, at any time up to and including the last business day preceding the day of the Canada Coal Meeting or any adjournment thereof; or with the Chairman of the Canada Coal Meeting on the day of such meeting or any adjournment thereof. In addition, a Canada Coal Proxy may be revoked: (i) by the Canada Coal Shareholder personally attending at the shareholder meeting and voting the securities represented thereby or, if the Canada Coal Shareholder is a corporation, by a representative of the corporation attending at the Canada Coal Meeting and voting such securities; or (ii) in any other manner permitted by law.

### **Exercise of Discretion By Proxyholders**

The management designees named in the accompanying Canada Coal Proxy will vote or withhold from voting the shares in respect of which they are appointed, on any ballot that may be called for, in accordance with the direction of the Canada Coal Shareholder appointing them and if the Canada Coal Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

In the absence of such direction, the relevant Canada Coal Shares will be voted for: (i) approval of the Consolidation Resolution; (ii) the approval of the Name Change Resolution; (iii) the approval of the Delisting; and (iv) approval of the Stock Option Plan Resolution and the resolutions pertaining to the annual meeting matters, all as more particularly described in this Information Circular.

### **Signing of Proxy**

The Canada Coal Proxy must be signed by the Canada Coal Shareholder or his duly appointed attorney authorized in writing or, if the Canada Coal Shareholder is a corporation, by a duly authorized officer. A Canada Coal Proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate shareholder) should indicate that person's capacity (following his signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Canada Coal).

### **Voting of Canada Coal Shares and Principal Holders of Canada Coal Shares**

#### *Voting of Canada Coal Shares - General*

As at the date hereof, there are 31,724,875 Canada Coal Shares issued and outstanding, each of which carries the right to one vote at meetings of Canada Coal.

Only persons registered as holders of Canada Coal Shares as of the close of business on December 13, 2019 are entitled to receive notice of and to vote at the Canada Coal Meeting.

*Voting of Common Shares - Advice to Non-Registered Holders*

Only registered holders of Canada Coal Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Canada Coal Meeting. However, in many cases, Canada Coal Shares beneficially owned by a holder (a "**Non-Registered Holder**") are registered either:

- (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the Canada Coal Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.).

In accordance with the requirements of NI 54-101, Canada Coal has distributed copies of the Canada Coal Notice of Meeting, this Information Circular and the Canada Coal Proxy (collectively, the "**Canada Coal Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Investor Communications ("**Broadridge**") to forward meeting materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive meeting materials will:

- (a) have received as part of the Canada Coal Meeting Materials a voting instruction form which must be completed, signed and delivered by the Non-Registered Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the Internet at [www.proxyvotecanada.com](http://www.proxyvotecanada.com); or
- (b) less typically, be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Canada Coal Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with Computershare Investor Services Inc., 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, as described above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Canada Coal Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the respective shareholder meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.

Only registered Canada Coal Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must in sufficient time in advance of the respective shareholder meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set above.

**Principal Holders of Shares**

The following table shows, as of the date of this Information Circular, each person who is known to Canada Coal, or its directors and officers, to beneficially own, directly or indirectly, or to exercise control or direction over securities



carrying more than 10% of the voting rights attached to any class of outstanding voting securities of Canada Coal entitled to be voted at the Canada Coal Meeting.

Name of Shareholder & Municipality of Residence	Number of Shares Owned(Percentage of Class and Type of Ownership)	
	Canada Coal Shares	Percentage of Voting Rights <sup>(1)</sup>
AlphaNorth Asset Management, Toronto, Canada	3,957,500	12.5%

**Note:**

(1) Based on 31,724,875 issued and outstanding Canada Coal Shares on a pre-consolidation basis.

**Interest of Certain Persons in Matters To Be Acted Upon**

Except as disclosed in this Information Circular, Canada Coal is not aware of any material interest, direct or indirect, of each of the following persons or companies in any matter to be acted upon other than the election of directors or the appointment of auditors:

- (a) each person who has been a director or executive officer of Canada Coal at any time since the beginning of its last financial year;
- (b) each proposed nominee for election as a director of the Resulting Issuer or Canada Coal, as applicable; and
- (c) each associate or affiliate of any of the persons or companies listed above.

**Interests of Informed Persons In Material Transactions**

No Informed Person of Canada Coal, or any associate or affiliate of any Informed Person or proposed director of Canada Coal has any material interest, direct or indirect, in any transaction which has occurred since September 30, 2019, or in any proposed transaction that has materially affected or would materially affect Canada Coal.

**Audit Committee of Canada Coal**

The primary purpose of Canada Coal's audit committee (the "**CCK Audit Committee**") is to assist the Canada Coal Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting and accounting compliance, the audit process and processes for identifying, evaluating and monitoring the management of Canada Coal's principal risks impacting financial reporting. The CCK Audit Committee also assists the Canada Coal Board with the oversight of financial strategies and overall risk management.

The CCK Audit Committee is composed of E. Richard Klue, Ian Smith and R. Bruce Duncan, each of whom is a director of Canada Coal. In accordance with TSXV Policy 3.1, the majority of the CCK Audit Committee are not employees, Control Persons (as defined by the rules and policies of the TSXV) or officers of Canada Coal. Two of the three members of the CCK Audit Committee are "independent" as such term is defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Canada Coal is of the opinion that all three members of the CCK Audit Committee are "financially literate" as such term is defined in NI 52-110. A copy of the charter of the CCK Audit Committee (the "**CCK Audit Committee Charter**") is attached as Schedule "N" to this Information Circular.

*Relevant Education and Experience*

All of the current members of the Audit Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

### E. Richard Klue

Mr. Klue is a Fellow of the SAIMM, with an Extraction Metallurgy NHD and has a financial degree with Economics and Business Economics majors. He has served the mining and minerals industry for more than 30 years in the areas of operations, sustaining capital projects, project development and management. He has served a wide range of positions from being Plant Superintendent and Metallurgical Manager on operating mines in Namibia and South Africa to Senior Vice President for the Tetra Tech Global Mining Practice's Canada Mining Practice which includes the UK and China. Mr. Klue has provided global strategic direction to the Mining and Minerals industry in operations, studies and projects, and has promoted and developed new technologies in the Americas, Canada, Africa, India, Russia, Europe and China. Mr. Klue formerly held the position of Executive Committee Member of Messina Investments Ltd., and Director of Bateman Canada Corp.

### Ian Smith

Mr. Smith has over 50 years of experience in the mining industry and has and continues to serve as a director and member of the audit committee of several reporting issuers. Mr. Smith is experienced in corporate and operations management, including acquisitions and take-over bid transactions, project management and as a senior consultant in the international precious and base metal industries. Mr. Smith is a mining engineer and holds a B.E. (Hons) from the University of Queensland, and is a Fellow of the AusIMM and a Chartered Professional - Management.

### R. Bruce Duncan

Aside from his current role as interim President and Chief Executive Officer and Director of Canada Coal, Mr. Duncan is currently the CEO and a Director of Evolving Gold Corp., Chairman of the board of directors and Chief Executive Officer of Canada Carbon Inc., and Executive Chairman and director of SOperior Fertilizer Corp. Mr. Duncan has and continues to serve on the audit committees of several public companies operating in the mining sector. Mr. Duncan is also the President of West Oak Capital Partners Inc., a company that focuses on mergers, acquisitions and corporate financings.

#### *Audit Committee Oversight*

At no time since the commencement of Canada Coal's most recently completed financial year have any recommendations by the CCK Audit Committee respecting the appointment and/or compensation of the Corporation's external auditors not been adopted by the Canada Coal Board.

#### *Reliance on Certain Exemptions*

At no time since the commencement of Canada Coal's most recently completed financial year has Canada Coal relied on exemptions in relation to "De Minimis Non-audit Services" or any exemption provided by Part 8 of NI 52-110.

#### *Pre-Approval Policies and Procedures*

Pursuant to the terms of the CCK Audit Committee Charter, the CCK Audit Committee shall pre-approve all non-audit services to be provided to Canada Coal or its subsidiary entities by Canada Coal's external auditor.

#### *External Auditor Service Fees (By Category)*

- Audit Fees – Canada Coal's external auditors billed Canada Coal approximately \$14,280 and \$10,200 during the financial years ended September 30, 2019 and 2018, respectively, for audit fees.
- Audit-Related Fees – The Corporation's external auditors did not bill Canada Coal any amount during the financial years ended September 30, 2019 and 2018, respectively, for audit-related fees.

- Tax Fees – Canada Coal's external auditors billed Canada Coal approximately \$1,500 and \$1,500 during the financial years ended September 30, 2019 and 2018, respectively, for tax fees.
- All Other Fees – The external auditors did not bill Canada Coal any amount during the financial years ended September 30, 2019 and 2018 for services other than those reported above.

*Exemption*

Canada Coal is relying upon the exemption in section 6.1 of NI 52-110.

**Quorum and Votes Required For Certain Matters**

A quorum at the Canada Coal Meeting consists of two persons present in person and holding or representing by proxy not less than 5% of the votes attached to all shares entitled to vote at such meeting.

To be effective, the Consolidation Resolution and the Name Change Resolution must be approved by not less than two-thirds of the votes cast by Canada Coal Shareholders present in person or represented by proxy at the Canada Coal Meeting. All other resolutions and certain of the annual meeting matters to be considered by Canada Coal Shareholders at the Canada Coal Meeting must be approved by a majority of the votes cast by Canada Coal Shareholders present in person or represented by proxy at the Canada Coal Meeting.

**PART III - MATTERS TO BE ACTED UPON AT THE CANADA COAL MEETING**

**Election of Directors of Canada Coal**

**THE FOLLOWING ITEM OF BUSINESS RELATING TO THE CANADA COAL MEETING, BEING THE ELECTION OF DIRECTORS OF CANADA COAL IS PART OF THE ANNUAL BUSINESS OF THE CANADA COAL MEETING. IF THE TRANSACTION IS COMPLETED, THE INDIVIDUALS PROPOSED TO BE DIRECTORS OF THE RESULTING ISSUER ARE THOSE INDIVIDUALS SPECIFIED UNDER PART VIII - INFORMATION CONCERNING THE RESULTING ISSUER - DIRECTORS AND OFFICERS.**

The management designee named in the accompanying Canada Coal Proxy intend, unless otherwise directed, to vote in favour of setting the number of directors of Canada Coal at five (5), or four (4) if the Transaction is not completed, and the election, as directors, of the nominees whose name are set forth below. In order to be adopted, this resolution must be approved by a simple majority of the votes cast in respect thereof.

The directors elected will hold office until the Effective Date, or in the event the Transaction is not completed, until the next annual meeting or until their successors are appointed, unless their office is earlier vacated.

The following table and the notes thereto state: (i) the names of all persons proposed to be nominated for election as directors, (ii) which are currently directors of Canada Coal and have been for the periods indicated, (iii) all other positions and offices with Canada Coal now held by them, (iv) their principal occupations or employment, (v) their periods of service as directors of Canada Coal and (vi) the number of Canada Coal Shares beneficially owned or over which control or direction is exercised by each of them as at January 6, 2020.

<b>Name of proposed director and municipality of residence</b>	<b>Title within Canada Coal</b>	<b>Director since</b>	<b>Principal occupation and Positions during the last 5 years</b>	<b>Number and percentage of common shares owned or controlled<sup>(1)</sup></b>
R. Bruce Duncan <sup>(2)</sup> Ontario, Canada	President, CEO and Chairman	February 23, 2012	Mr. Duncan is CEO and director of Canada	1,352,500

Name of proposed director and municipality of residence	Title within Canada Coal	Director since	Principal occupation and Positions during the last 5 years	Number and percentage of common shares owned or controlled <sup>(1)</sup>
			Carbon Inc. and Evolving Gold. He is also a Director of SOPerrior Fertilizer Corp.	(4.26%)
Thomas A. Fenton Mississauga, Ontario	Corporate Secretary and Director	February 23, 2012	Mr. Fenton is a partner of the Toronto-based law firm Aird & Berlis LLP.	68,000(0.2%)
Richard Klue <sup>(2)</sup> Vancouver, BC	Director	May 2009	Mr. Klue is an engineer and consultant. He most recently held the positions of Senior Manager (Regional Director) for Hatch Ltd. and Senior Vice President for Tetra Tech Wardrop.	200,000 (0.6%)
Ian Smith <sup>(2)</sup> Vancouver, BC	Director	February 23, 2012	Geologist	Nil (0.0%)

**Notes:**

(1) The information as to the number of common shares beneficially owned or over which control is exercised, not being within the knowledge of Canada Coal, has been provided by each director individually. The shares represent the pre-consolidation holdings.

(2) Member of the Audit Committee.

As a group, the proposed directors beneficially own, control or direct, directly or indirectly, 1,420,500 Canada Coal Shares, representing approximately 4.46% of the issued and outstanding Canada Coal Shares as of the date hereof.

Other than as described below, to the knowledge of Canada Coal and based upon information provided to it by the nominees for election to the Canada Coal Board, none of the proposed directors is, as at the date of this Information Circular, or has been, within ten (10) years before the date of the Information Circular, a director or executive officer of any company, while that person was acting in that capacity:

- (i) subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days;
- (ii) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days;
- (iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver manager or trustee appointed to hold its assets.

Mr. Ian Smith was a former officer (February 2007 to May 2013) and Chairman of the Board of Directors (May 2013 to July 2016) of Santa Fe Metals Corporation which was suspended from trading in July 2016 for failure to maintain a transfer agent. The failure resulted from a lack of funds. Santa Fe Metals Corporation has not resumed trading.

In addition, none of the proposed directors has, within ten (10) years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director.

### **Appointment of Auditors**

**THE FOLLOWING ITEM OF BUSINESS RELATING TO THE CANADA COAL MEETING, BEING THE APPOINTMENT OF AUDITORS OF CANADA COAL IS PART OF THE ANNUAL BUSINESS OF THE CANADA COAL MEETING. IF THE TRANSACTION IS COMPLETED, THE PROPOSED AUDITORS OF THE RESULTING ISSUER ARE THE AUDITORS SPECIFIED UNDER *PART VIII - INFORMATION CONCERNING THE RESULTING ISSUER - AUDITORS*.**

Subject to the completion of the Transaction, management of Canada Coal proposes to nominate McGovern Hurley LLP, Chartered Accountants, to hold office until the next annual meeting of Canada Coal Shareholders.

**The management designees named in the accompanying Canada Coal Proxy intend, unless otherwise directed, to vote FOR the appointment of McGovern, Hurley, LLP, Chartered Accountants, Toronto, Ontario, as the auditors of Canada Coal to hold office until the Effective Date, or in the event the Transaction is not completed until the next annual meeting of Canada Coal Shareholders and authorizing the directors to fix the remuneration of the auditors.**

McGovern Hurley LLP, Chartered Accountants, have been the auditors of Canada Coal since the Canada Coal's inception.

### **Delisting From NEX**

Canada Coal Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, the Delisting Resolution in substantially the form reproduced at Schedule "D" to this Information Circular, authorizing Canada Coal to make an application to the TSXV to complete the Delisting. Canada Coal and Mijem view a listing on the CSE as more favourable to Resulting Issuer Shareholders.

Canada Coal does not intend to proceed with the Delisting unless the Transaction is completed and the Resulting Issuer Shares are approved for listing on the CSE. An application has been made to list the Resulting Issuer Shares on the CSE. Listing of the Resulting Issuer Shares on the CSE is subject to the satisfaction of all the listing requirements of the CSE. There can be no assurance that the Resulting Issuer will receive the approval of the CSE to list the Resulting Issuer Shares on the CSE.

To be approved, the Delisting Resolution requires the affirmative vote of (i) at least a majority of the votes cast on the Delisting Resolution at the Canada Coal Meeting, whether in person or by proxy; and (ii) a "majority of the minority shareholder approval" obtained in accordance with the requirements of the TSXV, being at least a majority of the votes cast on the Delisting Resolution at the Canada Coal Meeting by the disinterested shareholders of Canada Coal, being all share shareholders of Canada Coal other than promoters, directors, officers and other insiders, whether in person or by proxy. To the knowledge of Canada Coal, as at the Record Date, such persons own an aggregate of 6,078,000 Canada Coal Shares, representing approximately 19.2% of all issued and outstanding Canada Coal Shares as of the Record Date.

**Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of Canada Coal Proxy will vote the Canada Coal Shares represented by such form of Canada Coal Proxy FOR the Delisting Resolution. If you do not specify how you want your Canada Coal Shares voted at the Canada Coal**

**Meeting, the persons designated as proxyholders in the accompanying form of Canada Coal Proxy will cast the votes represented by your proxy at the Canada Coal Meeting FOR the Delisting Resolution.**

**The Canada Coal Board unanimously recommends that Canada Coal Shareholders vote FOR the Delisting Resolution at the Canada Coal Meeting.**

It is a condition precedent to the completion of the Transaction that the Canada Coal Shareholders approve the Delisting Resolution. If the Delisting Resolution does not receive the requisite approval, the Transaction will not proceed, unless such condition precedent is waived by Mijem.

### **The Share Consolidation**

Canada Coal Shareholders will be asked to consider, and, if thought advisable, to pass, with or without variation, the Consolidation Resolution in substantially the form reproduced at Schedule "A" to this Information Circular, authorizing the filing of articles of amendment in order to effect the Share Consolidation on the basis of two (2) pre-consolidation Canada Coal Shares for one (1) post-consolidation Canada Coal Share. No fractional shares will be issued under the Share Consolidation. The Share Consolidation is proposed in connection with the completion of the Transaction.

Upon completion of the Share Consolidation, any resulting shares with the first decimal place being less than five will be cancelled without payment of any consideration, any resulting shares with the first decimal place being five or greater will be rounded up to one whole post-Consolidation share.

As at the date of this Information Circular, Canada Coal had 31,724,875 Canada Coal Shares issued and outstanding. Completion of the Share Consolidation would result in there being 15,862,438 Canada Coal Shares issued and outstanding on a post-consolidation basis (prior to giving effect to the Transaction) on a non-diluted basis.

The number of post-consolidation Canada Coal Shares issuable under any outstanding Canada Coal Options and Canada Coal Warrants will be consolidated on the same basis and the exercise price will be proportionately adjusted if the Share Consolidation is effected.

To be effective, the Consolidation Resolution requires the affirmative vote of not less than two-thirds of the votes cast by Canada Coal Shareholders present in person or represented by proxy and entitled to vote at the Canada Coal Meeting. **Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of Canada Coal Proxy will vote the Canada Coal Shares represented by such form of Canada Coal Proxy FOR the Consolidation Resolution. If you do not specify how you want your Canada Coal Shares voted at the Canada Coal Meeting, the persons designated as proxyholders in the accompanying form of Canada Coal Proxy will cast the votes represented by your proxy at the Canada Coal Meeting FOR the Consolidation Resolution.**

**The Canada Coal Board unanimously recommends that Canada Coal Shareholders vote FOR the Consolidation Resolution at the Canada Coal Meeting.**

It is a condition precedent to the completion of the Transaction that the Canada Coal Shareholders approve the Consolidation Resolution. If the Consolidation Resolution does not receive the requisite approval, the Transaction will not proceed, unless such condition precedent is waived by Mijem.

### **The Name Change**

Canada Coal Shareholders will be asked to consider, and, if thought advisable, to pass, with or without variation, the Name Change Resolution in substantially the form reproduced at Schedule "B" to this Information Circular, authorizing the filing of articles of amendment in order to effect the Name Change to change the name of Canada Coal to "Mijem Inc.".

To be effective, the Name Change Resolution requires the affirmative vote of not less than two-thirds of the votes cast by Canada Coal Shareholders present in person or represented by proxy and entitled to vote at the Canada Coal Meeting. **Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of Canada Coal Proxy will vote the Canada Coal Shares represented by such form of Canada Coal Proxy FOR the Name Change Resolution. If you do not specify how you want your Canada Coal Shares voted at the Canada Coal Meeting, the persons designated as proxyholders in the accompanying form of Canada Coal Proxy will cast the votes represented by your proxy at the Canada Coal Meeting FOR the Name Change Resolution.**

**The Canada Coal Board unanimously recommends that Canada Coal Shareholders vote FOR the Name Change Resolution at the Canada Coal Meeting.**

It is a condition precedent to the completion of the Transaction that the Canada Coal Shareholders approve the Name Change Resolution. If the Name Change Resolution does not receive the requisite approval, the Transaction will not proceed, unless such condition precedent is waived by Mijem.

### **Stock Option Plan**

Subject to the completion of the Transaction, Canada Coal Shareholders will be asked to consider and, if thought appropriate, to approve the Stock Option Plan Resolution and to authorize the Resulting Issuer Board to make any amendments thereto that may be required for the purpose of obtaining any necessary regulatory approvals, including amendments to make the Canada Coal Stock Option Plan consistent with the rules and policies of the CSE. Pursuant to the Stock Option Plan Resolution, the Canada Coal Stock Option Plan (a copy of which is attached hereto as Schedule "M") will be the stock option plan for Resulting Issuer. If the Canada Coal Stock Option Plan is approved by Canada Coal Shareholders, the Resulting Issuer Stock Options will be subject to the terms of the Resulting Issuer Option Plan. See *Part I - The Transaction and Part VIII - Information Concerning the Resulting Issuer - Executive Compensation*.

The Canada Coal Stock Option Plan provides for the acquisition of Canada Coal Shares by directors, officers, employees or Consultants (as defined in the Canada Coal Stock Option Plan) of Canada Coal, or any affiliated entity of Canada Coal, for the purpose of advancing the interests of Canada Coal through the motivation, attraction and retention of key employees and directors and to secure for Canada Coal and the shareholders of Canada Coal the benefits inherent in the ownership of Canada Coal Shares by key employees and directors, it being generally recognized that stock option plans can aid in attracting, retaining and encouraging employees and directors due to the opportunity offered to them to acquire a proprietary interest in such company.

The following information is intended to be a brief description of the Canada Coal Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan as set out in Schedule "M", subject to any revisions or amendments thereto that may be required for the purpose of obtaining any necessary regulatory approvals, including amendments to make the Resulting Issuer Option Plan consistent with the rules and policies of the CSE:

- (a) The aggregate number of Canada Coal Shares which may be reserved for issuance under the Canada Coal Stock Option Plan shall not exceed 10% (the "**Plan Maximum**") of the aggregate number of Canada Coal Shares then issued and outstanding (calculated on a non-diluted basis).
- (b) The maximum number of Canada Coal Shares which may be reserved for issuance to insiders of Canada Coal pursuant to the Canada Coal Stock Option Plan at any given time, shall not exceed 10% of the total number of Canada Coal Shares then outstanding, unless disinterested shareholder approval is obtained.
- (c) The maximum number of Canada Coal Shares which may be reserved for issuance to any one person or entity pursuant to the Canada Coal Stock Option Plan, within any one year period shall not exceed 5% of the total number of Canada Coal Shares then outstanding, unless disinterested shareholder approval is obtained.

- (d) The maximum number of Canada Coal Shares which may be reserved for issuance to any consultant pursuant to the Canada Coal Stock Option Plan, within any one year period shall not exceed 2% of the total number of Canada Coal Shares then outstanding, unless disinterested shareholder approval is obtained.
- (e) The maximum number of Canada Coal Shares which may be reserved for issuance to any persons engaged to conduct investor relations within any one year period shall not exceed 2% of the total number of Canada Coal Shares then outstanding.
- (f) Any Canada Coal Share subject to a Canada Coal Option which has been granted under the Canada Coal Stock Option Plan and which has been cancelled, repurchased, expired or terminated in accordance with the terms of the Canada Coal Stock Option Plan without having been exercised will again be available under the Canada Coal Stock Option Plan. No fractional Canada Coal Shares shall be issued, and the Canada Coal Board may determine the manner in which fractional share value shall be treated.
- (g) The option price of any Canada Coal Shares in respect of which a Canada Coal Option may be granted shall be fixed by the Canada Coal Board but shall be in accordance with the rules and policies of the TSXV. In no event shall the Option Price be less than the Discounted Market Price (as defined in the policies of the TSXV).
- (h) Canada Coal Options granted under the Canada Coal Stock Option Plan may be exercisable over a period not exceeding ten (10) years.
- (i) In the event of a participant ceasing to be a director officer, employee or consultant of Canada Coal or a subsidiary for any reason other than death, including the resignation or retirement of the participant or the termination by Canada Coal or a subsidiary of the employment of the participant, prior to the expiry time of their Canada Coal Option, such option (including an Canada Coal Option held by a participant's personal holding company) may be exercised as to such Canada Coal Shares in respect of which the Canada Coal Option has not previously been exercised (and as the participant would have been entitled to exercise) at any time up to and including (but not after) the earlier of: (a) the expiry time; and (b) a date that is ninety (90) days (or such other period as may be determined by the Canada Coal Board, provided that such period is not more than one year) following the effective date of such resignation or retirement or a date that is ninety (90) days (or such other period as may be determined by the Canada Coal Board, provided that such period is not more than one year) following the date notice of termination of employment is given by Canada Coal or a subsidiary, whether such termination is with or without reasonable notice, and subject to such shorter period as may be otherwise specified in the stock option agreement, after which date the Canada Coal Option shall forthwith expire and terminate and be of no further force or effect whatsoever.
- (j) In the event of death of an optionee, the legal representative of the optionee may exercise the option at any time until one year following the death of the optionee.
- (k) Options are non-assignable.
- (l) The Canada Coal Stock Option Plan does not provide for any financial assistance upon the exercise of options.
- (m) The approval of the Canada Coal Board and the requisite approval from the TSXV and the shareholders shall be required for any of the following amendments to be made to the Canada Coal Stock Option Plan:
  - (i) increase to the fixed maximum percentage of Canada Coal Shares issuable under the Canada Coal Stock Option Plan;
  - (ii) a reduction in the exercise price or purchase price of a Canada Coal Option (other than for standard anti-dilution purposes) held by or benefiting an Insider;



- (iii) an increase in the maximum number of Canada Coal Shares that may be issued to Insiders within any one year period or that are issuable to Insiders at any time;
  - (iv) an extension of the term of a Canada Coal Option held by or benefiting an Insider;
  - (v) any change to the definition of "Participants" which would have the potential of broadening or increasing Insider participation;
  - (vi) the addition of any form of financial assistance;
  - (vii) any amendment to a financial assistance provision which is more favourable to Participants;
  - (viii) provided Canada Coal is listed on the TSX, the addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Canada Coal Stock Option Plan reserve;
  - (ix) the addition of a deferred or restricted share unit or any other provision which results in Participants receiving securities while no cash consideration is received by Canada Coal; and
  - (x) any other amendments that may lead to significant or unreasonable dilution Canada Coal's outstanding securities or may provide additional benefits to Participants, especially Insiders, at the expense of Canada Coal and its existing shareholders;
- (n) The Canada Coal Board may, without shareholder approval but subject to receipt of requisite approval as required by the TSXV, in its sole discretion make all other amendments to the Stock Option Plan that are not of the type contemplated above including, without limitation:
- (i) amendments of a housekeeping nature;
  - (ii) a change to the vesting provisions of an option or the Canada Coal Stock Option Plan; and
  - (iii) a change to the termination provisions of a Canada Coal Option or the Canada Coal Stock Option Plan which does not entail an extension beyond the original expiry date.

The approval by Canada Coal Shareholders requires a favourable vote of a majority of the Canada Coal Shares voted in respect thereof at the Canada Coal Meeting.

**UNLESS INSTRUCTED OTHERWISE, THE MANAGEMENT DESIGNEES OF CANADA COAL IN THE ACCOMPANYING CANADA COAL PROXY INTEND TO VOTE FOR THE STOCK OPTION PLAN RESOLUTION.**

### **Resale of Resulting Issuer Shares**

The issuance of Resulting Issuer Shares pursuant to the Transaction to holders of Canada Coal Shares and Mijem Shares resident in each of the provinces and territories of Canada is exempt from the prospectus and registration requirements of the securities laws of those provinces and territories.

If the Transaction is completed, Canada Coal Shareholders, other than holders of Canada Coal Shares who receive their Canada Coal Shares upon the exercise of Canada Coal Subscription Receipts, and Mijem Shareholders resident in each of the provinces and territories of Canada will receive Resulting Issuer Shares pursuant to the Transaction which may be resold free of prospectus requirements and statutory hold periods of the securities laws of those provinces and territories, (subject to compliance with the provisions thereof governing resales of securities received pursuant to a business combination). Resulting Issuer Shares issued upon the exercise of Canada Coal Subscription Receipts will be subject to a four month hold period pursuant to the securities laws of the provinces and territories of Canada. Any person, company or a combination of persons or companies holding a sufficient number of Resulting

Issuer Shares to affect materially the control of Resulting Issuer will nevertheless be restricted in reselling Resulting Issuer Shares received pursuant to the Transaction. Canada Coal Shareholders and Mijem Shareholders resident outside of these jurisdictions should consult with their own adviser with respect to any resale of Resulting Issuer Shares received pursuant to the Transaction.

Notwithstanding the foregoing, certain Resulting Issuer shareholders will be subject to the terms of an escrow agreement. See *Part VIII - Information Concerning the Resulting Issuer - Escrowed Securities*.

#### **Shareholder Approval**

**MANAGEMENT OF CANADA COAL INTENDS TO PLACE BEFORE THE CANADA COAL MEETING, FOR APPROVAL, WITH OR WITHOUT MODIFICATION, THE RESOLUTIONS AS MORE PARTICULARLY SET FORTH IN SCHEDULES "A", "B", "C" AND "D" ATTACHED HERETO.**

**UNLESS INSTRUCTED OTHERWISE, THE MANAGEMENT DESIGNEES OF CANADA COAL IN THE ACCOMPANYING CANADA COAL PROXY INTEND TO VOTE FOR THE CONSOLIDATION RESOLUTION, THE NAME CHANGE RESOLUTION, THE DELISTING RESOLUTION, THE STOCK OPTION PLAN RESOLUTION AND THE OTHER ITEMS OF BUSINESS TO BE PUT FORWARD AT THE CANADA COAL MEETING.**

## PART IV - GENERAL INFORMATION IN RESPECT OF THE MIJEM MEETING

### Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by the management of Canada Coal for use at the Canada Coal Meeting to be held on February 7, 2020 at 10:00 a.m. (EST) at the offices of Gowling WLG LLP, 1 First Canadian Place, 100 King Street West, Suite 1600, Toronto, Ontario, Canada M5X 1G5 and at any adjournment(s) thereof, for the purposes set forth in the accompanying Notice of Mijem Meeting of Mijem Shareholders. Proxies will be solicited by mail and may also be solicited personally or by telephone or facsimile by the directors or officers of Mijem who will not be specifically remunerated therefore. The cost of solicitation by management of Mijem will be borne by Mijem.

### Appointment and Revocation of Proxies

Phuong Dinh and Gord Tomkin (the management designees named in the accompanying Mijem Proxy) are officers and/or directors of Mijem. **A Shareholder has the right to appoint a person (who need not be a Mijem Shareholder), other than Phuong Dinh or Gord Tomkin to represent such Mijem Shareholder at the Meeting.** To exercise this right, a Mijem Shareholder should insert the name of the other person in the blank space provided on the Mijem Proxy and deleting therefrom the names of the management designees. Alternatively, a Mijem Shareholder may complete another appropriate Instrument of Proxy. A Mijem Proxy will not be valid unless it is deposited with Mijem at 36 King Street East, Suite 525, Toronto, Ontario, Canada M5C 3B2 or by email to Gord Tomkin at [gтомkin@mijem.com](mailto:gтомkin@mijem.com) not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof.

A Mijem shareholder who has submitted a Mijem Proxy may revoke it by an instrument in writing signed by the Mijem Shareholder or by an authorized attorney or, if the Shareholder is a corporation, by a duly authorized officer, and deposited at 36 King Street East, Suite 525, Toronto, Ontario, Canada M5C 3B2 or by email to Gord Tomkin at [gтомkin@mijem.com](mailto:gтомkin@mijem.com), at any time up to and including the last business day preceding the day of the respective shareholder meeting or any adjournment thereof; or with the Chairman of the respective shareholder meeting on the day of that shareholder meeting or any adjournment thereof. In addition, a Mijem Proxy may be revoked: (i) by the Mijem Shareholder personally attending at the shareholder meeting and voting the securities represented thereby or, if the Mijem Shareholder is a corporation, by a representative of the corporation attending at the shareholder meeting and voting such securities; or (ii) in any other manner permitted by law.

### Exercise of Discretion by Proxyholders

The management designees named in the accompanying Mijem Proxy will vote or withhold from voting the shares in respect of which they are appointed, on any ballot that may be called for, in accordance with the direction of the Mijem Shareholder appointing them and if the Mijem Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

In the absence of such direction, the relevant Mijem Shares will be voted for: (i) approval of the Amalgamation Resolution.

### Signing of Proxy

The Mijem Proxy must be signed by the Mijem Shareholder or his duly appointed attorney authorized in writing or, if the Mijem Shareholder is a corporation, by a duly authorized officer. An Mijem Proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate shareholder) should indicate that person's capacity (following his signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Mijem).

## Voting Shares and Principal Holders of Shares

### Voting of Common Shares - General

As at the date hereof, there are 27,570,549 Mijem Shares issued and outstanding, each of which carries the right to one vote at meetings of Mijem.

Only persons registered as holders of Mijem Shares as of the close of business on January 6, 2020 are entitled to be entitled to receive notice of and to vote at the Mijem Meeting.

### Principal Holders of Shares

The following table shows, as of the date of this Information Circular, each person who is known to Mijem, or its directors and officers, to beneficially own, directly or indirectly, or to exercise control or direction over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of Mijem entitled to be voted at the Mijem Meeting.

Name of Shareholder & Municipality of Residence	Number of Mijem Shares Owned (Percentage of Class and Type of Ownership)	
	Mijem Shares	Percentage of Voting Rights <sup>(1)</sup>
Phuong Dinh, Toronto, Canada	10,000,000	36.3%

**Note:**

(1) Based on 27,570,549 issued and outstanding Mijem Shares.

### Interest of Certain Persons in Matters to Be Acted Upon

Mijem is not aware of any material interest, direct or indirect, of each of the following persons or companies in any matter to be acted upon other than the election of directors or the appointment of auditors:

- (i) each person who has been a director or executive officer of Mijem at any time since the beginning of its last financial year;
- (ii) each proposed nominee for election as a director of the Resulting Issuer; and
- (iii) each associate or affiliate of any of the persons or companies listed above.

### Interests of Informed Persons in Material Transactions

No Informed Person of Mijem, or any associate or affiliate of any Informed Person or proposed director of Mijem has any material interest, direct or indirect, in any transaction which has occurred since July 31, 2019, or in any proposed transaction that has materially affected or would materially affect Mijem.

## PART V - MATTERS TO BE ACTED UPON AT THE MIJEM MEETING

### The Amalgamation Resolution

Mijem Shareholders will be asked to consider, and, if thought advisable, to pass, with or without variation, the Amalgamation Resolution in substantially the form reproduced at Schedule "F" to this Information Circular.

For a summary of the terms of the Amalgamation and the provisions of the Combination Agreement, please see *Part I – The Transaction* in this Information Circular and the full text of the Combination Agreement at Schedule "E".

To be effective, the Amalgamation Resolution requires the affirmative vote of not less than two-thirds of the votes cast by Mijem Shareholders present in person or represented by proxy and entitled to vote at the Mijem Meeting. **Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of Mijem Proxy will vote the Mijem Shares represented by such form of Mijem Proxy FOR the Amalgamation Resolution. If you do not specify how you want your Mijem Shares voted at the Mijem Meeting, the persons designated as proxyholders in the accompanying form of Mijem Proxy will cast the votes represented by your proxy at the Mijem Meeting FOR the Amalgamation Resolution.**

**The sole director of Mijem recommends that Mijem Shareholders vote FOR the Amalgamation Resolution at the Mijem Meeting.**

It is a condition precedent to the completion of the Transaction that Mijem Shareholders approve the Amalgamation Resolution. If the Amalgamation Resolution does not receive the requisite approval, the Transaction will not proceed, unless such condition precedent is waived by Canada Coal.

**Registered Mijem Shareholders are entitled to dissent in respect of the Amalgamation Resolution in the manner provided in section 185 of the OBCA. A summary of such dissent rights is set forth below under the heading "Dissenting Shareholders' Rights" and section 185 of the OBCA is reproduced in its entirety at Schedule "L" to this Circular. Mijem Shareholders are not entitled to dissent with respect to any other matter that may be considered at the Mijem Meeting.**

## PART VI - INFORMATION CONCERNING CANADA COAL

### Corporate Structure

Canada Coal was incorporated pursuant to the provisions of the OBCA on August 26, 2010 under the name "Pacific Coal Corp." On April 12, 2011, it changed its name to "Canada Coal Inc." The registered office is located at 181 Bay Street, Suite 1800, Toronto, Ontario M5J 2T9. Canada Coal was a junior resource mining company with coal licenses located on Ellesmere Island and Axel Heiberg Islands, Nunavut Territory, Canada.

On November 4, 2011, Canada Coal 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 TSXV's Corporate Finance Manual.

Canada Coal 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 Canada Coal began trading on the TSXV under the symbol "CCK" on February 29, 2012. As a result of not maintaining the requirements for a TSXV tier 2 listed issuer, effective at the commencement of trading on Monday, December 17, 2018, Canada Coal's listing was transferred to NEX under the symbol "CCK.H".

### General Development of The Business

Canada Coal was a junior resource mining company with coal licenses in Nunavut, Canada. Canada Coal had two wholly-owned subsidiaries, Canadian Sovereign Coal Corp., a company incorporated under the laws of British Columbia and 5200 Nunavut Ltd., a company incorporated under the laws of Nunavut. The subsidiaries held the title to the coal licenses but had no other assets or liabilities. Canadian Sovereign Coal Corp. has been dissolved and 5200 Nunavut Ltd. remains in existence.

A technical report in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* was prepared on the coal assets by DMT Geosciences Ltd. The technical report recommended a two phase 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 NI 43-101-compliant coal resources, if possible. Phase I was completed and the results indicated extensive zones of low-sulphur, low-ash, subbituminous coal, suitable for use as thermal coal. Several rounds of community consultation in Nunavut were also conducted.

In November 2012, Canada Coal submitted the required permitting applications for a proposed Phase 2 work program. Canada Coal received a number of public comment letters as a result of the process and made significant effort to review and address the concerns raised. Canada Coal agreed to withdraw its project application and delay its intended exploration program so that a working group, comprised of the various stakeholders could be established to explore ways to progress the project whilst addressing the concerns of all stakeholders. After several years of delays and no advancement in determining the readiness of the local Nunavut community for such a project, Canada Coal let its coal licences expire. All coal licenses expired by fiscal 2017.

Canada Coal began seeking new projects and opportunities to enhance shareholder value. On October 15, 2019, Canada Coal signed the Letter of Intent with Mijem for the proposed Business Combination described in this Information Circular. The Combination Agreement was then executed on November 15, 2019.

## CANADA COAL SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

### *Selected Financial Information*

#### **Financial Information Comparison**

The following tables present selected financial information for Canada Coal for the periods indicated. These tables should be read in conjunction with the audited consolidated financial statements of Canada Coal for the years ended September 30, 2019, 2018 and 2017 and the respective notes thereto set forth in Schedule "G" to this Information Circular. This table contains financial information derived from financial statements that have been prepared in accordance with IFRS.

#### *Statement of Loss and Comprehensive Loss*

	<b>Year ended September 30, 2019 (audited) (\$)</b>	<b>Year ended September 30, 2018 (audited) (\$)</b>	<b>Year ended September 30, 2017 (audited) (\$)</b>
Total Revenue (interest income)	17,140	11,976	9,593
Total Expenses	239,957	284,749	209,435
Loss and Comprehensive Loss	222,817	272,773	199,842
Basic and diluted Loss per Canada Coal Share	0.01	0.01	0.01

#### *Statement of Financial Position*

	<b>September 30, 2019 (audited) (\$)</b>	<b>September 30, 2018 (audited) (\$)</b>	<b>September 30, 2017 (audited) (\$)</b>
Total Assets	1,365,623	1,607,366	1,178,093
Total Liabilities	18,683	37,609	19,019
Surplus (Deficit)	(6,890,102)	(6,668,775)	(6,396,002)

## **Management's Discussion and Analysis**

For a copy of Canada Coal's management discussion and analysis for the years ended September 30, 2019, 2018 and 2017, please see Schedule "H".

### **Description of Securities**

Canada Coal is authorized to issue an unlimited number of Canada Coal Shares without nominal or par value. As of the date hereof, there are 31,724,875 Canada Coal Shares issued and outstanding. The holders of the Canada Coal Shares are entitled to receive notice of and to attend any meeting of the Shareholders and have the right to one vote per Canada Coal Share thereat. The holders of Canada Coal Shares are entitled to receive any dividend declared by the Board, and have the right to receive a proportionate amount, on a per share basis, of the remaining property of Canada Coal on its dissolution, liquidation, winding up or other distribution of its assets or property among its Shareholders for the purpose of winding up its affairs.

As of the date hereof, 2,500,000 Canada Coal Options to acquire Canada Coal Shares are outstanding with an exercise price of \$0.10 per Canada Coal Share. In addition, 5,000,000 Canada Coal Warrants to acquire Canada Coal Shares are outstanding with an exercise price of \$0.20. Canada Coal has neither declared nor paid any dividends on the Canada Coal Shares and does not currently anticipate paying dividends.

### **Indebtedness of Directors And Executive Officers**

None of the directors, executive officers or employees of Canada Coal or its subsidiary and former directors, executive officers and employees of Canada Coal or any of its subsidiaries had any indebtedness outstanding to Canada Coal or any of its subsidiaries as at the date hereof. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of Canada Coal or any of its subsidiaries.

### **Stock Option Plan**

Canada Coal currently operates the Canada Coal Stock Option Plan pursuant to the policies of the TSXV. The Canada Coal Stock Option Plan was approved by the Shareholders at Canada Coal's last annual meeting of shareholders held in May 2017. For details on the Canada Coal Stock Option Plan see "*Part III – Matters to be acted upon at the Canada Coal Meeting – Stock Option Plan*".

### **Prior Sales**

No securities of Canada Coal were issued during the twelve months preceding the date hereof.

### **Price Range and Trading Volume of The Canada Coal Shares**

The Canada Coal Shares currently are listed on NEX under the trading symbol "CCK.H". The following table sets forth, for the periods indicated, the reported high and low trading prices and the total trading volume of the Canada Coal Shares on NEX on a monthly basis, for each of the months and quarterly periods indicated below.

<b>Period<sup>(1)</sup></b>	<b>Low (\$)</b>	<b>High (\$)</b>	<b>Volume</b>
November 2019 <sup>(1)</sup> .....	\$0.01	\$0.025	2,343,250
October 2019.....	\$0.015	\$0.04	4,736,000
September 2019.....	\$0.025	\$0.05	2,081,500
August 2019.....	\$0.02	\$0.06	4,564,000

Period <sup>(1)</sup>	Low (\$)	High (\$)	Volume
July 2019.....	\$0.02	\$0.025	27,000
April to June 2019.....	\$0.015	\$0.07	441,000
January to March 2019.....	\$0.025	\$0.04	263,500
October to December 2018....	\$0.025	\$0.08	958,350
July to September 2018.....	\$0.08	\$0.10	131,000
April to June 2018.....	\$0.055	\$0.115	1,809,630
January to March 2018.....	\$0.07	\$0.115	1,095,578
October to December 2017.....	\$0.04	\$0.105	2,319,397

**Note:**

(1) Trading of the Canada Coal Shares has been halted since November 18, 2019.

## Canada Coal Director and Named Executive Officer Compensation

### Oversight and Description of Director and Named Executive Officer Compensation

The general objectives of Canada Coal's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; and (c) attract and retain highly qualified executive officers.

#### *Elements of Compensation*

**Base Salary.** Each Named Executive Officer (as such term is defined below) receives a base salary, which constitutes a significant portion of the Named Executive Officer's compensation package. Base salary is recognition for discharging day to day duties and responsibilities and reflects the Named Executive Officer's performance over time, as well as that individual's particular experience and qualifications. A Named Executive Officer's base salary is reviewed by the Canada Coal Board on an annual basis and may be adjusted to take into account performance contributions for the year and to reflect sustained performance contributions over a number of years.

**Stock Options.** Canada Coal's directors, officers, employees and consultants, if any, are eligible under the Canada Coal Stock Option Plan to receive grants of stock options. The Canada Coal Stock Option Plan is an important part of Canada Coal's long-term incentive strategy for its officers and directors, permitting them to participate in appreciation of the market value of the Common Shares over a stated period of time. The Canada Coal Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of the stock option grants to officers and directors is dependent on each officer's and director's level of responsibility, authority and importance to Canada Coal and to the degree to which such officer's or director's long term contribution to Canada Coal will be key to its long term success.

The Canada Coal Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Canada Coal Board believes that the Canada Coal Stock Option Plan aligns the interests of the Named Executive Officers and the Board with shareholders by linking a component of executive compensation to the longer term performance of Canada Coal.

Canada Coal Options are granted by the Canada Coal Board. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the Named Executive Officers. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Board will make these determinations subject to and in accordance with the provisions of



the Canada Coal Stock Option Plan. The Canada Coal Stock Option Plan was approved by shareholders at the annual and special meeting of shareholders held on May 2017.

### ***Compensation of Directors***

The independent directors of the Canada Coal Board will recommend how much, if any, cash compensation will be paid to directors for services rendered by directors, in such capacity, to Canada Coal. The directors of Canada Coal may be paid cash compensation commensurate with the prevailing level of compensation for directors in the same industry in which Canada Coal operates. Despite this, the directors of Canada Coal did not receive cash compensation for their services during the financial years ended September 30, 2019 and 2018.

Named Executive Officers who also act as directors of Canada Coal will not receive any additional compensation for services rendered in such capacity, other than as paid by Canada Coal to such Named Executive Officers in their capacity as executive officers.

### ***Compensation Governance***

In order to assist the Board in fulfilling its oversight responsibilities with respect to compensation matters, the Board has established the Corporate Governance and Compensation Committee (the "**Compensation Committee**") and has approved the charter of the Compensation Committee. The Compensation Committee is composed of Richard Klue, Ian Smith and Thomas A. Fenton. Messrs. Klue and Smith are independent as such term is defined in NI 58-101.

The Compensation Committee meets on compensation matters as and when required with respect to executive compensation. The primary goal of Compensation Committee as it relates to compensation matters is to ensure that the compensation provided to the Named Executive Officers is determined with regard to Canada Coal's business strategies and objectives, such that the financial interest of the executive officers is aligned with the financial interest of shareholders, and to ensure that their compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives. The Compensation Committee is given the authority to engage and compensate any outside advisor that it determines to be necessary to carry out its duties.

To determine compensation payable, the Compensation Committee reviews compensation paid for directors and Chief Executive Officers of companies of similar size and stage of development in the mineral exploration industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of Canada Coal. In setting the compensation, the Compensation Committee annually review the performance of the Chief Executive Officer in light of Canada Coal's objectives and consider other factors that may have impacted the success of Canada Coal in achieving its objectives.

As a whole, the members of the Compensation Committee have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Compensation Committee in making informed decisions on the suitability of Canada Coal's compensation policies and practices.

### ***Executive Compensation-Related Fees***

In the financial years ending September 30, 2019 and 2018, neither the Canada Coal Board nor the Compensation Committee retained a compensation consultant or advisor to assist the Board or the Compensation Committee in determining the compensation for any of Canada Coal's executive officers' or directors' compensation.

### **Summary Compensation Table**

The following table sets forth detailed information on the compensation of the President and Chief Executive Officer, the Chief Financial Officer and each of Canada Coal's other most highly compensated executive officers (collectively, the "**Named Executive Officers**" or "**NEOs**") as prescribed by *National Instrument 51-102*, for services rendered in all capacities during the financial years ended September 30, 2019 and 2018.

Name and Principal Position	Year	Salary, Consulting Fees, retainer or commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
R. Bruce Duncan <sup>(1)(2)</sup> President and Chief Executive Officer/Executive Chairman	2019	96,000	-	-	-	-	96,000
	2018	96,000	-	-	-	-	96,000
Olga Nikitovic, Chief Financial Officer	2019	60,000	-	-	-	-	60,000
	2018	60,000	-	-	-	-	60,000
Thomas A. Fenton, Director	2019	-	-	-	-	-	-
	2018	-	-	-	-	-	-
Richard Klue, Director	2019	-	-	-	-	-	-
	2018	-	-	-	-	-	-
Ian Smith, Director	2019	-	-	-	-	-	-
	2018	-	-	-	-	-	-

**Notes:**

- (1) No cash compensation was paid to the directors of Canada Coal in their capacity as directors during the financial years ended September 30, 2019 or 2018. The directors of Canada Coal are eligible to receive options to purchase Canada Coal Shares pursuant to the terms of the Canada Coal Stock Option Plan.
- (2) Ms. Nikitovic, CPA, CA, is the spouse of R. Bruce Duncan.

**Stock Options and Other Compensation Securities**

There were no compensation securities granted to the Named Executive Officers and directors of Canada Coal during the financial years ended September 30, 2019 and 2018. The compensation securities held by Named Executive Officers and directors of Canada Coal as of September 30, 2019 are as follows:

- (1) Mr. Duncan held options to purchase 350,000 Canada Coal Shares at a price of \$0.10 per share until September 22, 2021.
- (2) Ms. Nikitovic held options to purchase 300,000 Canada Coal Shares at a price of \$0.10 per share until September 22, 2021.
- (3) Mr. Klue held options to purchase 200,000 Canada Coal Shares at a price of \$0.10 per share until September 22, 2021.
- (4) Mr. Fenton held options to purchase 200,000 Canada Coal Shares at a price of \$0.10 per share until September 22, 2021.
- (5) Mr. Smith held options to purchase 200,000 Canada Coal Shares at a price of \$0.10 per share until September 22, 2021.

**Exercise of Compensation Securities By Directors and Named Executive Officers**

No Named Executive Officer or director of Canada Coal exercised a compensation security during the financial years ended September 30, 2019 and 2018.

## **Employment, Consulting and Management Agreements**

### ***R. Bruce Duncan***

From March 1, 2011, R. Bruce Duncan's services as Chief Executive Officer of Canada Coal were provided under a consulting services agreement (the "**Duncan Agreement**"). At the completion of Canada Coal's 2012 qualifying transaction, Braam Jonker was appointed Chief Executive Officer of Canada Coal, and Mr. Duncan assumed the role of Executive Chairman, both appointments effective as of February 23, 2012. Other than the change in title and role, the terms of the Duncan Agreement otherwise remained unchanged following the appointment of Mr. Duncan as Executive Chairman.

Mr. Duncan's salary is currently \$8,000 per month. Pursuant to the Duncan Agreement, Mr. Duncan is entitled to a salary of \$12,000 per month but has voluntarily reduced his salary by \$4,000 per month effective as of January 1, 2012. In addition to his salary, Mr. Duncan is entitled to stock option grants as determined by the Canada Coal Board. Furthermore, Canada Coal reimburses Mr. Duncan for reasonable out-of-pocket expenses incurred by him on behalf of Canada Coal. The original term of the Duncan Agreement was for a two year period commencing on March 1, 2011 and ending on February 28, 2013, which term automatically renews for successive one year terms.

If the Agreement is terminated by Canada Coal without cause, then Canada Coal will be required to pay Mr. Duncan an amount equal to \$96,000 plus tax. In the event of a Triggering Event (as defined below), then Canada Coal will be required to pay Mr. Duncan an amount equal to \$192,000 plus tax. In the event of a Triggering Event or termination without cause, any options held by Mr. Duncan under the Canada Coal Stock Option Plan shall immediately become vested and exercisable and Mr. Duncan's options shall remain exercisable for the remainder of their term.

Assuming an event of termination occurred on September 30, 2019, Canada Coal would have been obligated to pay Mr. Duncan an amount equal to \$96,000 plus tax assuming the Duncan Agreement was terminated without cause, or an amount equal to \$192,000 plus tax assuming the Duncan Agreement was terminated as a result of a Triggering Event.

Notwithstanding the foregoing, if the Transaction is approved and completed, the parties have agreed that Mr. Duncan will be paid severance of \$93,000 plus HST for a total payment of \$105,090.

### ***Olga Nikitovic***

From March 1, 2011, Olga Nikitovic's services as Chief Financial Officer have been provided under a consulting services agreement (the "**Nikitovic Agreement**"). Ms. Nikitovic's salary is currently \$5,000 per month. Pursuant to the Nikitovic Agreement, Ms. Nikitovic is entitled to a salary of \$8,000 per month but has voluntarily reduced her salary by \$3,000 per month effective as of January 1, 2012. In addition to her salary, Ms. Nikitovic is entitled to stock option grants as determined by the Canada Coal Board. Furthermore, Canada Coal reimburses Ms. Nikitovic for reasonable out-of-pocket expenses incurred by her on behalf of Canada Coal. The original term of the Nikitovic Agreement was for a two year period commencing on March 1, 2011 and ending on February 28, 2013, which term automatically renews for successive one year terms.

If the Nikitovic Agreement was terminated by Canada Coal without cause, then Canada Coal will be required to pay Ms. Nikitovic an amount equal to \$96,000. In the event of a Triggering Event (as defined below), Canada Coal will be required to pay Ms. Nikitovic an amount equal to \$192,000. In the event of a Triggering Event or a termination without cause, any options held by Ms. Nikitovic under the Canada Coal Stock Option Plan shall immediately become vested and exercisable and Ms. Nikitovic's options shall remain exercisable for the remainder of their term.

Assuming an event of termination occurred on September 30, 2019, Canada Coal would have been obligated to pay Ms. Nikitovic an amount equal to \$96,000 assuming the Nikitovic Agreement was terminated without cause, or an amount equal to \$192,000 assuming the Nikitovic Agreement was terminated as a result of a Triggering Event.

For the purposes of the Nikitovic Agreement and the Duncan Agreement, a "Triggering Event" includes (i) a successful take-over bid of Canada Coal by another entity, (ii) a change of control of the Canada Coal Board being the election by Canada Coal's shareholders of less than a majority of directors put forward by Canada Coal, (iii) the sale of substantially all of the assets of Canada Coal, (iv) the sale, exchange or disposition of a majority of the outstanding Canada Coal Shares, (v) the termination of Canada Coal's business or liquidation of its assets, or (vi) a merger or amalgamation where Canada Coal's shareholders prior to such transaction hold less than 51% of the closing of the transaction.

Notwithstanding the foregoing, if the Transaction is approved and completed, the parties have agreed that Ms. Nikitovic will be paid severance of \$93,000.

#### ***Other Payments Related to the Transaction***

In connection with the closing of the Transaction, Canada Coal also will make payment in the amount of \$15,000 to each of Canada Coal's two independent directors in consideration for delivery by such independent directors of a resignation and mutual release.

#### **Conflicts of Interest**

There are potential conflicts of interest to which directors and executive officers of Canada Coal may be subject in connection with the operations of Canada Coal. Some of the directors and executive officers of Canada Coal are, or may be, directors or executive officers of other Canada Coals engaged in similar business ventures, and situations may arise where such directors and executive officers of such other Canada Coals will be in direct conflict with Canada Coal. Conflicts, if any, will be subject to the procedures, requirements and remedies under the OBCA.

Other than as set out herein, to the best of their respective knowledge, the officers and directors of Canada Coal are not aware of the existence of any existing or potential material conflicts of interest between Canada Coal and any of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon completion of the Transaction, as of the date of this Information Circular.

#### **Non-Arm's Length Party Transactions**

The proposed Transaction is an arm's length transaction.

#### **Legal Proceedings**

Management of Canada Coal knows of no legal proceedings, contemplated or actual, material to Canada Coal to which Canada Coal is a party or of which any of its property is the subject matter.

#### **Auditors, Registrar and Transfer Agent**

The auditors of Canada Coal are McGovern Hurley LLP, Chartered Accountants, which are located at 251 Consumers Road, Suite 800, Toronto, Ontario, Canada, M2J 4R3. McGovern Hurley LLP, Chartered Accountants have been auditors of Canada Coal since Canada Coal's inception.

The registrar and transfer agent of Canada Coal is Computershare Investor Services Inc., which is located at 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.

#### **Material Contracts**

Canada Coal has not entered into any material contracts other than in the ordinary course of business within the previous two years prior to the date hereof, with the exception of the agreements relating to the Transaction. See *Part I - The Transaction*.

Copies of these agreements will be available for inspection at offices of Canada Coal's legal counsel at Aird & Berlis LLP, 181 Bay Street, Suite 1800, Toronto, Ontario, Canada M5J 2T9, during ordinary business hours on any business day up to the closing of the Transaction and for a period of 30 days thereafter.

### **Additional Information**

Additional information relating to Canada Coal is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact Canada Coal at 181 Bay Street, Suite 1800, Toronto, Ontario, Canada M5J 2T9 to request copies of Canada Coal's financial statements and Management Discussion and Analysis thereon. Financial information is provided in Canada Coal's comparative financial statements and Management Discussion and Analysis thereon for Canada Coal's most recently completed financial year and interim periods.

### **Approvals**

The contents and the sending of this Information Circular have been approved by the Canada Coal Board.

## **PART VII - INFORMATION CONCERNING MIJEM**

### **Corporate Structure**

Mijem was incorporated under the OBCA on August 19, 2014. The articles of incorporation of Mijem were subsequently amended on August 27, 2018 to subdivide the 218,544 Mijem Shares then issued and outstanding on the basis of 100 Mijem Shares for each then issued and outstanding Mijem Share.

Mijem is a social media and technology company that provides innovative solutions to create a vibrant social marketplace for students to connect with other students and to efficiently buy, sell and trade goods and services on and off campus. Mijem's patent pending flagship technology currently permits thousands of university and college students across the United States and Canada to both connect online and engage in campus themed commerce. Accordingly, the addressable market for Mijem is the global post-secondary education student population.

### **Narrative Description of The Business**

Mijem is a social media and technology company that provides innovative solutions to create a vibrant social marketplace for students to connect with other students and to efficiently buy, sell and trade goods and services on and off campus. Mijem's patent pending flagship technology currently permits thousands of university and college students across the United States and Canada to both connect online and engage in campus themed commerce. Accordingly, the addressable market for Mijem is the global post-secondary education student population.

Mijem's marketplace is available via software accessible both through mobile devices (specifically, an iOS application and an Android application) (the "**Mobile Application**") and the internet using a web browser (specifically, accessing our web application) (the "**Web Application**" and, together with the Mobile Application, the "**Mijem App**"). The Mijem App allows sellers to list goods and services for sale in a few minutes by taking a photo, adding a description and a price. Buyers are able to easily browse the thousands of items posted via the Mijem App and to find desired goods or services at lower costs. The Mijem App is a student focused application targeted towards student campuses. The objective of the Mijem App is to develop a one-stop online social marketplace based on simplicity, trust, and happiness for members.

There are approximately 22 million students in universities and colleges in the US<sup>3</sup> and Canada<sup>4</sup>. It is estimated that post-secondary students purchase 30%<sup>5</sup> of their books in used condition, which extrapolates to an annual used text book market of at least \$10 billion<sup>6</sup>. Furthermore, the student housing market (or off-campus rental market) is estimated at \$14 billion per month<sup>7</sup>. According to the US National Retail Federation, \$72 billion<sup>8</sup> a year is spent for college back-to-school, of which \$7.9 billion is spent on college furnishings. Tremendous opportunities exist to find ways to enable students to save money while participating in this vast market.

Mijem also offers technology to meet students' needs on the services side. A new feature, as requested by many of Mijem's users, is student ride sharing technology. Mijem has rethought the way student ride sharing is organized. Currently, tens of thousands of students use fragmented Facebook groups to organize rides. Mijem has consolidated the user experience into a streamlined process where rides are better organized. Mijem not only facilitates the sale of goods, it is a powerful platform for student ride sharing. Students can easily organize ride shares from universities to their hometowns and other locations.

Users of Mijem can use Mijem's marketplace to browse collections posted by other trusted members including textbooks, housing, clothing, electronics, furniture, tickets, ride shares and more. Users may also post items, ride shares, or school events on Mijem.

Mijem's technology makes it easy for students to save money. Selling is as easy as snapping a photo and adding a description and a price. Students may join school groups to automatically have their items (referred to in the platform as "gems") listed in the respective university and college communities. With a few clicks, users may browse thousands of gems from fellow university and college students.

The social technology of Mijem is built to enhance trust and safety. Users of Mijem may peek at a member's profile, reviews, and collection. Other features include the ability to message Mijem members, ask questions, and make offers on gems users like. Users may follow other student's collections they like, "Like" gems, and leave comments for responses. Ultimately, users may build communities with like-minded students in their class, university, college, or city.

Beyond providing a social marketplace platform for students, Mijem is evolving how marketplaces should be built. Mijem is planning to deliver users the ability to have a seamless in-app payment experience to process transactions. When the transaction is successfully made using the in-app payment system, Mijem would charge a 7.5% service fee to the seller. Furthermore, Mijem is planning to release a new method of advertising, in which students will be able to open a digital deal box to receive tailored offers. The tailored offers are matched via an algorithm that examines a Mijem's user preferences, user's activity, and/or user demographic. Mijem plans to source offers from advertisers either directly or indirectly through advertising agencies, resellers and other media companies. Mijem's immediate plans is to charge a cost per thousand impressions ("CPM") fee, in which impressions are measured by users who have seen the tailored offers.

Mijem is expecting to also launch other services categories in the future to its userbase. Services could include tutoring, jobs, dating, and more. This will potentially create new business opportunities and revenue streams.

### **Principal Products or Services**

Mijem's principal product is an online social marketplace in which users can buy, sell and trade goods and services in a streamlined and efficient manner. The Mijem marketplace is accessible via a free app for iOS and Android devices which can be downloaded at Apple's App Store and Google's Play Store, as well as via Mijem's website at [www.mijem.com](http://www.mijem.com).

Mijem's principal target market is post-secondary students in the United States and Canada. As of the date of this Information Circular, Mijem had a presence in 80 student campuses in the United States and Canada in which Mijem had at least 50 members (a member being defined as a user that joined a community and is listed as part of that school community) and its mobile application had been downloaded by over 110,000 users (approximately 85,500 in the United States and 24,200 in Canada).

Mijem has not yet realized revenue from the Mijem App. With respect to the revenue-generating components of the Mijem App, Mijem is currently testing its in-app payment system and mobile application advertising functionality. Mijem's payment system is built in-house but Mijem uses two in-app third party payment processors, Stripe, Inc. and Toshi Holdings Pte. Ltd., to enable users to complete financial transactions via the Mobile Application. Mijem does not collect, receive, store or otherwise have access to the banking or other financial information that members provide when using the payment processor. Stripe, Inc. and Toshi Holdings Pte. Ltd. are wholly independent from Mijem. The target launch date for the payment system within the Mijem App is February 2020.

Advertising on the Mijem marketplace via Mijem's website has been functional since March 2019. Mijem currently has Google display ads shown and earns revenue based on impressions seen of the advertisements. Advertising capabilities within the Mobile Application is expected to be launched in April 2020.

Product development is effected in house via employees and also using research and development subcontractors.

In order to reach commercial production of its platform, Mijem is focused on the following matters:

- Finalizing the payment system, which includes ensuring the end-to-end payment process is robust and free of bugs and validating that the system is able to handle high volumes of data flow. The target date for completion is February 2020 and the expected cost is approximately \$21,000.
- Integrating advertising into the platform as a revenue generation model, which includes:
  - Developing a devoted page for ad displays (targeted completion in December 2019 at an expected cost of approximately \$18,000);
  - Determining which data will be used to rank ads with respect to which ads would be most relevant to be shown to the user (targeted completion in January 2020 at an expected cost of approximately \$18,000);
  - Developing algorithm to display ads (targeted completion in February 2020 at an expected cost of approximately \$63,000); and
  - Test relevant ads system (targeted completion between March 2020 to April 2020 at an expected cost of approximately \$83,000).
- Promoted "posts" feature:
  - Building out payment method for promoted posts (targeted completion in April 2020 at an expected cost of approximately \$21,000); and
  - Testing promoted posts functionality (targeted completion between April 2020 and May 2020 at an expected cost of approximately \$63,000).

Based on the above product development plan, full commercial production of the Mijem platform is targeted for April 2020.

### **Production and Sales**

Mijem's marketplace is available via software accessible both through mobile devices (specifically, an iOS application and an Android application) and the internet using a web browser (specifically, accessing our web application).

Mijem produces the software itself using both its internal development team as well as a subcontracted team. Mijem employs developers who have knowledge of numerous coding languages and frameworks (such as: objective C, swift, java, JavaScript, JSON, angular.JS, MongoDB) in order to successfully build next-generation software.

Mijem has an existing agreement with xiBOSS Corporation, a contractor for some of Mijem's research and development efforts for a minimum of 12 months. If the contract is not renewed or a replacement contract is not negotiated with xiBOSS Corporation, Mijem may need to source replacement research and development staff to ensure continuity of Mijem's research and development programs. In the event the arrangement with xiBOSS Corporation is not extended beyond 12 months, Mijem will seek other capable contractors to continue to research and development functions currently undertaken by xiBOSS Corporation.

Mijem’s technology infrastructure has components hosted in numerous sites within the U.S., Canada, and Europe. Mijem does not own any real estate or material equipment. Within its office space that it leases, Mijem owns computers, mobile devices, printers, and other smaller electronics in order to carry out its day-to-day activities. Mijem rents two office spaces, one in Toronto (month-to-month) and another in Sault Ste. Marie (leased until April 30, 2022).

Mijem has filed for trademark protection for "MIJEM" in the United States, Canada, EU (Community Trademark), Australia, Mexico, Colombia, Argentina, Russia, and Vietnam.

It has pending patents filed in the United States and Canada related to targeted "active" advertising, titled Apparatus and method for online data collection and processing.

Mijem currently has 3 employees.

Mijem owns the following "MIJEM" trademarks:

<u>Country</u>	<u>Duration</u>	<u>Expiry</u>
United States	10 years	August 8, 2027
Canada	15 years	March 21, 2032
Australia	10 years	May 13, 2025
Mexico	10 years	June 22, 2025
Europe	10 years	June 3, 2025
Russia	10 years	April 29, 2026
Argentina	10 years	June 10, 2026
Colombia	10 years	December 23, 2025
Vietnam	10 years	June 3, 2025

In addition, Mijem has filed patent applications in the United States (Application US15/509,979) and Canada (Canada Application CA2960755A) and the status of such is "Pending" (priority date: 2014-09-19).

Mijem ensures that employees, agents, contractors, and parties have access to its intellectual property on a needs-to-know basis. All persons with access to such intellectual property must have signed a confidentiality and IP agreement prior to being given such access. When information is stored via electronic documents, passwords protection is encouraged and the use of secure file transfer methods are communicated.

### **Market, Marketing Plans and Strategies**

The market segment that Mijem is selling its products to is post-secondary students in universities and colleges. The immediate specific geographical area covers the United States and Canada though there is potential for expansion to other countries.

A material industry trend within the American and Canadian post-secondary student segment is when it comes to using online marketplaces, there is declining use of Facebook and other platforms that held significant market share in prior years. Many students have been using Facebook groups to buy and sell goods, as well as for ride sharing, but there has been a reported decline in students using Facebook for a host of reasons such as security issues, privacy concerns, and usability. Furthermore, prominent ride sharing companies such as Uber and Lyft, both have limitations when it comes to student long-distance ride sharing. Uber’s terms of use currently does not permit rides in excess of 4 hours in length while Lyft’s terms of use only permits drop-offs within 100 miles outside a coverage area. Consequently, these are some reasons students are resorting to using Facebook groups for long-distance ride sharing (that is, from universities to their hometowns). Mijem believes that notwithstanding some of the shortcomings of existing online marketplaces, there is an opportunity for Mijem because there remains strong demand for an online marketplace for students to buy and sell textbooks, clothing, furniture, and other items, or for students to post and look for ride shares.



Mijem is seeing positive market reception to the Mijem marketplace. Mijem has received permission from over 70 universities across the United States and Canada to host events on campus and market its application to the respective student communities. Mijem conducted market testing through these experiential events and the feedback received from new users acquired has been very encouraging.

Mijem also believes that a differentiating factor will be its ability to implement next-generation features in order to meet user demand for products and services which offer efficiency and convenience. Mijem intends to maintain its competitive position by periodically examining competitors and their offerings, examining trending software companies and their offerings, and evaluating new technologies. Not only does Mijem evaluate what is out there, Mijem actively engages in consumer research, conducts interviews and surveys, and experiments with new technologies and concepts. From the examinations and evaluations, Mijem expects to integrate strategic technology into its development roadmap. A clear example of Mijem's rapid adaptation and implementation capability is Mijem's new student ride sharing technology which was developed in response to requests from Mijem users.

If Mijem is marketing the product offline (i.e. at campuses), the material market control or regulation within the post-secondary segment is when there is objection from a conflicting campus department. For example, a university's book store may block Mijem from being physically on campus. Mijem has seen this happen at a few of the universities during the relationship-building and approval process but generally most universities are welcoming of Mijem having a physical marketing presence at its campuses. To Mijem's best knowledge, there are no restrictions with regards to Mijem marketing its product online. Mijem may target any area within the United States and Canada.

Within the American and Canadian post-secondary student segment, the desire to buy and sell textbooks and furniture is likely seasonal as those are commonly done near the beginning or the end of the school terms. This may lead to seasonal spikes in activity and demand for platforms that enable these types of transactions. Therefore, it may be easier to market the software during these times. However, with Mijem's new ride sharing technology, there likely will be added activity, particularly with students driving home on the weekends around holidays. By introducing this student ride sharing technology, the software may see activity related to ride shares offset non-peak seasonal activity related to both textbooks and furniture.

Mijem is currently mainly marketing its marketplace using three methods: Google paid ads, campus awareness events, and online paid influencers. Mijem plans to expand its marketing using Apple paid ads, social media advertising, offline ads, public relations, and business development.

In terms of breakdown of costs for the major components of its marketing programs within the next 12 months (approximately: \$0.84 million), Mijem is planning to spend and allocate expenditures approximately as follows:

- \$0.69 million: digital marketing and strategy
- \$0.1 million: public relations
- \$0.05 million: campus events

The download of the Mijem App, the creation of a user profile and the use of the Mijem App for purchases are all free. However, if users are taking advantage of the convenient in-app payment system that allows them to pay using credit card or cryptocurrency, the seller will be charged a 7.5% service fee.

### **Competitive Conditions and Position**

Mijem considers the following platforms to be competitive with Mijem's marketplace: Craigslist, Kijiji, Letgo, Facebook, OfferUp, Carousell, 5Miles, and Shpock. The following table sets out Mijem's view of the features of the various online marketplaces.

	Mijem	Facebook	Craigslist	Kijiji	Letgo	Offerup	Carousell	5Miles	Shpock
Market	Students	Declining young userbase	Open to non-students	Open to non-students	Open to non-students	Open to non-students	Open to non-students	Open to non-students	Open to non-students
Product	Mobile app & web app	Mobile app & web app (Marketplace or Facebook groups)	Website-only	Mobile app & web app	Mobile app & web app	Mobile app & web app	Mobile app & web app	Mobile app & web app	Mobile app & web app
Safety	Profiles, can rate users	Profiles	Anonymous	Anonymous	Anonymous	Profiles	Profiles	Profiles	Profiles
Build a Network	Can follow buyers & sellers and see future goods for sale	Follow is intended to build friendships, not intended to browse items	None	None	None	Can follow buyers & sellers	Can join groups	Can follow buyers & sellers	Can follow buyers & sellers and see news
Payment System	In-app	None	None	None	None	Available for shipments	None	Available for bids	PayPal
Ride Sharing	Yes	Yes (Facebook groups)	Yes	Yes	N/A	N/A	N/A	N/A	N/A
User Experience	Organized, pictures	Unorganized	Text-heavy, outdated	Minimalistic	Minimalistic	Minimalistic	Unorganized, too many categories	Unorganized	Minimalistic
Other Problems		Security and privacy	Not proximity based (travel may be required)	Not focused	Not focused	Not focused	Not focused	Not focused	Not focused

New competition may arise from within the university or college community. There have been numerous attempts at building a college marketplace app but these attempts have failed due to the complexity of building and supporting such system. Furthermore, Mijem has first-mover advantage at many of the biggest and well-known campus communities in the United States and Canada and is the first college marketplace specific app to achieve material penetration at numerous campuses, as Mijem continues to build its presence and establish its brand.

## MIJEM SELECTED FINANCIAL INFORMATION

The following table sets out certain selected financial information of Mijem in summary form for the fiscal years ended July 31, 2019 and 2018 and for the three-month interim period ended October 31, 2019. This selected financial information has been derived from and should be read in conjunction with Mijem's audited annual financial statements for the applicable fiscal year and the applicable interim financial statements, which are attached as Schedule "I".

A summary of selected financial information for the fiscal years ended July 31, 2019 and 2018 and for the 3-month period ended October 31, 2019 is set out below:

	Fiscal Year ended July 31, 2019 (audited)	Fiscal Year ended July 31, 2018 (audited)	3 months ended October 31, 2019 (unaudited)
<b>Summary Operating Results</b>			
Revenue	\$0	\$0	\$0
Research and Development	\$252,560	\$410,510	(\$36,278)
Salaries	\$205,084	\$92,715	\$69,080
Advertising and Promotion	\$350,325	\$20,430	(\$18,145)
Other Operating Costs	\$255,883	\$147,208	\$107,894
Other Income	\$0	\$0	(\$137,531)
Net income (loss)	(\$1,063,852)	(\$670,863)	\$14,980
Weighted Average number of Shares Outstanding	26,412,103	18,347,717	27,284,616
Income (Loss) per share (weighted)	(\$0.04)	(\$0.04)	\$0.001
<b>Balance Sheet Data</b>			
Total assets	\$113,719	\$179,691	\$294,191
Total liabilities	\$380,791	\$139,187	\$453,815
Deficit	(\$3,120,775)	(\$2,056,923)	(\$3,105,795)

### Management's Discussion and Analysis of Financial Condition and Results of Operations

Mijem's MD&A for the years ended July 31, 2019 and July 31, 2018 as well as the interim MD&A for the period ended October 31, 2019 are attached hereto as Schedule "J".

### Management's Responsibility for Financial Statements

The information provided in this Information Circular, 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 judgments and have been properly reflected in the financial statements. Management maintains a system of internal controls to provide reasonable assurance that Mijem's assets are safeguarded and to facilitate the preparation of relevant and timely information.

### Risks and Uncertainties

Mijem is subject to a number of risks and uncertainties that could significantly affect its financial condition and performance. As Mijem grows and enters into new markets, these risks can increase. These risk factors are not a definitive list of all risk factors associated with an investment in Mijem or in connection with Mijem's operations.

Such risk factors are more particularly described in this Information Circular under the heading *Part VIII - Information Concerning Mijem - Risk Factors Relating to Mijem and the Resulting Issuer*.

## SHARE CAPITAL

Mijem has an authorized share capital of an unlimited number of Mijem Shares with no par value, of which 27,570,549 are issued and outstanding as fully paid and non-assessable as of the date hereof.

As of the date hereof 435,286 Mijem Warrants were issued and outstanding, each to acquire one Mijem Share. Of such Mijem Warrants: (a) 65,600 are exercisable at a price per Mijem Share of \$0.381 until January 20, 2020; (b) 65,700 are exercisable at a price per Mijem Share of \$0.381 until February 27, 2020; (c) 65,600 are exercisable at a price per Mijem Share of \$0.381 until April 21, 2020; (d) 24,100 are exercisable at a price per Mijem Share of \$0.1038 until November 1, 2020; and (e) 214,286 are exercisable at a price per Mijem Share of \$0.35 until August 7, 2021.

Mijem also has issued and outstanding liquidity warrants exercisable for 11,349,758 Mijem Shares at an exercise price of \$0.0001 per Mijem Share (the "**Mijem Liquidity Warrants**"). Each liquidity warrant entitles the holder thereof to purchase one Mijem Share if a liquidity event (such as an initial public offering or a change of control transaction in respect of Mijem) has not been completed on or before March 31, 2020. Completion of the Transaction on or prior to March 31, 2020 will result in the expiry of all rights under such liquidity warrants without the issuance of any securities thereunder.

## Description of Securities

### Share Capital

Mijem Shareholders are entitled to receive notice of any meetings of shareholders of Mijem, and to attend and to cast one vote per Mijem Share at all such meetings. Mijem Shareholders are entitled to receive on a *pro rata* basis such dividends, if any, as and when declared by Mijem's board of directors at its discretion from funds legally available therefor, and upon the liquidation, dissolution or winding up of Mijem are entitled to receive on a *pro rata* basis the net assets of Mijem after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a *pro rata* basis with the holders of Mijem Shares with respect to dividends or liquidation. The Mijem Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

## PRIOR SALES

The following table contains details of the prior sales of securities of Mijem during the twelve months preceding the date hereof:

Date	Number of Securities	Issue/Exercise Price Per Security	Aggregate Issue Price
January 1, 2019	43,800 Mijem Shares	\$0.25	\$10,950
February 1, 2019	43,800 Mijem Shares	\$0.25	\$10,950
March 1, 2019	43,800 Mijem Shares	\$0.25	\$10,950
April 1, 2019	43,800 Mijem Shares	\$0.25	\$10,950
May 1, 2018	43,800 Mijem Shares	\$0.25	\$10,950
June 1, 2019	43,800 Mijem Shares	\$0.25	\$10,950
August 9, 2019	85,716 Mijem Shares	\$0.35	\$30,000
November 1, 2019	142,858 Mijem Shares	\$0.35	\$50,000

Date	Number of Securities	Issue/Exercise Price Per Security	Aggregate Issue Price
December 12, 2019	137,175 Mijem Shares	\$0.36449	\$50,000

There is currently no public market for the Mijem Shares.

## **Executive Compensation**

### **Compensation Discussion and Analysis**

The general objectives of Mijem's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; and (c) attract and retain highly qualified executive officers.

### **Elements of Compensation**

#### ***Base Salary***

Each Mijem Named Executive Officer (as such term is defined below) receives a base salary, which constitutes a significant portion of the Mijem Named Executive Officer's compensation package. Base salary is recognition for discharging day to day duties and responsibilities and reflects the Named Executive Officer's performance over time, as well as that individual's particular experience and qualifications. A Named Executive Officer's base salary is reviewed by the Mijem Board on an annual basis and may be adjusted to take into account performance contributions for the year and to reflect sustained performance contributions over a number of years.

#### ***Stock Options***

Mijem currently does not have a stock option plan and, as a result, no options are outstanding.

#### ***Compensation of Directors***

No cash compensation has been paid to the directors of Mijem in their capacity as directors since Mijem's incorporation.

#### ***Compensation Governance***

As a private start-up company, Mijem has not established a compensation governance policy.

#### ***Executive Compensation-Related Fees***

From the time of incorporation to the date of this Information Circular, neither the Mijem Board nor the Mijem senior officers retained a compensation consultant or advisor to assist the Mijem Board in determining the compensation for any of Mijem's executive officers' or directors' compensation.

#### ***Summary Compensation Table – Mijem Named Executive Officers***

The following table sets forth the compensation paid or awarded to the following officers of Mijem: (i) the President; and (ii) the Chief Financial Officer (collectively, the "**Mijem Named Executive Officers**") for the financial years ended July 31, 2019 and 2018.

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Phuong Dinh, Director and President	2019	67,846	0	0	0	0	67,846
	2018	61,165	0	0	0	0	61,165
Gord Tomkin, Chief Financial Officer	2019	15,570	0	0	0	0	15,570
	2018	1,718	0	0	0	0	1,718

#### *Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards*

There were no share-based or option-based awards granted since Mijem's inception.

#### *Termination and Change of Control Benefits*

Mijem does not have any compensatory plan or arrangement in respect of compensation received or that may be received by any of the Mijem Named Executive Officers to compensate them in the event of the termination of their employment by way of resignation, retirement or change of control or in the event of a change in their responsibilities following a change of control. Mijem expects to enter into employment agreements with members of senior management following closing of the Transaction.

#### **Interest of Management and Others in Material Transactions**

To the knowledge of Mijem's management, no director or officer, insider or 10% shareholder of Mijem, nor any of their respective Associates, affiliates or member of their group has or had any material interest, direct or indirect, in any transaction in the preceding three years before the date of this Information Circular, or in any proposed transaction, that has materially affected or will materially affect Mijem, other than the Transaction.

#### **Legal Proceedings and Regulatory Actions**

Mijem is not a party to and none of its property is the subject of any legal proceedings as at the date of this Information Circular or from the date of incorporation, and Mijem knows of no such legal proceedings currently contemplated.

Mijem is not the subject of any penalties or sanctions imposed against it by a court relating to provincial and territorial securities legislation or by a securities regulatory authority as at the date of this Information Circular or from the date of incorporation. Mijem is not the subject of any other penalties or sanctions imposed by a court or regulatory body against it necessary for the Information Circular to contain full, true and plain disclosure of all material facts relating to the securities to be distributed. Mijem has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority as at the date of this Information Circular or from the date of incorporation.

#### **Risk Factors Relating to Mijem and the Resulting Issuer**

The following risk factors are not a definitive list of all risk factors associated with the Transaction. Additional risks and uncertainties, including those currently unknown or considered immaterial by Canada Coal and Mijem, may also adversely affect the Resulting Issuer Shares and/or the business of the Resulting Issuer following completion of the Transaction.

*There can be no certainty that the Transaction will be completed*

Completion of the Transaction is subject to a number of conditions, certain of which may be outside the control of both Canada Coal and Mijem. There can be no assurance, nor can Canada Coal or Mijem provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied or that the Transaction will be completed as currently contemplated or at all. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a Material Adverse Effect on the business and affairs of the Resulting Issuer or the trading price of the Resulting Issuer Shares.

If the Transaction is not completed, the market price of Canada Coal Shares may decline. In addition, Canada Coal and Mijem will each remain liable for significant consulting, accounting and legal costs relating to the Transaction and will not realize anticipated benefits of the Transaction. If the Transaction is not completed and the parties pursue other similar transactions, there can be no assurance that either will be able to find a party that will agree to equivalent or more attractive terms than those of the Combination Agreement.

There is currently no market through which the Mijem Shares may be sold and there is no assurance that the Mijem Shares will be admitted to a listing or qualified for distribution in Canada or any other jurisdiction in the event that the Transaction is not completed.

*Possible termination of the Combination Agreement*

Each of Canada Coal and Mijem has the right to terminate the Combination Agreement in certain circumstances. Accordingly, there is no certainty, nor can the parties provide any assurance, that the Combination Agreement will not be terminated by either Canada Coal or Mijem before the completion of the Transaction.

Certain costs related to the Transaction, such as legal, accounting and certain financial advisor fees must be paid by Canada Coal and Mijem even if the Transaction is not completed.

*Following the completion of the Transaction, the Resulting Issuer may issue additional equity securities*

Following the completion of the Transaction, the Resulting Issuer may issue equity securities to finance its activities. If the Resulting Issuer were to issue additional equity securities, the ownership interest of existing Resulting Issuer shareholders may be diluted and some or all of the Resulting Issuer's financial measures on a per share basis could be reduced. Moreover, as the Resulting Issuer's intention to issue additional equity securities becomes publicly known, the Resulting Issuer's share price may be materially adversely affected.

*Licences and Permits*

The operations of the Resulting Issuer in the future may require Licences and permits from various Governmental Authorities. The Resulting Issuer currently has all permits and Licences that it believes are necessary to carry on its current business operation with the intention of obtaining additional Licences and permits for additional operations as they are required. The Resulting Issuer will require additional Licences or permits in the future to achieve its intended operations and there can be no assurance that the Resulting Issuer will be able to obtain all such additional Licences and permits. In addition, there can be no assurance that any existing licence or permit will be renewable if and when required or that such existing Licences and permits will not be revoked.

*Changes in Laws, Regulations and Guidelines*

The Resulting Issuer will be subject to a wide variety of laws in Canada, the United States and other jurisdictions. Laws, regulations and standards governing issues such as product liability, personal injury, text messaging, subscription services, intellectual property, consumer protection, taxation, privacy, data security, competition, terms of service, mobile application accessibility, money transmittal and background checks are often complex and subject to varying interpretations, in many cases due to their lack of specificity. As a result, their application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies, such as federal, provincial, state and local administrative agencies.

Mijem's Business model is relatively nascent and rapidly evolving. New laws and regulations and changes to existing laws and regulations continue to be adopted, implemented and interpreted in response to industry and related technologies. As the Resulting Issuer expands its business into new markets or introduces new offerings into existing markets, regulatory bodies or courts may claim that the Resulting Issuer or users of the platform are subject to additional requirements, or that the Resulting Issuer is prohibited from conducting business in certain jurisdictions, or that users of the platform are prohibited from using the platform, either generally or with respect to certain offerings.

Recent financial, political and other events may increase the level of regulatory scrutiny on technology companies. Regulatory bodies may enact new laws or promulgate new regulations that are adverse to the Resulting Issuer's business, or they may view matters or interpret laws and regulations differently than they have in the past or in a manner adverse to the Resulting Issuer's business. Such regulatory scrutiny or action may create different or conflicting obligations on us from one jurisdiction to another.

Competitors and other stakeholders may perceive our business model negatively and consequently raise their concerns to local policymakers and regulators. These businesses and their trade association groups or other organizations may take actions and employ significant resources to shape the legal and regulatory regimes in jurisdictions where the Resulting Issuer may have, or seek to have, a market presence in an effort to change such legal and regulatory regimes in ways intended to adversely affect or impede the Resulting Issuer's business and the ability of users to utilize our platform.

Any of the foregoing risks could harm the Resulting Issuer's business, financial condition and results of operations.

#### *Being a Public Company May Increase Price Volatility*

In the event the Transaction is completed, the Resulting Issuer's status as a reporting issuer may increase price volatility due to various factors, including the ability to buy or sell Resulting Issuer Shares, different market conditions in different capital markets and different trading volumes. In addition, low trading volume may increase the price volatility of the Resulting Issuer Shares. The increased price volatility could adversely affect the results of operations or financial condition.

#### *The Pending Transaction May Divert the Attention of Canada Coal's and Mijem's Management*

The Transaction could cause the attention of Canada Coal's and Mijem's management to be diverted from the day-to-day operations. These disruptions could be exacerbated by a delay in the completion of the Transaction and could have an adverse effect on the business, operating results or prospects of Canada Coal or Mijem regardless of whether the Transaction is ultimately completed, or of the Resulting Issuer if the Transaction is completed.

#### *While the Transaction is Pending, Canada Coal and Mijem are Restricted from Taking Certain Actions*

The Combination Agreement restricts Canada Coal and Mijem from taking specified actions until the Transaction is completed without the consent of the other party which may adversely affect the ability of each to execute certain business strategies, including, but not limited to, the ability in certain cases to enter into or amend contracts, acquire or dispose of assets, incur indebtedness or incur capital expenditures. These restrictions may prevent Canada Coal and Mijem from pursuing attractive business opportunities that may arise prior to the completion of the Transaction.

#### *The Requirements of Being a Public Company May Strain the Resulting Issuer's Resources*

In the event the Transaction is completed, the Resulting Issuer will continue Mijem's current business activities. As a reporting issuer, the Resulting Issuer, and its business activities, will be subject to the reporting requirements of applicable securities legislation of the jurisdictions in which it is a reporting issuer and the listing requirements of the CSE. Compliance with those rules and regulations will increase the Resulting Issuer's legal and financial costs as compared to Mijem's current activities making some activities more difficult, time consuming or costly and increase demand on its systems and resources.



### *Risks Inherent in Strategic Alliances*

The Resulting Issuer may enter into strategic alliances with third parties that it believes will complement or augment its existing business. The Resulting Issuer's ability to complete strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance the Resulting Issuer's business, and may involve risks that could adversely affect the Resulting Issuer, including significant amounts of management time that may be diverted from operations to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve the expected benefits to the Resulting Issuer's business or that the Resulting Issuer will be able to consummate future strategic alliances on satisfactory terms, or at all.

### *Competition*

The market for online marketplaces is intensely competitive and characterized by rapid changes in technology, shifting user needs and frequent introductions of new services and offerings. It is expected that competition will continue, both from current competitors and new entrants in the market that may be well-established and enjoy greater resources or other strategic advantages. If the Resulting Issuer is unable to anticipate or react to these competitive challenges, its competitive position could weaken, or fail to improve, and it could experience growth stagnation that could adversely affect its business, financial condition and results of operations.

Mijem's main competitors in the United States and Canada include Facebook, Craigslist, Kijiji, Offerup, Carousell, 5Miles and Shpock.

Certain of these competitors have greater financial, technical, marketing, research and development, manufacturing and other resources, greater name recognition, longer operating histories or a larger user base than Mijem does. They may be able to devote greater resources to the development, promotion and sale of offerings and offer a more desirable product, which could adversely affect results of operations. Further, they may have greater resources to deploy towards the research, development and commercialization of new technologies, or they may have other financial, technical or resource advantages. Our current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and offerings.

If the Resulting Issuer is unable to compete successfully, its business, financial condition and results of operations could be adversely affected.

### *Dependence on Key Management Personnel*

The success of the Resulting Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management as well as certain consultants, namely its Chief Executive Officer, Phuong Dinh (the "**Key Personnel**"). The Resulting Issuer's future success depends on its continuing ability to attract, develop, motivate, and retain the Key Personnel. Qualified individuals for Key Personnel positions are in high demand, and the Resulting Issuer may incur significant costs to attract and retain them. The loss of the services of Key Personnel, or an inability to attract other suitably qualified persons when needed, could have a Material Adverse Effect on the Resulting Issuer's ability to execute on its business plan and strategy, and the Resulting Issuer may be unable to find adequate replacements on a timely basis, or at all. While employment and consulting agreements are customarily used as a primary method of retaining the services of Key Personnel, these agreements cannot assure the continued services of such individuals and consultants.

### *Conflicts of Interest*

The Resulting Issuer may be subject to various potential conflicts of interest because of the fact that some of its officers, directors and consultants may be engaged in a range of business activities. The Resulting Issuer's executive officers, directors and consultants may devote time to their outside business interests, so long as such activities do

not materially or adversely interfere with their duties to the Resulting Issuer. In some cases, the Resulting Issuer's executive officers, directors and consultants may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Resulting Issuer's business and affairs and that could adversely affect the Resulting Issuer's operations. These business interests could require significant time and attention of the Resulting Issuer's executive officers, directors and consultants.

In addition, the Resulting Issuer may also become involved in other transactions which conflict with the interests of its directors, officers and consultants who may from time to time deal with persons, firms, institutions or corporations with which the Resulting Issuer may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Resulting Issuer. In addition, from time to time, these persons may be competing with the Resulting Issuer for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Resulting Issuer's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Resulting Issuer are required to act honestly, in good faith and in the best interests of the Resulting Issuer.

#### *Limited Operating History*

The Resulting Issuer will have a limited history of operations and will be in the early stage of development as it attempts to create an infrastructure to capitalize on the opportunity for value creation in the technology industry.

The Resulting Issuer will therefore be subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. The limited operating history may also make it difficult for investors to evaluate the Resulting Issuer's prospects for success. There is no assurance that the Resulting Issuer will be successful and the likelihood of success must be considered in light of its early stage of operations.

The Resulting Issuer may not be able to achieve or maintain profitability and may incur losses in the future. In addition, the Resulting Issuer is expected to increase its capital investments as it implements initiatives to grow its business. If the Resulting Issuer's revenues do not increase to offset these expected increases, the Resulting Issuer may not generate positive cash flow. There is no assurance that future revenues will be sufficient to generate the funds required to continue operations without external funding.

#### *Emerging Industry*

The Resulting Issuer will operate in a new and developing market that may not develop as expected. Investors should consider the Resulting Issuer's future prospects in light of the challenges and uncertainties that the Resulting Issuer may face, including the fact it may be difficult to discern fully the trends that the Resulting Issuer's business will be subject to, that online social marketplaces are a new and developing market and that elements of the Resulting Issuer's business strategy are new and subject to ongoing development. The Resulting Issuer's business has encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries, including increasing and unforeseen expenses as growth continues. The success of Resulting Issuer's business and operating results will be dependent on its ability to manage these risks.

#### *Product Functionality, Performance, Reliability, Design, Security and Scalability*

The markets in which the Resulting Issuer will operate are characterized by constant change and innovation and it is expected that such rapid evolution will continue. Mijem designed its platform based on its identification and anticipation of the needs of its subscriber base to design a platform that meets those needs. The Resulting Issuer's ability to expand its user base and ultimately generate revenue will depend in large part on its ability to continue to improve and enhance the functionality, performance, reliability, design, security and scalability of its platform. The Resulting Issuer may experience difficulties with software development that could delay or prevent the development, introduction or implementation of new solutions and enhancements. Software development involves a significant amount of research and development time, and it can take developers months to update, code and test

new and upgraded solutions and integrate them into the platform. The Resulting Issuer anticipates having to continually update, test and enhance its software platform. The continual improvement and enhancement of the Resulting Issuer's platform requires significant investment and the Resulting Issuer may not have the resources to make such investment. To the extent the Resulting Issuer is not able to improve and enhance the functionality, performance, reliability, design, security and scalability of its platform in a manner that responds to the needs of its target market, its business, operating results and financial condition will be adversely affected.

#### *Prevalence of Mobile Devices*

Mobile devices are increasingly being used to transact, particularly in the student population, and if the Resulting Issuer's application does not operate effectively when accessed through these devices, users may not be satisfied with the service, which could harm the Resulting Issuer's business. The success of the Resulting Issuer will depend on the operability of its application for use with mobile devices and mobile operating systems. Any changes in such devices or systems that degrade the functionality of the platform or give preferential treatment to competitive services could adversely affect usage of the Resulting Issuer's platform. Effective mobile functionality is integral to the Resulting Issuer's long-term development and growth strategy. In the event that users have difficulty accessing and using the platform on mobile devices, the Resulting Issuer's business and operating results could be adversely affected.

#### *Fraudulent or Illegal Activity by Employees, Contractors and Consultants*

The Resulting Issuer may be exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Resulting Issuer that violates: (a) government regulations; (b) manufacturing standards; (c) abuse of laws and regulations; or (d) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for the Resulting Issuer to identify and deter such misconduct by its employees and other third parties, and the precautions taken by the Resulting Issuer to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Resulting Issuer from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Resulting Issuer, and it is not successful in defending itself or asserting its rights, such actions could have a significant impact on the Resulting Issuer's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of Resulting Issuer's operations, any of which could have a Material Adverse Effect on the Resulting Issuer's business, financial condition, results of operations or prospects.

#### *Internal Controls*

Effective internal controls are necessary for the Resulting Issuer to provide reliable financial reports and to help prevent fraud. Although the Resulting Issuer will undertake a number of procedures and will implement a number of safeguards in order to help ensure the reliability of its financial reports, including those imposed on the Resulting Issuer under applicable law, in each case the Resulting Issuer cannot be certain that such measures will ensure that the Resulting Issuer maintains adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Resulting Issuer's consolidated financial statements and could result in a Material Adverse Effect.

#### *General Economic Risks*

The Resulting Issuer's operations could be affected by the economic context should interest rates, inflation or the unemployment level reach levels that influence consumer trends and spending and, consequently, impact the Resulting Issuer's sales and profitability.

Any investors should further consider, among other factors, the Resulting Issuer's prospects for success in light of the risks and uncertainties encountered by companies that, like the Resulting Issuer, are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur, which may result in material delays in the operation of the Resulting Issuer's business. The Resulting Issuer may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Resulting Issuer fails to do so, it could materially harm the Resulting Issuer's business to the point of having to cease operations and could impair the value of the Resulting Issuer's securities.

#### *Liquidity and Additional Financing*

There is no guarantee that the Resulting Issuer will be able to achieve its business objectives. The continued development of the Resulting Issuer may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Resulting Issuer going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Resulting Issuer. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. In addition, from time to time, the Resulting Issuer may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Resulting Issuer's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Resulting Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Resulting Issuer's ability to pursue its business objectives.

#### *Difficulty to Forecast*

The Resulting Issuer will need to rely largely on its own market research to forecast industry statistics as detailed forecasts are not generally obtainable, if obtainable at all, from other sources. Failure in the demand for the Resulting Issuer's product as a result of competition, technological change, change in the regulatory or legal landscape or other factors could have a Material Adverse Effect on the business, results of operations and financial condition of the Resulting Issuer.

#### *Management of Growth*

The Resulting Issuer may be subject to growth-related risks. The ability of the Resulting Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Resulting Issuer to deal with this growth may have a Material Adverse Effect on the Resulting Issuer's business, financial condition, results of operations and growth prospects.

#### *Equity Price Risk*

The Resulting Issuer may be exposed to equity price risk as a result of holding long-term investments in other companies. Just as investing in the Resulting Issuer is inherent with risks such as those set out in this Information Circular, by investing in these other companies, the Resulting Issuer may be exposed to the risks associated with owning equity securities and those risks inherent in the investee companies.

#### *Anti-Money Laundering Laws and Regulation Risks*

The Resulting Issuer is subject to a variety of laws and regulations domestically and internationally that involve money laundering, financial recordkeeping and proceeds of crime, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by Governmental Authorities internationally.

In the event that any of the Resulting Issuer's proceeds, any dividends or distributions therefrom, or any profits or revenues accruing from operations were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Resulting Issuer to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

#### *Unknown Defects and Impairments*

A defect in any business arrangement may arise to defeat or impair the claim of the Resulting Issuer to such transaction, which may have a Material Adverse Effect on the Resulting Issuer. It is possible that material changes could occur that may adversely affect management's estimate of the recoverable amount for any agreement the Resulting Issuer enters into. Impairment estimates, based on applicable key assumptions and sensitivity analysis, will be based on management's best knowledge of the amounts, events or actions at such time, and the actual future outcomes may differ from any estimates that are provided by the Resulting Issuer. Any impairment charges on the Resulting Issuer's carrying value of business arrangements could have a Material Adverse Effect on the Resulting Issuer.

#### *Challenging Global Financial Conditions*

Global financial conditions have been characterized by increased volatility, with numerous financial institutions having either gone into bankruptcy or having to be rescued by government authorities. Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Global capital markets have continued to display increased volatility in response to global events. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the ability of the Resulting Issuer, or the ability of the operators of the companies in which the Resulting Issuer will hold interests, to obtain equity or debt financing or make other suitable arrangements to finance their projects. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a Material Adverse Effect on the Resulting Issuer and the price of the Resulting Issuer's securities could be adversely affected.

#### *Credit and Liquidity Risk*

The Resulting Issuer will be exposed to counterparty risks and liquidity risks including, but not limited to: (a) through suppliers of the Resulting Issuer which may experience financial, operational or other difficulties, including insolvency, which could limit or suspend those suppliers' ability to perform their obligations under agreements with the Resulting Issuer; (b) through financial institutions that may hold the Resulting Issuer's cash and cash equivalents; (c) through entities that will have payables to the Resulting Issuer; (d) through the Resulting Issuer's insurance providers; and (e) through the Resulting Issuer's lenders, if any. The Resulting Issuer will also be exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Resulting Issuer to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Resulting Issuer. If these risks materialize, the Resulting Issuer's operations could be adversely impacted and the price of the Resulting Issuer Shares could be adversely affected.

#### *Litigation*

The Resulting Issuer may from time to time be involved in various claims, legal proceedings and disputes arising in the ordinary course of business. If the Resulting Issuer is unable to resolve these disputes favourably, it may have a Material Adverse Effect on the Resulting Issuer. Even if the Resulting Issuer is involved in litigation and wins, litigation can redirect significant Resulting Issuer resources. Litigation may also create a negative perception of the Resulting Issuer. Securities litigation could result in substantial costs and damages and divert the Resulting Issuer's management's attention and resources. Any decision resulting from any such litigation that is adverse to the Resulting Issuer could have a negative impact on the Resulting Issuer's financial position.

### *Cybersecurity Risks*

The information systems of the Resulting Issuer and any third-party service providers and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. These risks may take the form of malware, computer viruses, cyber threats, extortion, employee error, malfeasance, system errors or other types of risks, and may occur from inside or outside of the respective organizations. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the rapid evolving nature of the threats, targets and consequences. Additionally, unauthorized parties may attempt to gain access to these systems through fraud or other means of deceiving third-party service providers, employees or vendors. The operations of the Resulting Issuer depend, in part, on how well networks, equipment, information technology ("IT") systems and software are protected against damage from a number of threats. These operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. However, if the Resulting Issuer is unable or delayed in maintaining, upgrading or replacing IT systems and software, the risk of a cybersecurity incident could materially increase. Any of these and other events could result in information system failures, delays and/or increases in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the reputation and results of operations of the Resulting Issuer.

### *Dividend Policy*

The declaration, timing, amount and payment of dividends are at the discretion of the Resulting Issuer's board of directors and will depend upon the Resulting Issuer's future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors. There can be no assurance that the Resulting Issuer will declare a dividend on a quarterly, annual or other basis.

### *Operating Risks*

Mijem has a history of net losses and may not be able to achieve or maintain profitability in the future. Mijem has incurred net losses each year since its inception and we may not be able to achieve or maintain profitability in the future. The Resulting Issuer's expenses will likely increase in the future as it develops and launches new platform features, expands in existing and new markets, increases sales and marketing efforts and continues to invest in the platform. These efforts may be more costly than expected and may not result in increased revenue or growth in the Resulting Issuer's business. Certain platform features may require significant capital investments and recurring costs, including maintenance, depreciation, asset life and asset replacement costs, and if the Resulting Issuer is not able to generate sufficient levels of utilization of such assets or such platform features are otherwise not successful, such investments may not generate sufficient returns and the Resulting Issuer's financial condition may be adversely affected. Any failure to increase revenue sufficiently to keep pace with investment and other expenses could prevent the Resulting Issuer from achieving or maintaining profitability or positive cash flow on a consistent basis. If the Resulting Issuer is unable to successfully address these risks and challenges as it encounters them, its business, financial condition and results of operations could be adversely affected.

### *Brand Development*

The Resulting Issuer's reputation, brand and the network effects among users of its platform are critical to the Resulting Issuer's success, and if the Resulting Issuer is not able to continue developing its reputation, brand and network effects, its business, financial condition and results of operations could be adversely affected.

Building a strong reputation and brand as a reliable, affordable and efficient platform and continuing to increase the strength of the network effects among users of the platform will be critical to the ability to attract and retain new users. The successful development of such reputation, brand and network effects will depend on a number of factors, many of which are outside the Resulting Issuer's control. Negative perception of the Resulting Issuer or its platform may harm its reputation, brand and networks effects.

If the Resulting Issuer does not successfully develop its brand, reputation and network effects and successfully differentiate its offerings from competitive offerings, the business may not grow, the Resulting Issuer may not be

able to compete effectively and may lose or fail to attract users, any of which could adversely affect the business, financial condition and results of operations.

#### *Illegal, Improper or otherwise Inappropriate Activity of Users*

Illegal, improper or otherwise inappropriate activities by users, including the activities of individuals who may have previously engaged with, but are not then receiving or providing services offered through, our platform or individuals who are intentionally impersonating users of our platform could adversely affect our brand, business, financial condition and results of operations. These activities may include assault, theft, unauthorized use of credit and debit cards or bank accounts, sharing of user accounts and other misconduct. While the Resulting Issuer has implemented various measures intended to anticipate, identify and address the risk of these types of activities, these measures may not adequately address or prevent all illegal, improper or otherwise inappropriate activity by these parties from occurring in connection with the Resulting Issuer's platform. Such conduct could expose the Resulting Issuer to liability or adversely affect its brand or reputation. At the same time, if the measures taken to guard against these illegal, improper or otherwise inappropriate activities are too restrictive and inadvertently prevent users otherwise in good standing from using the platform, or if the Resulting Issuer is unable to implement and communicate these measures fairly and transparently or are perceived to have failed to do so, the growth and retention of the number of users and their utilization of our platform could be negatively impacted. Further, any negative publicity related to the foregoing, whether such incident occurred on the Resulting Issuer's platform or via a competitors' platforms, could adversely affect the reputation and brand or public perception of the Resulting Issuer's industry as a whole, which could negatively affect demand for its platform and which could harm the Resulting Issuer's business, financial condition and results of operations.

#### *Customer Acquisition*

The Resulting Issuer's success depends, in part, on the Resulting Issuer's ability to attract and retain users of the Mijem App. There are many factors which could impact the Resulting Issuer's ability to attract and retain users, including but not limited to the ability to continually produce a desirable and effective product, the successful implementation of user-acquisition plans and the continued growth in the aggregate number of users. The failure to acquire and retain users would have a Material Adverse Effect on the Resulting Issuer's business, operating results and financial condition.

#### *Dependence on Suppliers and Skilled Labour*

The ability of the Resulting Issuer to compete and grow will be dependent upon having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Resulting Issuer will be successful in maintaining its required supply of skilled labour and other required resources. It is also possible that the final costs of the major capital expenditure programs may be significantly greater than anticipated or available, in which circumstance there could be a materially adverse effect on the financial results of the Resulting Issuer.

#### *Intellectual Property*

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights brought in from the acquisition of Mijem are significant aspects of the Resulting Issuer's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Resulting Issuer's products and technology. Policing the unauthorized use of the Resulting Issuer's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as the Resulting Issuer may be unable to effectively monitor and evaluate its competitors platforms and the processes used to develop such platforms. In addition, in any infringement proceeding, some or all of the trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being

issued. Any or all of these events could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

In addition, other parties may claim that the Resulting Issuer's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, the Resulting issuer may need to obtain Licences from third parties who allege that the Resulting Issuer has infringed on their lawful rights. However, such Licences may not be available on terms acceptable to the Resulting Issuer or at all. In addition, the Resulting Issuer may not be able to obtain or utilize on terms that are favorable to it, or at all, Licences or other rights with respect to intellectual property that it does not own.

### **Conflicts of Interest**

Certain directors and officers of Mijem may serve from time to time as directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director or officer of Mijem and their duties as a director, officer, promoter or member of management of such other companies.

### **Material Contracts**

The only material contracts entered into by Mijem, other than in the ordinary course of business or agreements relating to the Transaction as described under *Part I - The Transaction*, within the previous two years prior to the date hereof are as follows:

- (a) a development Consulting Agreement between Mijem and xiBOSS Corporation; and
- (b) a development Consulting Agreement between Mijem and Bitgray Labs Inc.

Copies of Mijem's material contracts may be inspected during normal business hours at the registered office of Mijem located at 36 King Street East, Suite 524, Toronto, Ontario M5C 1E5.

### **Dissent Rights**

Pursuant to the OBCA, Mijem Shareholders have dissent rights ("**Dissent Rights**") with respect to the Amalgamation Resolution. As a result, any Mijem Shareholder who dissents (a "**Dissenting Shareholder**") is entitled to be paid the fair value (determined as of the close of business on the day before the Amalgamation Resolution is adopted) of all, but not less than all, of the Mijem Shares beneficially held by it in accordance with Section 185 of the OBCA, if the Mijem Shareholder dissents with respect to the Amalgamation Resolution and the Amalgamation Resolution becomes effective. It is a condition to completion of the Transaction in favour of Canada Coal that there will not have been delivered and not withdrawn notices of dissent with respect to the Amalgamation Resolution in respect of more than 5% of the Mijem Shares. The following is a summary of Section 185 of the OBCA relating to the rights of Dissenting Shareholders. These provisions are technical and complex and registered holders of Mijem Shares who wish to exercise Dissent Rights should consult a legal advisor.

The execution or exercise of a proxy does not constitute a written objection for purposes of the Dissent Rights.

The following summary does not purport to be comprehensive with respect to the procedures to be followed by a Mijem Shareholder seeking to exercise Dissent Rights with respect to the Amalgamation Resolution and is qualified in its entirety by reference to Section 185 of the OBCA, which is set forth at Schedule "L". Section 185 of the OBCA requires strict adherence to the procedures established therein and failure to adhere to such procedures may result in the loss of all Dissent Rights with respect to the Amalgamation Resolution. Accordingly, each Mijem Shareholder who desires to exercise rights of dissent should carefully consider and comply with the provisions of Section 185 of the OBCA and consult its legal advisors.



Notwithstanding Section 185(6) of the OBCA (pursuant to which a written objection may be provided at or prior to the Mijem Meeting), a Dissenting Shareholder who seeks payment of the fair value of its Mijem Shares is required to deliver a written objection to the Amalgamation Resolution to Mijem not later than 5:00 p.m. (Eastern time) two Business Days immediately preceding Mijem Meeting (or any adjournment or postponement thereof). Such notice must be delivered to 36 King Street East, Suite 524, Toronto, Ontario M5C 1E5. A vote against the Amalgamation Resolution or a withholding of votes does not constitute a written objection. Within 10 days after the Amalgamation Resolution is approved by the Mijem Shareholders, Mijem must so notify the Dissenting Shareholder (unless such Mijem Shareholder voted for the Amalgamation Resolution or has withdrawn its objection) who is then required, within 20 days after receipt of such notice (or, if such Mijem Shareholder does not receive such notice, within 20 days after learning of the approval of the Amalgamation Resolution), to send to Mijem a written notice containing its name and address, the number of Mijem Shares in respect of which the Mijem Shareholder dissents and a demand for payment of the fair value of such Mijem Shares and, within 30 days after sending such written notice, to send to Mijem the appropriate share certificate or certificates.

A Dissenting Shareholder who fails to send to Mijem, within the appropriate time frame, a written objection, demand for payment and certificates representing the Mijem Shares in respect of which the Mijem Shareholder dissents forfeits the right to make a claim under Section 185 of the OBCA.

On sending a demand for payment to Mijem, a Dissenting Shareholder ceases to have any rights as a Mijem Shareholder other than the right to be paid the fair value of such holder's Mijem Shares, notwithstanding anything to the contrary contained in Section 185 of the OBCA, which fair value will be determined as of the close of business on the day before the Amalgamation Resolution is adopted, except where:

- (a) the Dissenting Shareholder withdraws the demand for payment before Mijem makes an offer to the Dissenting Shareholder pursuant to the OBCA,
- (b) Mijem fails to make an offer as hereinafter described and the Dissenting Shareholder withdraws the demand for payment, or
- (c) the proposal contemplated in the Amalgamation Resolution does not proceed, in which case the Dissenting Shareholder's rights as a Mijem Shareholder will be reinstated as of the date the Dissenting Shareholder sent the demand for payment.

Mijem Shareholders who duly exercise their Dissent Rights are deemed to have transferred the Mijem Shares held by them and in respect of which Dissent Rights have been validly exercised pursuant to the Amalgamation and if such Dissenting Shareholders:

- (a) ultimately are entitled to be paid fair value for such Mijem Shares: (i) will be deemed not to have participated in the Amalgamation; (ii) will be entitled to be paid the fair value of such Mijem Shares, which fair value, notwithstanding anything to the contrary contained in Part XIV of the OBCA, will be determined as of the close of business on the day before the Amalgamation Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Amalgamation had such holders not exercised their Dissent Rights in respect of such Mijem Shares; or
- (b) ultimately are not entitled, for any reason, to be paid the fair value for such Mijem Shares pursuant to the Amalgamation, will be deemed to have participated in the Amalgamation on the same basis as any non-Dissenting Shareholder.

From and after the Effective Time, in no case is Canada Coal, Mijem or any other Person required to recognize a Dissenting Shareholder as a holder of any securities of any of Canada Coal, Mijem, the Resulting Issuer or any of their respective subsidiaries and the names of the Dissenting Shareholders are to be deleted from Mijem's register of holders of Mijem Shares.

In addition to any other restrictions under Section 185 of the OBCA, holders of warrants of Mijem will not be entitled to exercise Dissent Rights.

If the Amalgamation becomes effective, the Resulting Issuer will be required to send, not later than the seventh day after the later of: (i) the Effective Date; or (ii) the day the demand for payment is received, to each Dissenting Shareholder whose demand for payment has been received, a written offer to pay for such Dissenting Shareholder's shares such amount as the Resulting Issuer's board of directors considers fair value thereof accompanied by a statement showing how the fair value was determined.

The Resulting Issuer must pay for the Mijem Shares of a Dissenting Shareholder within 10 days after an offer made as described above has been accepted by a Dissenting Shareholder, but any such offer lapses if the Resulting Issuer does not receive an acceptance thereof within 30 days after such offer has been made.

If such offer is not made or accepted, the Resulting Issuer may, within 50 days after the Effective Date or within such further period as a court may allow, apply to a court to fix the fair value of such Mijem Shares. There is no obligation of the Resulting Issuer to apply to a court. If the Resulting Issuer fails to make such an application, a Dissenting Shareholder has the right to so apply within a further 20 days. A Dissenting Shareholder is not required to give security for costs in such an application.

Upon an application to court, all Dissenting Shareholders whose Mijem Shares have not been purchased by the Resulting Issuer will be joined as parties and be bound by the decision of the court, and the Resulting Issuer will be required to notify each Dissenting Shareholder of the date, place and consequences of the application and of the right to appear and be heard in person or by counsel. Upon any such application to a court, the court may determine whether any person is a Dissenting Shareholder who should be joined as a party, and the court will then fix a fair value for the shares of all Dissenting Shareholders who have not accepted an offer to pay. The final order of the court will be rendered against the Resulting Issuer in favour of each Dissenting Shareholder and for the amount of the Dissenting Shareholder's Mijem Shares as fixed by the court. The court may, in its discretion, allow a reasonable rate of interest on the amount payable to each such Dissenting Shareholder from the Effective Date until the date of payment.

**Registered Shareholders who are considering exercising Dissent Rights should be aware that there can be no assurance that the fair value of their Mijem Shares as determined under the applicable provisions of the OBCA will be more than or equal to the consideration offered under the Amalgamation. In addition, any judicial determination of fair value will result in delay of receipt by a Dissenting Shareholder of consideration for such Shareholder's Mijem Shares.**

**The foregoing summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of fair value of the Dissenting Shareholder's shares.**

Section 185 of the OBCA requires strict adherence to the procedures established therein and failure to do so may result in a loss of a Dissenting Shareholder's Dissent Rights. Accordingly, each Dissenting Shareholder who desires to exercise Dissent Rights should carefully consider and comply with the provisions of that section, the full text of which is set out in Schedule "L" or should consult with such Dissenting Shareholder's legal advisor.

## **PART VIII - INFORMATION CONCERNING THE RESULTING ISSUER**

### **Corporate Structure of the Resulting Issuer**

#### **Name and Incorporation**

The Resulting Issuer will be the entity resulting from the Business Combination of Canada Coal and Mijem and will be named "Mijem Inc.". The registered office of the Resulting Issuer will be located at 36 King Street East, Suite 524, Toronto, Ontario M5C 1E5.

#### **Intercorporate Relationships**

Pursuant to the Amalgamation, Mijem will amalgamate with Subco to form Amalco (to be named "Mijem Technologies Inc."), which will be a wholly-owned subsidiary of Canada Coal. Prior to the completion of the Amalgamation, Canada Coal will change its name to "Mijem Inc.". Upon completion of the Amalgamation, Amalco will be the only direct material operating subsidiary of the Resulting Issuer. The Resulting Issuer also has as a direct wholly-owned subsidiary, 5200 Nunavut Ltd., a company incorporated under the laws of Nunavut, which currently has no assets or liabilities.

#### **Narrative Description of The Business**

The business of the Resulting Issuer will be the business currently conducted by Mijem. See *Part VII - Information Concerning Mijem – Narrative Description of the Business*".

#### **Description of Securities**

The authorized capital of Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares.

#### **Resulting Issuer Shares**

Resulting Issuer will be authorized to issue an unlimited number of common shares with no par value. The holders of Resulting Issuer Shares will be entitled to receive notice of and attend all meetings of the shareholders of Resulting Issuer and will be entitled to one vote in respect of each Resulting Issuer Share held at such meetings. Upon any liquidation, dissolution or winding-up of Resulting Issuer, the holders of Resulting Issuer Shares will be entitled to share rateably in the remaining assets of Resulting Issuer.

#### **Dividend Policy**

It is not contemplated that any dividends will be paid in the immediate or foreseeable future following completion of the Transaction.

#### **Pro-Forma Consolidated Capitalization**

After giving effect to the Share Consolidation, the Minimum Offering, the Maximum Offering and the closing of the Transaction, the Resulting Issuer's capitalization on a fully-diluted basis is shown as follows:

	<b>Resulting Issuer Shares (Minimum Offering)</b>	<b>Resulting Issuer Shares (Maximum Offering)</b>
Issued and Outstanding Resulting Issuer Shares	86,627,129 <sup>(1)</sup>	93,391,835 <sup>(1)</sup>
Resulting Issuer Shares reserved for holders of Canada Coal Options and Canada Coal Warrants	3,125,000 <sup>(2)</sup>	3,125,000 <sup>(2)</sup>
Resulting Issuer Shares reserved for holders of Mijem Warrants	933,252 <sup>(3)</sup>	933,252 <sup>(3)</sup>
<b>Total</b>	<b>90,685,381<sup>(4)</sup></b>	<b>97,450,087<sup>(4)</sup></b>

**Notes:**

- (1) Includes 764,706 Resulting Issuer Shares reserved for issuance pursuant to the Finder Shares.
- (2) Canada Coal Options are exercisable at an exercise price of \$0.20 per Resulting Issuer Share until one year following closing of the Transaction. Canada Coal Warrants are exercisable at a price per Resulting Issuer Share of \$0.40 until January 23, 2021.
- (3) (a) 140,646 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.178 until January 20, 2020; (b) 140,861 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.178 until February 27, 2020; (c) 140,646 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.178 until April 21, 2020; (d) 51,670 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.0484 until November 1, 2020; and (e) 459,429 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.1632 until August 7, 2021.
- (4) In addition to the above, Resulting Issuer Warrants may be issued in connection with the Offering to appropriately registered entities in connection with subscriptions from investors introduced to by such entities.

The following table shows the capitalization of the Resulting Issuer distributed between Canada Coal Shareholders, Mijem Shareholders and holders of convertible securities of each of Canada Coal and Mijem after giving effect to the Share Consolidation, the Minimum Offering and the Maximum Offering:

	<b>Resulting Issuer Shares (Minimum Offering)</b>	<b>Percentage (fully diluted)</b>	<b>Resulting Issuer Shares (Maximum Offering)</b>	<b>Percentage (fully diluted)</b>
Resulting Issuer Shares reserved for Canada Coal Shareholders	15,862,438	17.49%	15,862,438	16.28%
Resulting Issuer Shares reserved for Mijem Shareholders	59,117,632	65.19%	59,117,632	60.66%
Resulting Issuer Shares reserved for issuance pursuant to Subscription Receipts	10,882,353	12.00%	17,647,059	18.11%
Resulting Issuer Shares reserved for issuance pursuant to the Finder Shares	764,706	0.84%	764,706	0.78%
Resulting Issuer Shares reserved for holders of Canada Coal Options	625,000 <sup>(1)</sup>	0.69%	625,000 <sup>(1)</sup>	0.64%

	<b>Resulting Issuer Shares (Minimum Offering)</b>	<b>Percentage (fully diluted)</b>	<b>Resulting Issuer Shares (Maximum Offering)</b>	<b>Percentage (fully diluted)</b>
Resulting Issuer Shares reserved for holders of Canada Coal Warrants	2,500,000 <sup>(2)</sup>	2.76%	2,500,000 <sup>(2)</sup>	2.57%
Resulting Issuer Shares reserved for holders of Mijem Warrants	933,252 <sup>(3)</sup>	1.03%	933,252 <sup>(3)</sup>	0.96%
<b>Total</b>	<b>90,685,381<sup>(4)</sup></b>	<b>100%</b>	<b>97,450,087<sup>(4)</sup></b>	<b>100%</b>

**Notes:**

- (1) Exercisable at an exercise price of \$0.20 per Resulting Issuer Share until one year following closing of the Transaction.
- (2) Exercisable at a price per Resulting Issuer Share of \$0.40 until January 23, 2021.
- (3) (a) 140,646 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.178 until January 20, 2020; (b) 140,861 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.178 until February 27, 2020; (c) 140,646 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.178 until April 21, 2020; (d) 51,670 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.0484 until November 1, 2020; and (f) 459,429 of such Replacement Warrants will be exercisable at a price per Resulting Issuer Share of \$0.1632 until August 7, 2021.
- (4) In addition to the above, Resulting Issuer Warrants may be issued in connection with the Offering to appropriately registered entities in connection with subscriptions from investors introduced to by such entities.

### Selected Pro-Forma Financial Information

The unaudited pro-forma statement of financial position of the Resulting Issuer is attached as Schedule "K" to this Information Circular. The unaudited pro-forma consolidated statement of financial position of the Resulting Issuer as at October 31, 2019 has been prepared from the financial statements of Canada Coal (see Schedule "G") and the financial statements of Mijem (see Schedule "I"). The unaudited pro-forma consolidated statement of financial position of the Resulting Issuer gives effect to the proposed Transaction and to the Minimum Offering, as described in this Information Circular and in the notes to the unaudited pro forma statement of financial position of the Resulting Issuer. The unaudited pro forma consolidated statement of financial position and the notes thereto should be read in conjunction with the financial statements of Canada Coal and Mijem, including the notes thereto, included at Schedules "G" and "I", respectively.

#### *Pro-Forma Consolidated Statement of Financial Position*

<b>Balance Sheet Data</b>	<b>As at October 31, 2019<sup>(1)</sup></b>
Current Assets	\$2,991,894
Total Assets	\$3,037,814
Current Liabilities	\$257,854
Total Liabilities	\$472,497
Shareholders' Equity	\$2,565,317

**Note:**

- (1) The *pro forma* unaudited consolidated statement of financial position of the Resulting Issuer has been compiled from and includes (i) the interim statement of financial position of Mijem as at October 31, 2019; and (ii) the audited annual statement of financial position of Canada Coal as at September 30, 2019.

### Estimated Available Funds and Principal Purposes

Upon completion of the Transaction, the Resulting Issuer will have estimated funds of approximately \$2,827,000 available (assuming completion of the Minimum Offering). The following table sets out the proposed use of the available funds by the Resulting Issuer after giving effect to the release of the Escrowed Funds and the completion of the Transaction.

Source of Funds	Following Completion of the Transaction and the release of the Escrowed Funds
Estimated Canada Coal Working Capital as at October 31, 2019	\$1.300 million
Estimated Mijem Working Capital as at October 31, 2019	\$0.009 million
Gross Proceeds of the Offering <sup>(1)</sup>	\$1.850 Million
Gross Funds	<b>\$3.159 million</b>
Less: Canada Coal Termination Expenses	0.216 million
Less: Finder's Commissions on Offering	0.105 million
Less: Finder's Fees	0.050 million
Less: Mijem Transaction Expenses	0.050 million
Less: Canada Coal Transaction Expenses	0.037 million
Less: CSE Filing Fees	0.014 million
Total Deductions Upon Closing	<b>\$0.472 million</b>
<b>Available Funds to the Resulting Issuer:</b>	<b>\$2.687 million</b>

**Note:**

(1) Assuming completion of the Minimum Offering.

The Resulting Issuer expects that the principal purpose of such funds will be used to effectuate Mijem's Business plan. Specifically, the Resulting Issuer intends to use the funds available for the following purposes (the following estimates based on 12 month breakdown):

Principal Uses of Available Funds	Following Completion of the Transaction and the release of the Escrowed Funds
Marketing activities for 12 months	\$0.843 million
Research & development for 12 months	\$0.885 million
Administrative expenses for 12 months	\$0.411 million
Retirement of debt and other payables	\$0.215 million
Unallocated working capital	\$0.333 million
Total uses of funds:	\$2.687 million

The consolidated pro forma balance sheet of the Resulting Issuer, which gives effect to the Amalgamation as if it had been completed on October 31, 2019, is attached hereto as Schedule "K".

It is currently anticipated that the Resulting Issuer's unallocated working capital will be used for such purposes determined by management from time to time.

The Resulting Issuer will spend the funds available to it upon completion of the Transaction for the principal purposes indicated above. Notwithstanding the foregoing, there may also be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements to meet its objectives, in which case the Resulting Issuer expects to either issue additional shares or incur indebtedness. There can be no assurance that additional funding required by the Resulting Issuer will be available if required. However, it is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives over the next 12 months.

## Dividends

There will be no restrictions on Resulting Issuer's ability to pay dividends on the Resulting Issuer Shares other than Resulting Issuer's financial position. It is expected that Resulting Issuer will retain future profits to finance further growth and that Resulting Issuer will not pay dividends in the near future. However, Resulting Issuer may consider paying dividends on the Resulting Issuer Shares in the future when circumstances permit, having regard to, among other things, its earnings, cash flow and financial requirements, as well as relevant legal and business considerations. All of the Resulting Issuer Shares are entitled to an equal share in any dividends declared and paid.

## Principal Securityholders

The following table shows, to the knowledge of the directors and senior officers of Mijem and Canada Coal, the only shareholder who will own, of record or beneficially, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all of the outstanding Resulting Issuer Shares following completion of the Transaction:

Name of Shareholder & Municipality of Residence	Number of Shares Owned (Percentage of Class and Type of Ownership)	
	Resulting Issuer Shares	Percentage of Voting Rights
Phuong Dinh, Toronto, Ontario	21,440,000	24.7%

## Directors and Officers

### Summary Information on Proposed Directors and Officers

The following are the names, age and municipalities of residence of those individuals who will serve as directors and officers of the Resulting Issuer, their positions and offices with the Resulting Issuer, their principal occupations during the last five years, the number of Resulting Issuer Shares that each will hold upon completion of the Transaction and the percentage of the class that such holdings represent. The information concerning the initial directors of Resulting Issuer is as furnished by such directors.

Name and Municipality of Residence	Principal Occupations for the Previous Five Years	Positions and Offices with the Resulting Issuer	Director/ Officer Since	Number (and Percentage) of Resulting Issuer Shares Owned or Controlled <sup>(1)</sup>
Phuong Dinh Toronto, Ontario	Founder and President, Mijem Inc.  Co-Founder and Festival Manager, Cityfest Entertainment Inc.  Consultant, Element Fleet Management  Consultant, Mark Longo & Associates	Director and Chief Executive Officer	To be appointed at closing of the Transaction	21,440,000 (24.7%)

Name and Municipality of Residence	Principal Occupations for the Previous Five Years	Positions and Offices with the Resulting Issuer	Director/ Officer Since	Number (and Percentage) of Resulting Issuer Shares Owned or Controlled <sup>(1)</sup>
Joey Caturay Toronto, Ontario	VP Innovation Technology, OnX Enterprise Solutions  Founder, Mona Networks  President, Little Room Inc.	Director	To be appointed at closing of the Transaction	Nil
Erin Oor Calgary, Alberta	Counsel, Bryan & Co. LLP, Edmonton, Alberta  General Counsel, Vice President, AutoCanada Inc., (ACQ-TSX)  General Manager and General Counsel, Unified Alloys (Ontario) Inc.	Director	To be appointed at closing of the Transaction	Nil
Gordon Westwater Toronto, Ontario	Chief Executive Officer, Chainsync  Chief Executive Officer, Active/Ipico Sports  Chief Executive, Ipico Inc.	Director	To be appointed at closing of the Transaction	Nil
Mag Saad Toronto, Ontario	President, Magnous Consulting Inc.	Director	To be appointed at closing of the Transaction	306,288 (0.4%)
Gord Tomkin Toronto, Ontario	President, Great Team Inc.	Chief Financial Officer	To be appointed at closing of the Transaction	Nil

**Notes:**

- (1) The information as to the number of shares beneficially owned, or over which control or direction is exercised, directly or indirectly, not being within the direct knowledge of the Resulting Issuer, has been furnished by the respective individuals. The percentage of Resulting Issuer Shares held is calculated assuming completion of the Minimum Offering.
- (2) Mr. Dinh has been a director and officer of Mijem since August 19, 2014.

If the Transaction is completed the directors and officers of the Resulting Issuer as a group will own, directly or indirectly, or exercise control or direction over, 21,746,288,000 Resulting Issuer Shares immediately following completion of the Transaction (representing 25.1% of all of the issued and outstanding Resulting Issuer Shares on a non-diluted basis) (assuming the Minimum Offering is completed).

*Committees of the Board*

Initially, the only committees of the proposed Resulting Issuer Board will be an audit committee (the "**Audit Committee**") and a Compensation, Corporate Governance and Nominating Committee (the "**Compensation, Corporate Governance and Nominating Committee**").

Upon completion of the Transaction, the Audit Committee is expected to be comprised of Gordon Westwater (Chair), Mag Saad and Erin Oor, each of whom is "independent" within the meaning of NI 52-110. Each Audit Committee member is "financially literate", within the meaning of NI 52-110 and possesses education or experience



that is relevant for the performance of their responsibilities as an Audit Committee member. See “*Part VIII – Information Concerning the Resulting Issuer – Directors and Officers – Biographical Information*”.

The mandate of the Audit Committee will be to assist the Resulting Issuer Board in fulfilling its oversight responsibilities relating to financial accounting, reporting and internal controls for the Resulting Issuer. The Audit Committee will be responsible for:

- conducting reviews and discussions with management and the external auditors relating to the audit and financial reporting;
- assessing the integrity of internal controls and financial reporting procedures; ensuring implementation of internal controls and procedures;
- reviewing the quarterly and annual financial statements and management’s discussion and analysis of the Resulting Issuer;
- selecting and monitoring the independence, performance and remuneration of the external auditors; oversight of all disclosure relating to financial information. The Audit Committee will also be responsible for reviewing and following the procedures established in the Resulting Issuer’s codes, policies and guidelines as may be established from time to time.

Upon completion of the Transaction, the Compensation, Corporate Governance and Nominating Committee is expected to be comprised of Joey Caturay (Chair), Erin Oor and Gordon Westwater. The Compensation, Corporate Governance and Nominating Committee will be responsible for (i) assisting the Resulting Issuer Board in determining the compensation for the Resulting Issuer’s executive officers and recommending these plans to the Resulting Issuer Board; and (ii) assisting the Resulting Issuer Board in matters pertaining to governance in accordance with good corporate practice and applicable regulatory requirements. This committee’s responsibilities will include:

- reviewing and approving the compensation of the Chief Executive Officer and other officers of the Resulting Issuer appointed by the Resulting Issuer Board;
- reviewing and approving the compensation policies, plans and programs for the Resulting Issuer’s executive officers and other senior management, as well as its overall compensation plans and structure;
- reviewing and discussing with management and recommending to the board of directors of the Resulting Issuer the disclosure to be included under the caption "Executive Compensation" for use in any annual reports, prospectuses, proxy circulars or information circulars;
- recommending to the board of directors the compensation for directors;
- administering the Resulting Issuer Option Plan and share compensation arrangements;
- reviewing and approving any public disclosures regarding governance matters as may be required by securities regulatory authorities;
- reviewing transactions between the Resulting Issuer and its directors, officers, shareholders and other related parties for recommendation to the Resulting Issuer Board;
- evaluating the performance and effectiveness of the Resulting Issuer Board as a whole, the various committees of the Resulting Issuer Board and individual directors on a regular and ongoing basis;
- considering nominations for directors and approving director nominations for recommendation to the Resulting Issuer Board;

- reviewing and recommending changes in the role, composition and structure of the Resulting Issuer Board and its various committees; and
- establishing an orientation and education program for new directors and providing continuing education for existing directors.

The Compensation, Corporate Governance and Nominating Committee will seek to ensure an objective process for determining compensation through compliance with the board's conflicts of interest guidelines. The Compensation, Corporate Governance and Nominating Committee will review the various compensation elements both individually and in total to seek alignment with the Resulting Issuer's compensation program objectives. The Compensation, Corporate Governance and Nominating Committee will then make recommendations on all executive pay, short-term incentives and long-term incentive options to the board of directors of the Resulting Issuer for approval.

### **Biographical Information**

Biographical information for the Resulting Issuer directors and officers is summarized below:

#### **Phuong Dinh, 32 – proposed Chief Executive Officer and Director**

Mr. Dinh is a seasoned professional, knowledgeable in software product development, marketing, quality management, and corporate strategy. Mr. Dinh has 10 years of experience working on projects for Fortune 500 companies. In addition to consulting, he has worked in the financial, high-tech, aerospace, nuclear, automotive, and chemical industries.

An entrepreneur at heart, Mr. Dinh founded Mijem in 2014. In 2013, Mr. Dinh co-founded cityfest.ca. Mr. Dinh acquired over 20 clients in the first 5 months, which included large national brands. Mr. Dinh currently sits on the board of Cityfest Entertainment Inc. and is an active advisor. Mr. Dinh holds a Bachelor of Applied Science, Honours Mechanical Engineering, from the University of Waterloo.

It is expected that, Mr. Dinh will devote his full time and attention to the affairs of the Resulting Issuer.

#### **Gord Tomkin, 61 – proposed Chief Financial Officer**

Mr. Tomkin is a corporate finance and technology professional. Mr. Tomkin provides consulting and support to entrepreneurs and start-up companies focused in the technology sector and has been providing consulting and support services to Mijem since November 2016.

Mr. Tomkin has held various senior positions in both private and public companies. In addition, Mr. Tomkin previously served on the board of Headwaters Health Care Center, a non-profit hospital in Caledon, Ontario, where he also served on the Quality, Finance and Compensation Committees.

It is expected that, initially, Mr. Tomkin will devote up to 50% of his time to the affairs of the Resulting Issuer and such additional time and expertise as is required by the Resulting Issuer from time to time.

#### **Joey Caturay, 56 – proposed Director**

Presently, Mr. Caturay is the VP of Innovation & Technology for OnX Enterprise Solutions, acquired in 2017 by Cincinnati Bell. He leads the e-commerce, financial technology and transformation practices to deliver exceptional digital experiences

In 2014, he founded Mona Networks, the creators of the Lane mobile platform for commercial real estate and acted as a member of the Board of Directors. He was the founder of Hype Inc., a digital consultancy acquired by the Apollo Group in 1998, and subsequently by the Publicis Group in 2001. He was also the founder of CaseWare International, the global leader in Working Papers and Audit platforms.

From 2008 through 2012, Mr. Caturay worked for the private equity firm Investors Guaranty Group based in Hamilton Bermuda. In his capacity as SVP and Managing Director, he oversaw the acquisition and disposition of technology companies around the globe.

Mr. Caturay earned an Honours B.Sc. in Biochemistry from Western University.

#### **Erin Oor, 54 – proposed Director**

Mr. Oor has recently returned to private legal practice – rejoining, as Counsel, the Edmonton-based law firm of Bryan & Company LLP.

Most recently, Mr. Oor served as Vice President, Corporate Development & Administration, and Corporate Secretary of AutoCanada Inc. (ACQ-TSX). At AutoCanada, Mr. Oor oversaw the team responsible for dealership acquisitions, as well as all matters relating to legal and compliance.

Mr. Oor joined AutoCanada in 2014 and retired in February of 2019. From 2012 to 2014, he was General Counsel for Unified Alloys Inc. and General Manager of Unified Alloys (Ontario). From 2007 to 2012, he was Vice President and General Counsel for VoodooVox Inc., a TSX listed corporation (previously Call Genie Inc.). Mr. Oor began his professional career spending 14 years as a lawyer and then partner with Bryan & Company LLP.

Mr. Oor has a Bachelor of Arts and Bachelor of Laws degree from the University of Alberta and is a member of the Law Society of Alberta.

Mr. Oor is currently a member of the Board of Directors of the Alberta Lacrosse Association. He has previously served on the Board of Directors of ABC Head Start, and has been the Executive Chair of the Rocky Mountain Lacrosse League. He has served on the Boards of, or in leadership positions with, various business and community organizations throughout his career.

#### **Mag Saad, 53 – proposed Director**

Mr Saad is an independent Executive Management Consultant, with a long successful career providing coaching and consulting services to executives of multimillion and multibillion-dollar international corporations.

Mr. Saad has an impressive track record helping organizations optimize their corporate resources and scale their operations and governance structures.

He has various executive positions such as: Acting COO, VP Operations, AVP Delivery and Portfolio Management among others, in diverse industries including: Hi-Tech, Telecom, Utilities, Banking, Retail, Professional Services, Logistics and Government.

Mr. Saad has a bachelor degree in Engineering from Concordia University in Montreal, a Masters Certificate in Project Management and coursework towards MBA from York University in Toronto. He is also PMP certified from the Project Management Institute and a certified NACD Governance Fellow from the National Association of Corporate Directors.

#### **Gordon Westwater, Age 58 – proposed Director**

Mr Westwater is a seasoned corporate executive and entrepreneur with over 30 years of technology experience in leadership roles in both public and private companies. As a co-founder of Ipico Inc. /Ipico Sports in 2005, Mr. Westwater was President/CEO from 2008 to 2015. Mr Westwater holds a Bachelor of Commerce from Queens University and a Masters of Business Administration from York University).

## **Non-Compliance or Non-Disclosure Agreements**

None of the proposed directors or officers of Resulting Issuer have entered into any non-compliance or non-disclosure agreements with Mijem, nor do any of the proposed directors or officers of Resulting Issuer propose to do so with Resulting Issuer.

## **Corporate Cease Trade Orders or Bankruptcies**

Except as disclosed elsewhere herein (see below, "Penalties or Sanctions") to the best of the Mijem's knowledge, no director, proposed director or executive officer of Resulting Issuer is at the date hereof, or within the 10 years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including Mijem) that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
- (b) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the best of Mijem's knowledge, no proposed director of Resulting Issuer is at the date hereof, or within the 10 years prior to the date hereof has been, a director or executive officer of any company (including Mijem) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

## **Individual Bankruptcies**

No proposed director, officer, promoter or principal shareholder of Resulting Issuer is or has, within 10 years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

## **Penalties or Sanctions**

Except as set forth below, no proposed director or officer of Resulting Issuer has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making a decision about the Transaction.

Mr. Gordon A. Westwater was the Chief Executive Officer of IPICO Inc. from April 2008 to March 2015. During the financial downturn, IPICO Inc. was unable to raise the capital necessary to invest in its business development plan and was reorganized under court supervision which resulted in the business continuing as a wholly owned subsidiary of Trilon Bancorp Inc., an affiliate of Brookfield Asset Management Inc. Brookfield Asset Management sold IPICO Inc. to Active Network LLC (Vista Equity Partners) in February 2015.

## **Conflicts of Interest**

Certain directors and officers of Resulting Issuer currently, or may in the future, act as directors or officers of other companies and, consequently, it is possible that a conflict may arise between their duties as a director or officer of Resulting Issuer and their duties as a director or officer of any other such company. There is no guarantee that while

performing their duties for Resulting Issuer, the directors or officers of Resulting Issuer will not be in situations that could give rise to conflicts of interest. There is no guarantee that these conflicts will be resolved in favour of Resulting Issuer. The proposed directors and officers of Resulting Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors and officers of conflicts of interest and the fact that Resulting Issuer will rely upon such laws in respect of any director's or officer's conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts must be disclosed by such directors or officers in accordance with the OBCA, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

## **Proposed Executive Compensation**

### **Compensation Discussion and Analysis**

This section provides information regarding the proposed compensation program for Named Executive Officers of the Resulting Issuer. The Resulting Issuer will adopt the compensation practices of Mijem as discussed under *Part VII - Information Concerning the Mijem - Executive Compensation*.

When determining compensation policies and individual compensation levels for the Resulting Issuer's executive officers, a variety of factors, will be considered including: the overall financial and operating performance of the Resulting Issuer; each executive officer's individual performance and contribution towards meeting corporate objectives; each executive officer's level of responsibility and length of service; and industry comparables.

The Resulting Issuer's compensation philosophy for its executive officers will follow three underlying principles: to provide compensation packages that encourage and motivate performance; to be competitive with other companies in the industry in which it operates, which are of similar size and scope of operations, so as to attract and retain talented executives; and to align the interests of its executive officers with the long-term interests of the Resulting Issuer and its shareholders through stock related programs.

The Resulting Issuer's compensation arrangements for its directors and officers, may, in addition to salary, include compensation in the form of bonuses upon the achievement of certain milestones and the granting of stock options. The compensation policy of the Resulting Issuer may be re-evaluated in the future to emphasize increased base salaries and/or cash bonuses with a reduced reliance on option awards, depending upon the future development of the Business and other factors which may be considered relevant by the Resulting Issuer Board, from time to time.

### **Named Executive Officers**

The Resulting Issuer's "Named Executive Officers" include its Chief Executive Officer, Chief Financial Officer (or an individual that served in a similar capacity) and the other three most highly compensated executive officers provided that disclosure is not required for those executive officers, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation did not exceed \$150,000. There are no proposed officers or directors of the Resulting Issuer whose compensation is expected to exceed \$150,000.

### **Summary compensation table**

The following table sets forth the proposed compensation to be earned by the Named Executive Officers of the Resulting Issuer during the first 12 months following the Effective Date.

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Phuong Dinh (Chief Executive Officer)	2020	128,000	0	0	0	0	128,000
Gord Tomkin (Chief Financial Officer)	2020	119,600	0	0	0	0	119,600

### Employment Agreements

The Resulting Issuer expects to enter into employment agreements with members of senior management following closing of the Transaction.

### Proposed Compensation of Directors

Following completion of the Transaction, it is anticipated that initially, compensation of the independent directors shall be in the form of security-based compensation only. As such, no compensation will be paid on account of an annual retainer nor in respect of meeting attendance. Independent directors also will be reimbursed for any out-of-pocket travel expenses incurred to attend meetings of the Resulting Issuer Board, committees of the Resulting Issuer Board or meetings of the shareholders of the Resulting Issuer. It is also anticipated that the Resulting Issuer will obtain customary insurance for the benefit of its directors and enter into indemnification agreements with its directors pursuant to which the Resulting Issuer will agree to indemnify its directors to the extent permitted by law.

Proposed executive officers of the Resulting Issuer who also act as directors of the Resulting Issuer will not receive any additional compensation for services rendered in such capacity, other than as paid by the Resulting Issuer to such executive officers in their capacity as executive officers.

Mijem does not anticipate paying director fees for the foreseeable future.

### Indebtedness of Directors And Officers

No director or officer, member of management, nominee for elections as director of the Resulting Issuer, nor any of their Associates or Affiliates, is or has been indebted to Mijem or Canada Coal or is expected to be indebted to the Resulting Issuer following the closing of the Transaction.

### Investor Relations Arrangements

Neither Canada Coal nor Mijem has entered into any written or oral agreement or understanding with any Person to provide promotional or investor relations services to either of them or the Resulting Issuer, or to engage in activities for the purposes of stabilizing the market, either now or in the future.

### Escrowed Securities

As required under the policies of the CSE, principals of the Resulting Issuer will enter into an escrow agreement as if the Corporation was subject to the requirements of National Policy 46-201 – *Escrow for Initial Public Offerings* (the "**Policy**"). Escrow releases will be scheduled at periods specified in NP 46-201 for emerging issuers, that is, 10% will be released upon completion of the Transaction followed by six subsequent releases of 15% every six months thereafter. The form of the escrow agreement must be as provided in the Policy.

The table below includes the details of escrowed securities after giving effect to the Share Consolidation, the Amalgamation and the Offering:

Name and Municipality of Residence of Security holder	Number of securities to be held in escrow	Percentage of class
Phuong Dinh, Toronto, ON	21,440,000	24.7%
Mag Saad, Toronto, ON	306,288	0.4%

**Note:**

(1) The total issued and outstanding Resulting Issuer Shares is expected to be 86,333,026 on an undiluted basis, assuming completion of the Minimum Offering.

### Interest of Experts

McGovern Hurley LLP, Chartered Accountants, are the auditors in respect of Canada Coal and have performed the audit in respect of the audited annual financial statements of Canada Coal for the financial years ended September 30, 2019, 2018 and 2017. McGovern Hurley LLP, Chartered Accountants have advised that they are independent of Canada Coal in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

Zeifmans LLP are the auditors in respect of Mijem and have performed the audit in respect of the audited annual financial statements of Mijem for the financial years ended July 31, 2019 and 2018. Zeifmans LLP has advised that they are independent of Mijem in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

### Material Contracts

The material contracts of the Resulting Issuer are the material contracts of Canada Coal as described under *Part VI - Information Concerning Canada Coal - Material Contracts*" and Mijem as described under *Part VII - Information Concerning Mijem - Material Contracts*.

### Stock Exchange Listing

The Canada Coal Shares are currently listed on NEX under the symbol "CCK.H".

Canada Coal is a reporting issuer in the Provinces of Ontario, British Columbia and Alberta. Upon completion of the Transaction, the Resulting Issuer will be a reporting issuer in the Provinces of Ontario, British Columbia and Alberta.

### Auditors

It is proposed Zeifmans LLP, located at 201 Bridgeland Avenue, North York, ON M6A 1Y7, will be appointed as the auditors of the Resulting Issuer.

### Transfer Agent and Registrar

It is proposed that Computershare Investor Services Inc., located at 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, will continue as the transfer agent and registrar for the Resulting Issuer Shares.

### Risk Factors

Following the completion of the Transaction, Resulting Issuer will carry on the same activities as those carried on by Mijem as described in this Information Circular. For a description of certain risk factors affecting Mijem and, assuming completion of the Transaction, Resulting Issuer, see *Part VII - Information Concerning Mijem - Risk Factors Concerning Mijem and the Resulting Issuer*.

**Approval of Board Of Directors of Canada Coal**

The Canada Coal Board has approved the contents of this Information Circular as they relate to Canada Coal and the distribution thereof to Canada Coal Shareholders.

**BY ORDER OF THE BOARD**

Per: "*R. Bruce Duncan*"  
Chief Executive Officer

**Approval of Sole Director of Mijem**

The sole director of Mijem has approved the contents of this Information Circular as they relate to Mijem and the distribution thereof to Mijem Shareholders.

**BY ORDER OF THE SOLE DIRECTOR**

Per: "*Phuong Dinh*"  
President and Director



**SCHEDULE A  
CONSOLIDATION RESOLUTION**

**"BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS OF CANADA COAL INC. THAT:**

1. Subject to the acceptance by the TSX Venture Exchange, Canada Coal Inc. ("**Canada Coal**") is hereby authorized to consolidate the issued and outstanding common shares in the capital of Canada Coal (the "**Consolidation**") on the basis of two (2) pre-Consolidation shares for one (1) post-Consolidation share of Canada Coal. Any resulting fractional shares with the first decimal place being less than five shall be cancelled without payment of any consideration, and any resulting fractional shares with the first decimal place being five or greater shall be rounded up to one whole post-Consolidation share;
2. Notwithstanding that this special resolution has been passed by the shareholders of Canada Coal, the directors of Canada Coal are hereby authorized and empowered without further notice to, or approval of, the shareholders to determine not to proceed with the Consolidation at any time prior to the filing of the articles of amendment giving effect to the Consolidation. The directors of Canada Coal may, at their sole discretion, revoke this resolution before it is acted upon without further approval or authorization of the shareholders of Canada Coal;
3. The effective date of the Consolidation shall be the date shown in the certificate of amendment issued under the *Business Corporations Act* (Ontario) or such other date indicated in the articles of amendment;
4. Any officer or director of Canada Coal is hereby authorized and directed for on behalf of Canada Coal to execute and deliver all such documents and to do all such other acts and things as he or she may determine to be necessary or advisable to give effect to this special resolution including, without limitation, to determine the timing for delivery and effect the delivery of articles of amendment in the prescribed form to the Director appointed under the *Business Corporations Act* (Ontario), the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

**SCHEDULE B  
NAME CHANGE RESOLUTION**

**"BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS OF CANADA COAL INC. THAT:**

1. Canada Coal Inc. ("**Canada Coal**") be and is hereby authorized, subject to any necessary regulatory approvals, to amend its articles to change the name of Canada Coal from "Canada Coal Inc." to "Mijem Inc.", or such other name as the board of directors of Canada Coal, in its sole discretion, deems appropriate and the Director appointed under the *Business Corporations Act* (Ontario) may permit.
2. Notwithstanding that this resolution has been duly passed by the shareholders of Canada Coal, the directors of Canada Coal be, and they hereby are, authorized and empowered to revoke this resolution at any time prior to the amendment of Canada Coal's articles and to determine not to proceed with changing the name of Canada Coal.
3. Any director or officer of Canada Coal be, and such director or officer of Canada Coal hereby is authorized and empowered, acting for, in the name of and on behalf of Canada Coal to execute or to cause to be executed, under seal of Canada Coal or otherwise, and to deliver or cause to be delivered, all such other documents and instruments, including, without limitation, articles of amendment, and to do or to cause to be done all such other acts and things, as in the opinion of such director or officer of Canada Coal may be necessary or desirable in order to fulfill the intent of the foregoing paragraphs of this resolution."

**SCHEDULE C**  
**STOCK OPTION PLAN RESOLUTION**

**"RESOLVED THAT:**

1. The stock option plan of Canada Coal Inc. ("**Canada Coal**") in the form attached as Schedule "M" to the joint management information circular of Canada Coal and Mijem Inc. dated January 6, 2020 be and is hereby authorized and approved for the ensuing year, subject to any amendments required by the stock exchange on which the common shares in the capital of Canada Coal are then listed.
  
2. Any one officer and director of Canada Coal be and is hereby authorized for and on behalf of Canada Coal to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

**SCHEDULE D**  
**DELISTING RESOLUTION**

**"BE IT RESOLVED THAT:**

1. Canada Coal Inc. ("**Canada Coal**") is hereby authorized to make an application to the the TSX Venture Exchange (the "**TSXV**") for the voluntary de-listing of the Canada Coal's common shares on NEX, and any of the directors or officers of Canada Coal are hereby authorized and directed, for and on behalf of the Canada Coal, to execute and deliver any and all documentation required by the TSXV and to supply the TSXV with all records and documents deemed necessary or advisable in order to complete the de-listing and to pay all fees in connection with such delisting;
2. if the Board of Directors of Canada Coal deems it inadvisable to proceed with any of the actions included in the above resolution, it shall have the authority to abstain from so doing; and
3. any one (or more) director or officer of Canada Coal is authorized and directed, on behalf of Canada Coal, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."

**SCHEDULE E  
COMBINATION AGREEMENT**

## COMBINATION AGREEMENT

**THIS AGREEMENT** made as of the 15<sup>th</sup> day of November, 2019.

**BETWEEN:**

**CANADA COAL INC.**, a corporation incorporated under the laws of the Province of Ontario (the "**Acquiror**")

and

**2726846 ONTARIO INC.**, a corporation incorporated under the laws of the Province of Ontario ("**Subco**")

and

**MIJEM INC.**, a corporation incorporated under the laws of the Province of Ontario (the "**Corporation**")

**WHEREAS** the Acquiror is a reporting issuer in the Provinces of Ontario, British Columbia and Alberta whose common shares are listed and posted for trading on the NEX Board of the TSX Venture Exchange.

**WHEREAS** the Corporation is engaged in the business of providing an online social marketplace for the purchase, sale and trading of goods;

**AND WHEREAS** the parties desire to cause the Corporation to combine with the Acquiror through an amalgamation (the "**Amalgamation**") of the Corporation with Subco on the terms and conditions set forth herein;

**AND WHEREAS** prior to or concurrent with the Combination (as defined below), the Corporation intends to carry out a private placement (the "**Private Placement**") for a minimum of \$1,850,000 and maximum of \$3,000,000 by way of Shares and/or Subscription Receipts (as defined below), which Shares and/or Subscription Receipts, once exchanged for Shares, shall convert to Canada Coal Shares upon consummation of the Combination and which may include the Acquiror issuing Canada Coal Shares or subscription receipts convertible into Canada Coal Shares on equivalent economic terms as the Subscription Receipts and as otherwise set out in this Agreement;

**AND WHEREAS** Acquiror desires to acquire the Corporation on the terms and conditions set forth herein;

**NOW, THEREFORE THIS AGREEMENT WITNESSES** that, in consideration of the foregoing premises, the mutual representations, warranties, covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### **ARTICLE 1** **DEFINITIONS**

#### **1.1 Definitions**

The following terms, as used herein, have the following meanings:

"**Acquiror Disclosure Letter**" means the disclosure letter delivered to the Corporation by the Acquiror on the date hereof in respect of certain representations and warranties of the Acquiror pursuant to Article 4.

**"Acquiror Proxy Circular"** means the management proxy circular of the Acquiror to be sent to shareholders of the Acquiror in connection with the special meeting of shareholders of the Acquiror being held in order to obtain the requisite shareholder approval of the Amalgamation, the Consolidation, the Name Change, the delisting of the Canada Coal Shares from the NEX, among other matters, in such form as may be agreed upon by the Corporation and the Acquiror in accordance with applicable laws.

**"Affiliate"** means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under direct or indirect common control with such other Person.

**"Agreement"** means this Combination Agreement by and among the Corporation, Subco and Acquiror.

**"Amalco"** means that corporation to be formed by the Amalgamation of the Corporation and Subco.

**"Amalgamation Agreement"** means the amalgamation agreement substantially in the form set out in Exhibit "A" attached hereto (with the outstanding bulleted information completed) in respect of the Amalgamation.

**"Applicable Law"** means, with respect to any Person, any Canadian (whether federal, territorial, provincial, municipal or local) or foreign statute, law, ordinance, rule, administrative interpretation, regulation, order, writ, injunction, directive, judgment, decree or other requirement, all as in effect as of the Closing, of any Governmental Authority (including any Environmental Laws) applicable to such Person or any of its Affiliates or any of their respective properties, assets, officers, directors, employees, consultants or agents (in connection with such officer's, director's, employee's, consultant's or agent's activities on behalf of such Person or any of its Affiliates).

**"Associate"** means with respect to any Person (a) any other Person of which such Person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities issued by such other Person, (b) any trust or other estate in which such Person has a ten percent (10%) or more beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity, and (c) any relative or spouse of such Person, or any relative of such spouse who has the same home as such Person or who is a director or officer of such Person or any Affiliate thereof.

**"Balance Sheet"** means the balance sheet of the Corporation as at July 31, 2019.

**"Business"** means the business as heretofore or currently conducted by the Corporation, including the online social marketplace for the purchase, sale or trading of goods.

**"Business Day"** means a day other than a Saturday, Sunday or other day on which commercial banks in Toronto, Ontario, Canada are authorized or required by law to close.

**"Canada Coal Shares"** means the common shares of the Acquiror.

**"Canada Coal Options"** means those share purchase options entitling the holder to subscribe for Canada Coal Shares.

**"Canada Coal Replacement Warrants"** mean share purchase warrants to be issued by the Acquiror as part of the Combination in replacement of the Corporation Warrants having the same terms and conditions as the Corporation Warrants except for the exercise price and number of Canada Coal Shares underlying such warrants which shall be adjusted in accordance with the Exchange Ratio.

**"Canada Coal Warrants"** mean those share purchase warrants entitling the holder thereof to subscribe for Canada Coal Shares.

**"Combination"** means the business combination between the Acquiror and the Corporation.

**"Consolidation"** means the consolidation by the Acquiror of its Canada Coal Shares on the basis of two (2) old Canada Coal Shares for one (1) new Canada Coal Share.

**"Contaminant"** means any pollutant, contaminant, waste, hazardous substance, hazardous material, toxic substance or dangerous good defined, judicially interpreted or identified in any Environmental Laws, including any that may impair the quality of any waters.

**"Contracts"** means, in respect of a Person, all contracts, agreements, options, leases, licences, sales and purchase orders, commitments and other instruments of any kind, whether written or oral, to which such Person is a party on the Closing Date, including, with respect to the Corporation, the Scheduled Contracts.

**"Corporation Warrants"** mean those common share purchase warrants issued by the Corporation entitling the holder(s) thereof, on the payment of the exercise price therefor, to acquire Shares.

**"Corporation Proxy Circular"** means the management proxy circular of the Corporation to be sent to Shareholders in connection with the special meeting of Shareholders being held in order to obtain the requisite Shareholder approval of the Amalgamation, among other matters, in such form as may be agreed upon by the Corporation and the Acquiror in accordance with applicable laws.

**"Damages"** means all demands, claims, actions, causes of action, assessments, losses, damages, costs, expenses, liabilities, judgments, awards, fines, sanctions, penalties, charges and amounts paid in settlement (net of insurance proceeds actually received), including (i) interest on cash disbursements in respect of any of the foregoing, compounded quarterly, from the date each such cash disbursement is made until the Person incurring the same shall have been indemnified in respect thereof and (ii) reasonable costs, fees and expenses of attorneys, accountants and other agents of, or other Persons retained by, such Person.

**"Corporation Disclosure Letter"** means the disclosure letter delivered to the Acquiror by the Corporation on the date hereof in respect of certain representations and warranties of the Corporation pursuant to Article 3.

**"Disposal"** or **"Disposed"** and correlative terms means any disposal by any means, including dumping, incineration, spraying, pumping, injecting, depositing or burying.

**"Dissenting Shares"** means shares held by a dissenting shareholder of the Corporation.

**"DRS Statements"** means those statements issued by the Acquiror's transfer agent pursuant to the direct registration system evidencing that number of Canada Coal Shares held in such account.

**"Environmental Laws"** means all federal, territorial, provincial, municipal or local statutes, regulations, laws, guidelines, policies or rules and any order (draft or otherwise), judgment, injunction, decree, award or writ of any Governmental Authority and the common law, relating in whole or in part to the environment, and includes those laws relating to the storage, generation, use, handling, manufacture, processing, transportation, import, export, treatment, Release or Disposal of any Contaminant and any laws relating to asbestos or asbestos-containing materials in the environment, in the workplace or in any building.

**"Environmental Liabilities"** means all Liabilities of a Person (whether such Liabilities are owed by such Person to Governmental Authorities, third parties or otherwise) whether currently in existence or arising hereafter that arise under or relate to any Environmental Laws.

**"Exchange"** means the Canadian Securities Exchange.

**"Exchange Ratio"** has the meaning ascribed to it in Section 2.2.2. of the Amalgamation Agreement, subject to proportional adjustment in the event that Canada Coal has working capital of less than the Minimum Working Capital Position on Closing (on the basis of the Acquiror having a deemed valuation of \$(redacted) and the Corporation having a deemed valuation of \$(redacted)).



**"Finder Shares"** means Canada Coal Shares to be issued at Closing to certain finders having a deemed value of up to \$130,000.

**"Governmental Authority"** means any Canadian (whether federal, territorial, provincial, municipal or local) or foreign government, governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, commission, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing.

**"GST"** means all goods and services taxes, sales taxes levied by the federal government of Canada, value added taxes or multi-stage taxes and all provincial sales taxes integrated with such federal taxes, assessed, rated or charged upon the Corporation.

**"Interim Period"** means the period from and including the date of this Agreement to and including the Closing Date.

**"IFRS"** means International Financial Reporting Standards, as issued by the International Accounting Standards Board.

**"knowledge"** means: (i) with respect to the Corporation, the actual knowledge of Phuong Dinh after reasonable inquiry; and (ii) with respect to the Acquiror, the actual knowledge of R. Bruce Duncan and Olga Nikitovic after reasonable inquiry.

**"Letter of Intent"** means that letter dated October 15, 2019 between the Corporation and the Acquiror.

**"Liability"** means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executors, determined, determinable or otherwise and whether or not the same is required to be accrued on the financial statements of such Person.

**"Lien"** means, with respect to any asset, any mortgage, assignment, trust or deemed trust (whether contractual, statutory or otherwise arising), title defect or objection, lien, pledge, charge, security interest, hypothecation, restriction, Encumbrance or charge of any kind in respect of such assets.

**"Listing Statement"** means a Listing Statement to be prepared on Form 2A of the Exchange and to be filed on behalf of the Acquiror in relation to the application to list the Canada Coal Shares on the Exchange.

**"Material Adverse Effect"** means, with respect to any party, any matter or action that has an effect or change that is, or would reasonably be expected to be, material and adverse to the business, operations, assets, capitalization or financial condition of the party and its subsidiaries (if applicable), taken as a whole, other than any matter, action, effect or change relating to or resulting from: (i) general economic, financial, currency exchange, securities or commodity prices in Canada or elsewhere; (ii) conditions affecting the online transaction industry generally; (iii) any matter which has been communicated in writing to the other party as of the date hereof; (iv) any matter that has prior to the date hereof been publicly disclosed in the Acquiror Filings; (v) resulting from any change in the trading price or volume of a party's shares; or (vi) any changes or effects arising from matters permitted or contemplated by this Agreement or consented to or approved in writing by the other party

**"Name Change"** means the change of name of the Acquiror from "Canada Coal Inc." to "Mijem Technologies Inc." or such other name as determined by the Corporation and acceptable to the applicable Governmental Authorities and the Exchange.

**"NEX"** means the NEX Board of the TSXV.

**"OBCA"** means the *Business Corporations Act* (Ontario).

**"Permitted Liens"** means (i) Liens for Taxes or governmental assessments, charges or claims the payment of which is not yet due, or for Taxes the validity of which is being contested in good faith by appropriate proceedings; (ii) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other similar Persons and other Liens imposed by Applicable Law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith; (iii) Liens relating to deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of leases, trade contracts or other similar agreements (iv) Liens and Encumbrances specifically identified in the Balance Sheet included in the Financials; and (v) Liens securing executory obligations under any lease that constitute an "operating lease" under IFRS; provided, however, that, with respect to each of clauses (i) through (v), to the extent that any such Encumbrance or Lien arose prior to the date of the Balance Sheet included in the Financials and relates to, or secures the payment of, a Liability that is required to be accrued under IFRS, such Encumbrance or Lien shall not be a Permitted Lien unless adequate accruals for such Liability have been established therefor on such Balance Sheet in conformity with IFRS.

**"Person"** means an individual, corporation, firm, partnership, limited liability company, limited liability partnership, association, syndicate, trust, estate or other entity or organization, including a Governmental Authority.

**"Private Placement"** has the meaning ascribed to it in the recitals.

**"Proceedings"** means any action, suit, hearing, arbitration, audit, charge, order (draft or otherwise), judgment, injunction, decree, award, writ, proceeding (public or private) or investigation that have been brought by or against any Governmental Authority or any other Person pending or, to the knowledge of the respective party.

**"Proxy Circulars"** means, collectively, the Acquiror Proxy Circular and the Corporation Proxy Circular.

**"Release"** means releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, migrating, escaping, leaching, disposing, dumping, depositing, spraying, burying, abandoning, incinerating, seeping or placing, or any similar action defined in any Environmental Laws.

**"Shares"** means the issued and outstanding common shares of the Corporation.

**"Shareholders"** means the shareholders of the Corporation.

**"Subscription Receipts"** means the subscription receipts of the Corporation as defined in the recitals above, which shall convert to common shares in the capital of the Corporation immediately prior to the consummation of the Amalgamation;

**"Subsidiary"** means, with respect to any Person, (i) any corporation as to which more than 10% of the outstanding shares having ordinary voting rights or power (and excluding shares having voting rights only upon the occurrence of a contingency unless and until such contingency occurs and such rights may be exercised) is owned or controlled, directly or indirectly, by such Person and/or by one or more of such Person's Subsidiaries, and (ii) any partnership, joint venture or other similar relationship between such Person (or any Subsidiary thereof) and any other Person (whether pursuant to a written agreement or otherwise).

**"Tax Act"** means the *Income Tax Act* (Canada).

**"Tax"** means all taxes imposed of any nature including any United States (whether federal, territorial, state or local), Canadian (whether federal, territorial, provincial or local) or foreign income tax, alternative or add-on minimum tax, profits or excess profits tax, franchise tax, gross income, adjusted gross income or gross receipts tax, employment related tax (including employee withholding or employer payroll tax or employer health tax), capital tax, real or personal property tax or ad valorem tax, sales or use tax, excise tax, stamp tax or duty, any withholding or back up withholding tax, value added tax, GST, severance tax, prohibited tax, premiums tax, occupation tax, customs and import duties, together with any interest or any penalty,

addition to tax or additional amount imposed by any Governmental Authority responsible for the imposition of any such tax or in respect of or pursuant to any United States (whether federal, territorial, state or local), Canadian (whether federal, territorial, provincial or local) or other Applicable Law.

"**Tax Return**" means all returns, reports, forms or other information required to be filed with respect to any Tax.

"**Transfer Agent**" means the transfer agent of the Acquiror, currently Computershare Investor Services Inc.; and

"**TSXV**" means the TSX Venture Exchange.

## **1.2 Index of Other Defined Terms**

In addition to these terms defined above, the following terms shall have the respective meanings given thereto in the sections indicated below:

<b><u>Defined Term</u></b>	<b><u>Section</u></b>
Acquiror	Preamble
Acquiror Filings	4.7(d)
Acquiror Indemnitees	10.1(a)
Amalgamation	Preamble
Claim	12.11
Claimant	12.11
Closing	2.7
Closing Date	2.7
Corporation	Preamble
Employment Agreement	3.15
Encumbrances	3.9(b)
Financials	3.7(a)
Indemnifying Parties	10.2(a)
Indemnitees	10.1(b)
Intellectual Property Rights	3.17
Minimum Working Capital Position	9.2(e)
Permits	3.13
Scheduled Contracts	3.12
Securities Authorities	4.7(c)
Securities Laws	4.7(a)
Shares	Recitals
Subco	Preamble

## **1.3 Currency Used**

All references herein to dollars or the use of the symbol "\$" shall be deemed to refer to Canadian dollars.

## **1.4 Accounting and Financial Terms**

All accounting and financial terms used herein, unless specifically provided to the contrary, shall be interpreted and applied in accordance with IFRS.

## **ARTICLE 2** **AMALGAMATION**

### **2.1 Amalgamation**

The Corporation and Subco hereby agree to amalgamate and continue as one corporation under the provisions of the OBCA upon the terms and conditions hereinafter set forth. In furtherance of the foregoing, subject to the terms and conditions herein set forth and on the basis of the covenants, representations, warranties and agreements of the parties herein contained, each of the Acquiror, Subco and the Corporation covenant and agree to:

- (a) enter into the Amalgamation Agreement forthwith after receipt of the requisite approval of the shareholders of each of the Corporation and the Acquiror to the Amalgamation, which Amalgamation Agreement shall give effect to the Amalgamation in accordance with the terms hereof;
- (b) The Acquiror shall effect the Consolidation and Name Change immediately prior to the Amalgamation;
- (c) co-operate with each other in the preparation and issuance of the Proxy Circulars and in connection therewith provide the other parties with such information and material concerning its affairs as such other parties shall reasonably request, and to provide the other parties with an opportunity to review all disclosure in respect of the Proxy Circulars and to make all such changes as are reasonably requested;
- (d) co-operate with each other in the preparation and filing of the Listing Statement and in connection therewith provide the other parties with such information and material concerning its affairs as such other parties shall reasonably request, and to provide the other parties with an opportunity to review all disclosure in respect of Listing Statement, as applicable and to make all such changes as are reasonably requested;
- (e) use all commercially reasonable efforts and do all things necessary or reasonably desirable on its part to facilitate the implementation of the Amalgamation and all related matters in connection therewith, including without limiting the generality of the foregoing, applying for, obtaining and/or effecting as applicable: (i) the approval of the Exchange for the listing thereon of the Canada Coal Shares on the Exchange; (ii) the approval of the NEX for the delisting of the Canada Coal Shares from the NEX; (iii) in the case of the Acquiror, effect the Name Change and Consolidation prior to the Effective Date; and (iv) obtain such other consents, orders or approvals as may be necessary or desirable to be obtained for the implementation of the Amalgamation, including without limitation those referred to in Article 9 hereof, and preparing and delivering all necessary documents in connection therewith; and
- (f) take and cause to be taken such other steps and actions and execute such other documents, agreements and instruments as may be reasonably necessary or desirable in connection with the consummation of the transactions contemplated hereby.

### **2.2 Effect of Amalgamation**

On the Effective Date, subject to the Act:

- (a) the amalgamation of Mijem and Subco and their continuance as one corporation, Amalco, under the terms and conditions prescribed in this Agreement shall be effective;
- (b) the property of each of the Amalgamating Parties shall continue to be the property of Amalco;

- (c) Amalco shall continue to be liable for the obligations of each of the Amalgamating Parties;
- (d) any existing cause of action, claim or liability to prosecution with respect to either or both of the Amalgamating Parties shall be unaffected;
- (e) any civil, criminal or administrative action or proceeding pending by or against any of the Amalgamating Parties may be continued to be prosecuted by or against Amalco;
- (f) the articles of amalgamation of Amalco shall be deemed to be the articles of incorporation of Amalco and the Certificate shall be deemed to be the Certificate of Incorporation of Amalco;
- (g) the board of directors of the Acquiror shall be reconstituted to consist of five (5) directors nominated by Mijem who initially shall be Phuong Dinh, Erin Oor, Gordon Westwater, Joey Caturay and Mag Saad, and one of whom shall, at the discretion of the Acquiror, be nominated by the Acquiror, subject to the Corporation's approval acting reasonably and subject to the receipt of all applicable regulatory approvals and all in a manner that complies with the regulations of the Exchange and applicable securities laws; and
- (h) the management of the Acquiror shall be reconstituted to be comprised of nominees of the Corporation, subject to the receipt of all applicable regulatory approvals and all in a manner that complies with the regulations of the Exchange and applicable securities laws.

### **2.3 Treatment of Securities**

On the Effective Date,

- (a) each issued and outstanding Share (other than Dissenting Shares but including any such Shares issued upon exercise of the Subscription Receipts which shall be converted immediately prior to the Effective Time) shall be converted into that number of post-Consolidation Canada Coal Shares determined in accordance with the Exchange Ratio, and all such Shares shall be cancelled;
- (b) the issued and outstanding Corporation Warrants will be exchanged for Canada Coal Replacement Warrants, based upon the Exchange Ratio, and an aggregate of up to 2,038,700 post-Consolidation Canada Coal Shares (subject to adjustment in the event that Shares are issued prior to Closing due to the exercise of the Corporation's liquidity warrants) shall be reserved for issuance upon exercise of such Canada Coal Replacement Warrants;
- (c) the Canada Coal Warrants and Canada Coal Options shall remain outstanding in accordance with their terms, provided that the Canada Coal Options shall not expire more than one year after the Closing Date;
- (d) in consideration of the Acquiror issuing the post-Consolidation Canada Coal Shares as provided for in subsection 2.3(a) above, Amalco shall allot and issue to Canada Coal one fully paid and non-assessable Amalco common share for each Canada Coal Share so issued; and
- (e) Canada Coal will receive one Amalco common share for each one Subco common share held and the Subco common shares will be cancelled.

### **2.4 Fractional Shares**

Notwithstanding section 2.3, no fractional Canada Coal Shares or Canada Coal Replacement Warrants will be issuable pursuant to the Amalgamation, and no cash payment or other form of consideration will be payable in lieu thereof. Any such fractional Canada Coal Share or Canada Coal

Replacement Warrant interest to which a securityholder would otherwise be entitled pursuant to the Amalgamation will be rounded to the nearest whole Canada Coal Share or Canada Coal Replacement Warrant, respectively.

## 2.5 Escrow

The parties acknowledges and agree that some or all of the Canada Coal Shares, including Canada Coal Shares to be received by the Shareholders, may be subject to escrow restrictions if and to the extent required by the Exchange and the Acquiror and the Corporation shall cause the applicable holders of Canada Coal Shares so required by the Exchange to deposit any applicable Canada Coal Shares received in escrow under the terms of an escrow agreement in a form acceptable to the Parties and the Exchange and under which Canada Coal Shares will be released from escrow on the basis of, at the time of, and in the manner stipulated in the escrow agreement substantially in accordance with the escrow release schedule provided for "emerging issuers" in Form 46-201F1 to National Policy 46-201 – *Escrow for Initial Public Offerings* of the Canadian Securities Administrators. The Corporation acknowledges that the policies of the Exchange require that Canada Coal Shares issued to Shareholders who received Shares on the exercise of liquidity warrants of the Corporation to be subject to escrow.

## 2.6 Certificates

On the Effective Date,

- (a) the holders (other than Dissenting Shareholders who are ultimately entitled to be paid fair value for their Shares) of Shares and Corporation Warrants shall be deemed to be the registered holders of the Canada Coal Shares and Canada Coal Replacement Warrants to which they are entitled hereunder, respectively. Shareholders and holders of Corporation Warrants shall not be required to deliver and surrender to the Transfer Agent or the Corporation's registrar, as applicable, the certificates representing their respective Shares and Corporation Warrants which have been exchanged for Canada Coal Shares in accordance with section 2.3(a) hereof and Canada Coal Replacement Warrants in accordance with section 2.3(b) hereof. The Transfer Agent or registrar shall, as soon as practicable, issue to such Shareholders DRS Statements or certificates representing the number of Canada Coal Shares to which such holder is entitled. The Acquiror shall issue and deliver certificates representing the Canada Coal Replacement Warrants to the registered holders of all Corporation Warrants as soon as practicable after the Effective Date, without any further action on the part of the holders thereof; and
- (b) certificates evidencing Shares and Corporation Warrants shall cease to represent any claim upon or interest in the Corporation, the Acquiror or Amalco other than the right of the registered holder to receive pursuant to the terms hereof and the Amalgamation, Canada Coal Shares and Canada Coal Replacement Warrants, as applicable, in accordance with section 2.3 and the Amalgamation Agreement.

## 2.7 Closing

The completion of the Combination (the "**Closing**") shall occur on the date (the "**Closing Date**") which is five (5) Business Days following the day upon which all of the approvals and determinations required to be obtained pursuant to this Agreement have been obtained by the Acquiror or such earlier or later date as the Acquiror and the Corporation may agree. The parties shall use their best efforts to cause the Closing Date to be on or before January 31, 2020, however, if the Closing Date shall not have occurred on or before February 28, 2020 (the "**Outside Date**"), or such later date as the parties hereto agree to in writing on or before the Outside Date (as last extended), any Party shall have the right upon notice to the other Parties to terminate this Agreement, and thereupon none of the Acquiror, Subco or the Corporation will have any further rights or obligations hereunder.

### 2.7.1 Deliveries on Closing on the Closing Date:

- (i) The Corporation shall deliver to the Acquiror:
  - (i) the certificates of the Corporation contemplated in Section 9.1;
  - (ii) escrow agreements duly executed by such Shareholders as may be required by the Exchange;
  - (iii) a certified copy of the resolution of the directors of the Corporation authorizing the execution and delivery of this Agreement and the performance by the Corporation of the terms of this Agreement;
  - (iv) a certified copy of the resolution of the Shareholders authorizing and approving the Amalgamation;
  - (v) confirmation by the Corporation that it has received the net proceeds for the Private Placement referenced herein (including any proceeds raised by the Acquiror), subject only to the closing of the Combination; and
  - (vi) such other documents reasonably required by the Acquiror's legal counsel.
- (j) The Acquiror shall deliver to the Corporation:
  - (i) a copy of a letter from the Exchange approving the listing of the Canada Coal Shares on the Exchange and any other transactions contemplated by this Agreement requiring Exchange approval;
  - (ii) evidence reasonably acceptable to the Corporation's legal counsel that the Canada Coal Shares have been delisted from the NEX;
  - (iii) escrow agreements duly executed by such holders of Canada Coal Shares as may be required by the Exchange;
  - (iv) the certificates of the Acquiror contemplated in Section 9.2;
  - (v) originals or copies, as appropriate, of all books, records and accounts of the Acquiror and Amalco and any other information necessary for the Corporation to operate and manage the business of the Acquiror and Amalco, if required;
  - (vi) duly executed treasury direction of the Acquiror for the Canada Coal Shares issuable to Shareholders on the Amalgamation, registered in the name of the Shareholders;
  - (vii) warrant certificates representing the Canada Coal Replacement Warrants, registered in the name of the applicable holder of Corporation Warrants;
  - (viii) a certified copy of the resolution of the directors of the Acquiror: (A) authorizing the execution and delivery of this Agreement and the performance by the Acquiror of the terms of this Agreement, (B) authorizing the allotment and issuance of the Canada Coal Shares issuable pursuant to the terms of this Agreement, and (C) reserving for issuance Canada Coal Shares issuable upon the exercise of Canada Coal Replacement Warrants;
  - (ix) a resignation and mutual release of Olga Nikitovic as an employee of the Acquiror, including a waiver of any entitlements arising due to the Combination in consideration for a payment not to exceed \$93,000 plus employer contributions to Canada Pension Plan and Employment Insurance;

- (x) an agreement terminating the Consulting Agreement between the Acquiror and Bruce Duncan, including a waiver of any entitlements arising due to the Combination in consideration for a payment not to exceed \$93,000 plus HST;
- (xi) a resignation and mutual release of two of the independent directors of the Acquiror for consideration of the payment of \$15,000 to each such independent director;
- (xii) evidence reasonably acceptable to the Corporation's legal counsel that the Consolidation and Name Change have been effected; and
- (xiii) such other documents as reasonably required by the Corporation's legal counsel.

The Closing of the transactions contemplated by this Agreement shall take place at the offices of Aird & Berlis LLP in Toronto, Ontario or at such other location or by such other means (including an electronic closing by facsimile or PDF) on the Closing Date or such other date as the parties may agree.

### **ARTICLE 3** **REPRESENTATIONS AND WARRANTIES OF CORPORATION**

As an inducement to Acquiror and Subco to enter into this Agreement and to consummate the transactions provided for herein, the Corporation represents and warrants to Acquiror and Subco as follows:

#### **3.1 Existence and Power**

The Corporation is a corporation duly incorporated, organized and validly existing under the laws of the Province of Ontario and has, directly or indirectly, all corporate power and all governmental licences, authorizations, permits, consents and approvals required to carry on the Business as now conducted and to own and operate the Business as now owned and operated. No Proceedings have been taken or authorized by the Corporation or, to the knowledge of the Corporation, by any other Person, with respect to the bankruptcy, insolvency, liquidation, dissolution or winding-up of the Corporation or, except for the Combination, with respect to any amalgamation, merger, consolidation, arrangement or reorganization relating to the Corporation.

#### **3.2 Authorization**

The execution, delivery and performance by the Corporation of this Agreement and the consummation thereby of the transactions provided for herein are within the Corporation's powers and have been duly authorized by all necessary action on its part other than the submission of the Amalgamation to the Shareholders for approval. This Agreement has been duly and validly executed by the Corporation and constitutes a legal, valid and binding agreement of the Corporation enforceable against it in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and subject to general principles of equity.

#### **3.3 Capital Stock**

The authorized capital of the Corporation consists of an unlimited number of Shares without nominal or par value, of which as of the date hereof there are 27,433,374 Shares which are validly issued and outstanding as fully paid and non-assessable Shares in the capital of the Corporation (subject to the issuance of up to 17,647,059 Shares and/or Subscription Receipts of the Corporation at a price of \$0.17 per Subscription Receipt in connection with the Private Placement which is expected to be completed no later than January 31, 2020. In addition, there are 950,886 Corporation Warrants which are reserved for issuance pursuant to exercise and having the applicable term and exercise price set out in Schedule 3.3 of the Corporation Disclosure Letter and liquidity warrants exercisable for 11,349,758 Shares having the terms and exercise price set out in Schedule 3.3 of the Corporation Disclosure Letter. Except as set out in this Section 3.3 or in Schedule 3.3 of the Corporation Disclosure Letter, the Corporation does not have any commitment to issue, deliver or sell any securities of the Company



No shares or other securities of the Corporation have been issued in violation of any laws, the articles of the Corporation or the terms of any shareholders' agreement or any agreement to which the Corporation is a party or by which it is bound.

### **3.4 Subsidiaries**

The Corporation has no Subsidiaries.

### **3.5 Governmental Authorization**

The execution, delivery and performance by the Corporation of this Agreement requires no action by, consent or approval of, or filing with, any Governmental Authority other than as expressly referred to in this Agreement.

### **3.6 Non-Contravention**

The execution, delivery and performance of this Agreement by the Corporation, and the consummation by it of the transactions provided for herein, do not and will not (a) contravene or conflict with the articles or bylaws of the Corporation; (b) contravene or conflict with or constitute a material violation of any provision of any Applicable Law binding upon or applicable to the Corporation, the Business or the Shares and would not, individually or in the aggregate have a Material Adverse Effect; (c) constitute a default under or give rise to any right of termination, cancellation or acceleration of, or to a loss of any benefit to which the Corporation is entitled, under any Contract to which the Corporation is a party or any Permit or similar authorization relating to the Corporation, the Business or the Shares by which the Corporation, the Business or the Shares may be bound or affected; or (d) result in the creation or imposition of any Lien.

### **3.7 Financial Statements**

- (a) Attached to the Corporation Disclosure Letter at Schedule 3.7 is the balance sheet and the related audited statements of income and retained earnings and changes of financial position for the financial years ended July 31, 2018 and 2019 of the Corporation (the "**Financials**"). The Financials have been audited by Zeifmans LLP, Auditors & Chartered Public Accountants.
- (b) The Financials: (i) have been prepared on a consistent basis and are based on the books and records of the Corporation in accordance with IFRS and present fairly the financial position, results of operations and statements of changes in the Corporation's financial position as of the dates indicated or the periods indicated; (ii) contain and reflect all necessary adjustments and accruals for a fair presentation of its financial position and the results of its operations for the periods covered by said financial statements; (iii) contain and reflect adequate provisions for all reasonably anticipated liabilities (including Taxes) with respect to the periods then ended and all prior periods; and (iv) with respect to Contracts to which the Corporation is a party and commitments for the sale of goods or the provision of services by the Corporation, contain and reflect adequate reserves for all reasonably anticipated material losses and costs and expenses in excess of expected receipts.
- (c) To the best of the knowledge of the Corporation, there are no Liabilities of the Corporation other than: (i) any Liabilities accrued as Liabilities on the Balance Sheet; (ii) Liabilities incurred since the date of the Balance Sheet that do not, and could not, individually or in the aggregate have a Material Adverse Effect; (iii) Liabilities incurred since the date of the Balance Sheet in the ordinary course of business and consistent with past practice; and (iv) other Liabilities disclosed in this Agreement or in any schedules attached hereto.

### **3.8 Absence of Certain Changes**

Since the date of the Letter of Intent, except as set out in Schedule 3.8 of the Corporation Disclosure Letter, the Business has been conducted in the ordinary course, and there has not been:

- (a) any event, occurrence, state of circumstances, or facts or change in the Corporation or in the Business that has had, or which the Corporation may, after reasonable inquiry, expect to have, either individually or in the aggregate, a Material Adverse Effect;
- (b) (i) any change in any Liabilities of the Corporation that has had, or which the Corporation may, after reasonable inquiry, expect to have, a Material Adverse Effect or (ii) any incurrence, assumption or guarantee of any indebtedness for borrowed money by the Corporation in connection with the Business or otherwise;
- (c) any (i) payments by the Corporation in respect of any indebtedness of the Corporation for borrowed money or in satisfaction of any Liabilities of the Corporation related to the Business, other than in the ordinary course of business or the guarantee by the Corporation of any of the indebtedness of any other Person or (ii) creation, assumption or sufferance of (whether by action or omission) the existence of any Lien on any assets reflected on the Balance Sheet, other than Permitted Liens;
- (d) any transaction or commitment made, or any Contract entered into, by the Corporation, or any waiver, amendment, termination or cancellation of any Contract by the Corporation, or any relinquishment of any rights thereunder by the Corporation or of any other right or debt owed to the Corporation, other than, in each such case, actions taken in the ordinary course of business consistent with past practice;
- (e) any (i) grant of any severance, continuation or termination pay to any director, officer, stockholder or employee of the Corporation or any Affiliate of the Corporation, (ii) entering into of any employment, deferred compensation or other similar agreement (or any amendment to any such existing agreement) with any director, officer, stockholder or employee of the Corporation or any Affiliate of the Corporation, (iii) increase in benefits payable or potentially payable under any severance, continuation or termination pay policies or employment agreements with any director, officer, stockholder or employee of the Corporation or any Affiliate of the Corporation, (iv) increase in compensation, bonus or other benefits payable or potentially payable to directors, officers, stockholders or employees of the Corporation or any Affiliate of the Corporation, (v) change in the terms of any bonus, pension, insurance, health or other employee benefit plan of the Corporation or (vi) representation of the Corporation to any employee or former employee of the Corporation that Acquiror promised to continue any employee benefit plan after the Closing Date;
- (f) any change by the Corporation in its accounting principles, methods or practices or in the manner it keeps its books and records; or
- (g) any distribution, dividend, bonus, management fee or other payment by the Corporation to any officer, director, stockholder or Affiliate of the Corporation or any of their respective Affiliates or Associates, other than payments of salaries or compensation in connection with services rendered in the normal course.

### **3.9 Properties; Tangible Assets**

- (a) The Corporation does not own any real property.
- (b) Except as set out in Schedule 3.9 of the Corporation Disclosure Letter, the Corporation holds title to its assets free and clear of all Liens, adverse claims, easements, rights of way, servitudes, zoning or building restrictions or any, other rights of others or other adverse

interests of any kind, including leases, chattel mortgages, conditional sales contracts, collateral security arrangements and other title or interest retention arrangements (collectively, "**Encumbrances**"), except Permitted Liens and any Encumbrances which would, individually or in the aggregate, be reasonably expected to result in a Material Adverse Effect.

### **3.10 Affiliates**

Schedule 3.10 of the Corporation Disclosure Letter identifies each and every Contract which was entered into within the past two years and which is currently in force and effect between the Corporation and any of the Shareholders or their Affiliates.

### **3.11 Litigation**

There are no Proceedings pending or, to the knowledge of the Corporation, threatened against or affecting the Corporation or the Business or that seeks to prevent, enjoin, alter or delay the transactions contemplated by this Agreement and (ii) there is no existing order, judgment or decree of any Governmental Authority naming the Corporation as an affected party which has not been paid or discharged in full, except in each case as would not individually or in the aggregate be reasonably expected to result in a Material Adverse Effect.

### **3.12 Material Contracts**

Except for any other Contract specifically disclosed or set forth in any other schedule to this Agreement, Schedule 3.12 of the Corporation Disclosure Letter sets forth a complete list of all Contracts that are material to the Corporation or the Business, including the following (collectively, with the Employment Agreements, the "**Scheduled Contracts**"): (i) each Contract where the dollar volume of sales to or by the Corporation exceeded \$25,000 in a calendar year; (ii) each Contract that requires payment or incurrence of Liabilities, or the rendering of services, by the Corporation, subsequent to the date of this Agreement of more than \$25,000; (iii) all Contracts relating to, and evidences of, indebtedness for borrowed money for more than \$25,000 (whether incurred, assumed, guaranteed or secured by any asset); (iv) all letters of credit, guarantees or similar agreements issued on behalf of the Corporation; and (v) all partnership, joint venture or other similar Contracts, arrangements or agreements.

### **3.13 Permits**

Schedule 3.13 of the Corporation Disclosure Letter sets forth all material approvals, authorizations, certificates, consents, licences, orders and permits and other similar authorizations of all Governmental Authorities (and all other Persons) necessary for the operation of the Business in substantially the same manner as currently operated by the Corporation or affecting or relating in any way to the Business (the "**Permits**").

### **3.14 Compliance with Applicable Laws**

The operation of the Business (i) has not violated or infringed, except for violations or infringements that have been cured and the prior existence of which could not, individually or in the aggregate, reasonably be expected to have an adverse effect on the Corporation and (ii) does not in any material respect violate or infringe; any Applicable Law, the terms of any Permit or any order, writ, injunction or decree of any Governmental Authority.

### **3.15 Employment Agreements; Change in Control; and Employee Benefits**

There are no employment, consulting, severance pay, continuation pay, termination pay, change of control or indemnification agreements or other similar agreements of any nature whatsoever (collectively, "**Employment Agreements**") between the Corporation, on the one hand, and any current or former stockholder, officer, director, employee or Affiliate of the Corporation or any of their respective Associates

or any consultant or agent of the Corporation, on the other hand, that are currently in effect, except as set forth on Schedule 3.15 of the Corporation Disclosure Letter.

### **3.16 Labour and Employment Matters**

To the knowledge of the Corporation, and other than in respect of those individuals listed in Schedule 3.15 of the Corporation Disclosure Letter, the Corporation does not currently have, or has ever had any employees or consultants in Canada that Revenue Canada may construe as employees.

### **3.17 Intellectual Property**

- (a) Schedule 3.17 of the Corporation Disclosure Letter sets forth a complete and correct list of each patent, patent application and invention, trademark, tradename, trademark or tradename registration or application, copyright or copyright registration or application for copyright registration, and each licence or licensing agreement, for any of the foregoing relating to the Business as conducted by the Corporation or held by the Corporation (together the "**Intellectual Property Rights**"). Intellectual Property Rights also include any trade secrets that are material to the conduct of the Business in the manner that the Business has heretofore been conducted.
- (b) The Corporation has not, during the three years preceding the date of this Agreement, been a party to any Proceeding, nor to the knowledge of the Corporation, is any Proceeding threatened as to which there is a reasonable possibility of a determination adverse to the Corporation, involving a claim of infringement by any Person (including any Governmental Authority) of any Intellectual Property Right. No Intellectual Property Right is subject to any outstanding order, judgment, decree, stipulation or agreement restricting the use thereof by the Corporation or restricting the licensing thereof by the Corporation to any Person. The Corporation does not have any knowledge that would cause such Person to believe that the use of the Intellectual Property Rights or the conduct of the Business conflicts with, infringes upon or violates any patent, patent licence, patent application, trademark, tradename, trademark or tradename registration, copyright, copyright registration, service mark, brand mark or brand name or any pending application relating thereto, or any trade secret, know-how, programs or processes, or any similar rights, of any Person.
- (c) To the knowledge of the Corporation, the Corporation either owns the entire right, title and interest in, to and under, or has acquired an exclusive licence to use, any and all patents, trademarks, tradenames, brand names and copyrights that are material to the conduct of the Business in the manner that the Business has heretofore, been conducted. The Intellectual Property Rights are in full force and effect and have not been used or enforced or failed to be used or enforced in a manner that would result in the abandonment, cancellation or unenforceability of any of the Intellectual Property Rights. All registrations and filings necessary to preserve the rights of the Corporation in and to the Intellectual Property Rights have been made.

### **3.18 Advisory Fees**

Except for finder's fees or other commission payable pursuant to the Private Placement, there is no investment banker, broker, finder or other intermediary or advisor that has been retained by or is authorized to act on behalf of the Corporation, who might be entitled to any fee, commission or reimbursement of expenses from the Corporation or the Acquiror or any of their respective Affiliates or any of their respective Associates upon consummation of the transactions contemplated by this Agreement.

### **3.19 Environmental Compliance**

- (a) The Corporation has obtained all approvals, authorizations, certificates, consents, licences, orders and permits or other similar authorizations of all Governmental Authorities, or from any other Person, that are required under any Environmental Laws.
- (b) The Corporation is in compliance with all material terms and conditions of all approvals, authorizations, certificates, consents, licences, orders and permits or other similar authorizations of all Governmental Authorities required under all Environmental Laws. The Corporation is also in compliance in all material respects with all other limitations, restrictions, conditions, standards, requirements, schedules and timetables required or imposed under all Environmental Laws.
- (c) There are no past or present events, conditions, circumstances, incidents, actions or omissions that constituted, constitute or may, after the Closing, constitute a material violation by the Corporation or the Business of any Environmental Law or that may give rise to any material Environmental Liabilities of the Corporation or the Business, or otherwise form the basis of any claim, action, demand, suit, Proceeding, hearing, study or investigation relating to or in any way affecting the Corporation or the Business that, if determined adversely to the Corporation, would reasonably be expected to result in a Material adverse Effect, in each case: (i) under any Environmental Laws or (ii) based on or related to the manufacture, processing, distribution, use, treatment, storage (including underground storage), disposal, transport, handling, emission, discharge, Release or threatened Release of any Contaminants.

### **3.20 Insurance**

The Corporation maintains the insurance policies set out in Schedule 3.20 of the Corporation Disclosure Letter.

### **3.21 Tax Matters**

- (a) The Corporation has prepared and filed all Tax Returns on time with all appropriate Governmental Authorities which were required to be filed on or prior to the Closing Date. Each such Tax Return was correct and complete in all material respects.
- (b) The Corporation has paid all Taxes shown as due and payable by it on all Tax Returns and has paid all assessments and reassessments it has received in respect of Taxes. The Corporation has paid all Tax installments due and payable by it.
- (c) There are no assessments or reassessments of Taxes that have been issued and are outstanding. The Corporation is not negotiating any assessment or reassessment with any Governmental Authority. The Corporation is not aware of any Liabilities of the Corporation for Taxes or any grounds for an assessment or reassessment including aggressive treatment of income expenses, credits or other claims for deduction under any Tax Return.

### **3.22 Accounting Records**

The Corporation has maintained proper accounting records such that an audit can readily be completed on its financial statements.

### **3.23 Full Disclosure**

The information contained in the documents, certificates and written statements (including this Agreement and the schedules and exhibits hereto) furnished to Acquiror by or on behalf of the Corporation with respect to the Corporation (including the Business and the results of operations, financial condition and prospects of the Corporation) for use in connection with this Agreement or the transactions

contemplated by this Agreement is true and complete in all material respects and does not, to the best of the knowledge of the Corporation after conducting an inquiry which a reasonably prudent person would make under the circumstances, omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. There is no fact known to the Corporation that has not been disclosed to Acquiror by the Corporation in writing that has had a Material Adverse Effect on or, so far as the Corporation can now foresee, would reasonably be likely to have a Material Adverse Effect on the Corporation (including the Business and the results of operations, financial condition or prospects of the Corporation).

#### **ARTICLE 4**

### **REPRESENTATIONS AND WARRANTIES OF THE ACQUIROR**

As an inducement to the Corporation to enter into this Agreement and to consummate the transactions provided for herein, Acquiror hereby represents and warrants to the Corporation that:

#### **4.1 Organization and Existence**

Acquiror is a corporation duly incorporated, organized and validly existing under the laws of the Province of Ontario and has all corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. No Proceedings have been taken or authorized by the Acquiror or, to the knowledge of the Acquiror, by any other Person, with respect to the bankruptcy, insolvency, liquidation, dissolution or winding-up of the Corporation or except for the Combination, with respect to any amalgamation, merger, consolidation, arrangement or reorganization relating to the Acquiror.

#### **4.2 Authorization**

The execution, delivery and performance by Acquiror of this Agreement and the consummation of the transactions provided for herein are within the corporate powers of Acquiror and have been duly authorized by all necessary corporate action on the part of Acquiror. This Agreement has been duly and validly executed by Acquiror and constitutes legal, valid and binding agreement of Acquiror, enforceable against it in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights and subject to general principles of equity.

#### **4.3 Governmental Authorization**

The execution, delivery and performance by Acquiror of this Agreement requires no action by, consent or approval of, or filing with, any Governmental Authority except for the approval of the Exchange and those consents, approvals or filings which will have been obtained at or prior to Closing.

#### **4.4 Non-Contravention**

The execution, delivery and performance of this Agreement by Acquiror, and the consummation by Acquiror of the transactions provided for herein, do not (a) contravene or conflict with the Certificate of Incorporation or Bylaws of Acquiror, (b) contravene or constitute a default under any material agreement to which Acquiror is a party, or (c) contravene or conflict with or constitute a violation of any provision of any Applicable Law binding upon or applicable to the Acquiror.

#### **4.5 Litigation**

There is no Proceeding pending, or to the knowledge of Acquiror, threatened, against or affecting Acquiror before any Governmental Authority that challenges or seeks to prevent enjoin, alter or delay the transactions provided for by this Agreement.

#### **4.6 Shares and Rights to Acquire Shares**

The authorized capital of the Acquiror consists of an unlimited number of Canada Coal Shares, of which a total of 31,724,875 Canada Coal Shares are validly issued and outstanding as fully paid and non-assessable shares in the capital of the Acquiror. Other than Canada Coal Options to purchase up to an additional 1,250,000 Canada Coal Shares and Canada Coal Warrants to purchase up to an additional 5,000,000 Canada Coal Shares, there are not outstanding (i) any options, warrants, rights of first refusal or other rights to purchase any shares of the Acquiror, (ii) any securities convertible into or exchangeable for such shares or (iii) any other commitments of any kind for the issuance of additional shares of the Acquiror or options, warrants or other securities of the Acquiror other than the commitment to issue the Finder Shares. All of the Canada Coal Shares to be issued to the Shareholders pursuant to this Agreement and all of the Canada Coal Shares to be issued on exercise of the Canada Coal Replacement Warrants will, when issued, be validly issued as fully paid and non-assessable, will be listed for trading on the Exchange and will not be subject to any contractual or other restrictions on transferability or voting, other than those shares subject to escrow pursuant to section 2.5 above, and other than any Shareholders who are resident in the United States who will, for greater certainty, be subject to an indefinite hold period absent an exemption from the registration requirements of applicable federal and state securities laws of the United States.

#### **4.7 Securities Laws Matters**

- (a) The Acquiror is a “reporting issuer” under applicable Securities Laws in the Provinces of British Columbia, Alberta and Ontario, is not on the list of reporting issuers in default under the *Securities Act* (British Columbia), *Securities Act* (Alberta), and *Securities Act* (Ontario) and all other applicable Canadian provincial and territorial securities laws and the rules, regulations and published policies thereunder (collectively, “**Securities Laws**”) of such provinces and is in compliance, in all material respects, with such Securities Laws.
- (b) The Canada Coal Shares are listed and posted for trading on the NEX under the trading symbol “CCK”.
- (c) The Acquiror has not taken any action to cease to be a reporting issuer in any province nor has the Acquiror received notification from any of the British Columbia Securities Commission, Alberta Securities Commission, Ontario Securities Commission or any other applicable securities commissions or securities regulatory authorities of a province or territory of Canada (collectively, the “**Securities Authorities**”) seeking to revoke the reporting issuer status of the Acquiror.
- (d) The Acquiror has filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed pursuant to applicable Securities Laws by the Acquiror with the Securities Authorities since becoming a reporting issuer (the “**Acquiror Filings**”). The documents comprising Acquiror Filings did not, as of the date filed (or if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such subsequent filing) contain any untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, and complied in all material respects with the requirements of applicable Securities Laws in Canada. Acquiror has not filed any confidential material change report which at the date of this Agreement remains confidential. As of the date hereof, to the knowledge of the Acquiror, none of the documents publicly filed by Acquiror pursuant to Securities Laws since becoming a reporting issuer is the subject of an ongoing review by the Securities Authorities in Canada, outstanding comments with respect to such filings by the Securities Authorities or outstanding investigation by the Securities Authorities in Canada.

#### **4.8 Absence of Certain Changes**

Since the date of the balance sheet included in the most recently filed financial statements filed by the Acquiror as part of the Acquiror Filings, there has not been:

- (a) any event, occurrence, state of circumstances, or facts or change in the Acquiror or in the Business that has had, or which the Acquiror may, after reasonable inquiry, expect to have, either individually or in the aggregate, a Material Adverse Effect;
- (b) (i) any change in any Liabilities of the Acquiror that has had, or which the Acquiror may, after reasonable inquiry, expect to have, a Material Adverse Effect or (ii) any incurrence, assumption or guarantee of any indebtedness for borrowed money by the Acquiror in connection with the Business or otherwise;
- (c) any (i) payments by the Acquiror in respect of any indebtedness of the Acquiror for borrowed money or in satisfaction of any Liabilities of the Acquiror other than in the ordinary course of business or the guarantee by the Acquiror of any of the indebtedness of any other Person or (ii) creation, assumption or sufferance of (whether by action or omission) the existence of any Lien on any assets reflected in the Acquiror Filings, other than Permitted Liens;
- (d) any transaction or commitment made, or any Contract entered into, by the Acquiror, or any waiver, amendment, termination or cancellation of any Contract by the Acquiror, or any relinquishment of any rights thereunder by the Acquiror or of any other right or debt owed to the Corporation, other than, in each such case, actions taken in the ordinary course of business consistent with past practice;
- (e) any (i) grant of any severance, continuation or termination pay to any director, officer, stockholder or employee of the Acquiror or any Affiliate of the Acquiror, (ii) entering into of any employment, deferred compensation or other similar agreement (or any amendment to any such existing agreement) with any director, officer, stockholder or employee of the Acquiror or any Affiliate of the Acquiror, (iii) increase in benefits payable or potentially payable under any severance, continuation or termination pay policies or employment agreements with any director, officer, stockholder or employee of the Acquiror or any Affiliate of the Acquiror, (iv) increase in compensation, bonus or other benefits payable or potentially payable to directors, officers, stockholders or employees of the Acquiror or any Affiliate of the Acquiror, or (v) change in the terms of any bonus, pension, insurance, health or other employee benefit plan of the Acquiror; or
- (f) any change by the Acquiror in its accounting principles, methods or practices or in the manner it keeps its books and records.

#### **4.9 Employment Agreements; Change in Control; and Employee Benefits**

There are no employment, consulting, severance pay, continuation pay, termination pay, change of control or indemnification agreements or other similar agreements of any nature whatsoever between the Acquiror, on the one hand, and any current or former stockholder, officer, director, employee or Affiliate of the Corporation or any of their respective Associates or any consultant or agent of the Corporation, on the other hand, that are currently in effect except for the consulting contract and the employment contract of the Chief Executive Officer and Chief Financial Officer respectively and the commitment to pay to the two independent directors \$15,000 upon Closing.

#### **4.10 Material Contracts**

Except for stock option agreements in respect of the Canada Coal Options and the consulting and employment contract for the CEO and CFO respectively, the Acquiror is not a party to any contract that cannot be terminated on 30 days' or less notice and without any consideration in respect of such termination.

#### **4.11 Labour and Employment Matters**



To the knowledge of the Acquiror, other than Olga Nikitovic, the Chief Financial Officer and Abraham H. Jonkers, the former Chief Executive Officer who resigned in 2014, the Corporation does not currently have, or has ever had any employees or consultants in Canada that Revenue Canada may construe as employees.

#### **4.12 Advisory Fees**

There is no investment banker, broker, finder or other intermediary or advisor that has been retained by or is authorized to act on behalf of the Acquiror, who might be entitled to any fee, commission or reimbursement of expenses from the Corporation or the Acquiror or any of their respective Affiliates or any of their respective Associates upon consummation of the transactions contemplated by this Agreement, other than fees payable pursuant to finder's fee agreements entered into or to be entered into between the Acquiror and certain finders, such fees not to exceed \$50,000 in cash and \$130,000 in Canada Coal Shares payable upon Closing of the Combination.

### **ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF SUBCO**

As an inducement to the Corporation to enter into this Agreement and to consummate the transactions provided for herein, the Acquiror and Subco hereby represent and warrant to the Corporation on a joint and several basis that:

#### **5.1 Organization and Existence**

Subco is a corporation duly incorporated, organized and validly existing under the laws of the Province of Ontario and has all corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. No Proceedings have been taken or authorized by Subco or, to the knowledge of the Acquiror or Subco, by any other Person, with respect to the bankruptcy, insolvency, liquidation, dissolution or winding-up of the Corporation or except for the Combination, with respect to any amalgamation, merger, consolidation, arrangement or reorganization relating to Subco. Subco has been incorporated solely for the purpose of the Amalgamation and has never carried on any active business (other than such business required in connection with the Combination) and has no material assets and no liabilities.

#### **5.2 Authorization**

Subco is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against Subco in accordance with its terms (subject to such limitations and prohibitions as may exist or may be enacted in applicable laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally).

### **ARTICLE 6 COVENANTS OF THE CORPORATION**

#### **6.1 Conduct of the Business**

The Corporation shall maintain primary responsibility for obtaining all regulatory approvals required to be obtained, and with the completion and filing of all reports and documents, including the Listing Statement and the Proxy Circulars, required to be completed and filed, in respect of the transactions contemplated by this Agreement. The Corporation shall convene and hold a special meeting of its shareholders for the purpose of considering the Amalgamation as soon as reasonably practicable and in connection therewith, as promptly as reasonably practicable, prepare the Corporation Proxy Circular, together with any other documents required by applicable legislation in connection with the approval of the Amalgamation, which Corporation Proxy Circular shall include a recommendation of the board of directors of the Corporation that the Shareholders vote in favour of the Amalgamation, and which recommendation

shall not be withdrawn or amended in any manner other than where required in connection with the exercise by the board of directors of the Corporation of their fiduciary duties.

During the Interim Period, other than with the express written approval of the Acquiror, the Corporation shall conduct the Business in the ordinary course consistent with past practice and shall use its commercially reasonable best efforts to preserve intact the organization, relationships with third parties and goodwill of the Corporation and keep available the services of the present officers, employees, agents and other personnel of the Business. Without restricting the generality of the foregoing, the Corporation will not:

- (a) amend its articles or bylaws;
- (b) sell, mortgage, pledge or otherwise dispose of any substantial assets or properties of the Corporation;
- (c) declare, set aside or pay any management fee or dividend or make any other distribution with respect to the capital stock of the Corporation or otherwise make a distribution or payment to any Shareholder;
- (d) amalgamate, merge or consolidate with or agree to amalgamate, merge or consolidate with, or purchase or agree to purchase all or substantially all of the assets of, or otherwise acquire, any corporation, partnership or other business organization or division thereof;
- (e) authorize for issuance, issue, sell or deliver any additional shares of its capital stock of any class or any securities or obligations convertible into shares of its capital stock of any class or commit to doing any of the foregoing except in connection with the Private Placement and as provided for in Schedule 3.3 of the Corporation Disclosure Letter;
- (f) split, combine or reclassify any shares of the capital stock of any class of the Corporation or redeem or otherwise acquire, directly or indirectly, any shares of such capital stock;
- (g) incur or agree to incur more than \$100,000 of any debt or guarantee any debt for borrowed money, including any debt to any Shareholder, or to any Affiliate or Associate of any Shareholder, except debt incurred with the Acquiror;
- (h) make any loan, advance or capital contribution to or investment in any person other than loans, advances and capital contributions to or investments in joint ventures or other similar arrangements in which the Corporation has an equity interest in the ordinary course of business and travel advances made in the ordinary course of business by the Corporation to its employees to meet business expenses expected to be incurred by such employees;
- (i) except as provided for in Section 6.1(g), enter into any agreement or contract which binds the Corporation for payments of more than \$50,000; or
- (j) fail in any material respect to comply with any Applicable Laws.

## **6.2 Confidentiality**

- (a) The Corporation will, and will cause its employees, officers, directors, shareholders, outside advisors, agents, Affiliates, Associates and representatives to, treat any data and information obtained with respect to the Acquiror or any of its Affiliates or Associates from any representative, officer, director or employee of the Acquiror, or from any books or records of the Acquiror, confidentially and with commercially reasonable care and discretion, and will not disclose any such information to third parties; provided, however, that the foregoing shall not apply to (i) information in the public domain or that becomes public through disclosure by any party other than the Corporation, or its Affiliates, Associates or representatives, so long as such other party is not in breach of a

confidentiality obligation, (ii) information that is required to be disclosed by Applicable Law, or (iii) information that is disclosed by the Corporation or its Affiliates or Associates, on a confidential basis, to any of their respective agents, accountants and attorneys in connection with or related to the consummation of the transactions contemplated hereby.

- (b) In the event that this Agreement is terminated, the Corporation, upon the written request of Acquiror, will, and will cause their representatives to, promptly deliver to Acquiror any and all documents or other materials furnished by Acquiror or any of its Affiliates to the Corporation in connection with this Agreement without retaining any copy thereof. In the event of such request, all other documents, whether analyses, compilations or studies, that contain or otherwise reflect the information furnished by Acquiror to the Corporation, shall be destroyed by the Corporation, or shall be returned to Acquiror, and the Corporation shall confirm to Acquiror in writing that all such materials have been returned or destroyed. No failure or delay by the Acquiror in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other exercise thereof or the exercise of any right, power or privilege hereunder.
- (c) The parties hereto recognize and agree that in the event of a breach by the Corporation of this Section, money damages would not be an adequate remedy for such breach and, even if money damages were adequate, it would be impossible to ascertain or measure with any degree of accuracy the damages sustained therefrom. Accordingly, if there should be a breach or threatened breach by the Corporation of the provisions of this Section, Acquiror and its Affiliates and Associates shall be entitled to an injunction restraining the Corporation from any breach without showing or proving actual damage sustained by the Acquiror, its Affiliates or Associates, as the case may be. Nothing in the preceding sentence shall limit or otherwise affect any remedies that Acquiror may otherwise have under Applicable Law.

## **ARTICLE 7**

### **COVENANTS OF THE ACQUIROR**

#### **7.1 Conduct**

The Acquiror will use reasonable efforts to assist the Corporation in obtaining all regulatory approvals required to be obtained, and with the completion and filing of all reports and documents, including the Listing Statement and the Proxy Circulars, required to be completed and filed, in respect of the transactions contemplated by this Agreement. The Acquiror shall convene and hold an annual and special meeting of its shareholders for the purpose of considering the Name Change, Consolidation, delisting of the Canada Coal Shares from the NEX and any other matters necessary in connection with the Combination as soon as reasonably practicable and in any event within two (2) Business Days of the date hereof and, in connection therewith, as promptly as reasonably practicable, prepare the Acquiror Proxy Circular, together with any other documents required by applicable legislation in connection with the approval of the Amalgamation, which Acquiror Proxy Circular shall include a recommendation of the board of directors of the Acquiror that Canada Coal shareholders vote in favour of the matters described above, and which recommendation shall not be withdrawn or amended in any manner other than where required in connection with the exercise by the board of directors of the Corporation of their fiduciary duties.

During the Interim Period, other than with the express written approval of the Corporation, the Acquiror will:

- (a) not amend or alter its articles or by-laws;
- (b) not enter into or amend any employment, bonus, severance or retirement or employee benefit plan, contract, policy, practice or arrangement, or increase any salary or other form of compensation payable or to become payable to any executives or employees of the Corporation;

- (c) not sell, mortgage, pledge or otherwise dispose of any substantial assets or properties of the Acquiror or enter into any transaction or perform any act that might interfere with, impede or be inconsistent with the successful completion of the transactions contemplated hereunder;
- (d) not split, combine or reclassify any shares of the capital stock of any class of the Acquiror, other than the Consolidation as contemplated herein;
- (e) not amalgamate, merge or consolidate with or agree to amalgamate, merge or consolidate with, or purchase or agree to purchase all or substantially all of the assets of, or otherwise acquire, any corporation, partnership or other business organization or division thereof;
- (f) not authorize for issuance, issue, sell or deliver any additional shares of its capital stock of any class or any securities or obligations convertible into shares of its capital stock of any class or commit to doing any of the foregoing; and
- (g) incur or agree to incur any debt or guarantee any debt for borrowed money;
- (h) make any loan, advance or capital contribution to or investment in any person; and
- (i) maintain its status as a "reporting issuer" (or the equivalent), not in default of any of the requirements of applicable securities laws, in each of the provinces and territories of Canada in which it currently has such status.

## **7.2 Confidentiality**

- (a) The Acquiror will, and will cause its employees, officers, directors, shareholders, outside advisors, agents, Affiliates, Associates and representatives to, treat any data and information obtained with respect to the Corporation, or any of its Affiliates or Associates, from any representative, officer, director or employee of the Corporation, or from any books or records of the Corporation, confidentially and with commercially reasonable care and discretion, and will not disclose any such information to third parties; provided, however, that the foregoing shall not apply to (i) information in the public domain or that becomes public through disclosure by any party other than Acquiror or its Affiliates, Associates or representatives, so long as such other party is not in breach of a confidentiality obligation, (ii) information that is required to be disclosed by Applicable Law, (iii) information that is disclosed by Acquiror or its Affiliates or Associates, on a confidential basis, to any of their respective agents, accountants, attorneys and prospective lenders or investors in connection with or related to the consummation of the transactions contemplated hereby, including the financing of the transactions contemplated by this Agreement, or (iv) any information that is disclosed by Acquiror after the Closing has occurred.
- (b) In the event that this Agreement is terminated, Acquiror, upon the written request of the Corporation, will, and will cause its representatives to, promptly deliver to the Corporation any and all documents or other materials furnished by the Corporation or their respective Affiliates to Acquiror in connection with this Agreement without retaining any copy thereof. In the event of such request, all other documents, whether analyses, compilations or studies, that contain or otherwise reflect the information furnished by the Corporation to Acquiror, shall be destroyed by Acquiror or shall be returned to the Corporation, and Acquiror shall confirm to the Corporation in writing that all such materials have been returned or destroyed. No failure or delay by the Corporation in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.
- (c) The parties hereto recognize and agree that in the event of a breach by Acquiror of this section, money damages would not be an adequate remedy for such breach and, even if

money damages were adequate, it would be impossible to ascertain or measure with any degree of accuracy the damages sustained therefrom. Accordingly, if there should be a breach or threatened breach by Acquiror of the provisions of this section, the Corporation, shall be entitled to an injunction restraining Acquiror from any breach without showing or proving actual damage sustained by the Corporation. Nothing in the preceding sentence shall limit or otherwise affect any remedies that the Corporation may otherwise have under Applicable Law.

## **ARTICLE 8** **COVENANTS OF ALL PARTIES**

### **8.1 Further Assurances**

Each party hereto agrees to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be reasonably necessary or desirable in order to evidence the consummation or implementation of the transactions provided for under this Agreement.

### **8.2 Certain Filings**

The parties hereto shall cooperate with one another in determining whether any action by or in respect of, or filing with, any Governmental Authority or the Exchange is required or reasonably appropriate, or any action, consent, approval or waiver from any party to any Contract is required or reasonably appropriate, in connection with the consummation of the transactions contemplated by this Agreement. Subject to the terms and conditions of this Agreement, in taking such actions or making any such filings, the parties hereto shall furnish information required in connection therewith and seek timely to obtain any such actions, consents, approvals or waivers.

### **8.3 Public Announcements**

On or after the Closing Date, the parties agree to consult with each other before issuing any press release or making any public statement with respect to this Agreement or the transactions provided for herein and, except as may be required by Applicable Law, will not issue any such public statement prior to such consultation. Notwithstanding the foregoing, the parties may, on a confidential basis, advise and release information regarding the existence and content of this Agreement or the transactions contemplated hereby to their respective Affiliates and Associates or any of their agents, accountants, attorneys, representatives, and prospective lenders or investors in connection with or related to the transactions contemplated by this Agreement, including the financing of such transactions.

## **ARTICLE 9** **CONDITIONS TO CLOSING**

### **9.1 Conditions to Obligation of the Acquiror and Subco**

The obligations of Acquiror and Subco to consummate the Closing are subject to the satisfaction of each of the following conditions:

- (a) (i) The Corporation shall have performed and satisfied its obligations hereunder required to be performed and satisfied by it on or prior to the Closing Date, (ii) each of the representations and warranties of the Corporation contained herein shall have been true and correct and contained no misstatement or omission that would make any such representation or warranty misleading when made and shall be true and correct and contain no misstatement or omission that would make any such representation or warranty misleading at and as of the Closing with the same force and effect as if made as of the Closing, and (iii) Acquiror shall have received certificates signed by an officer of the Acquiror and a duly authorized executive officer of the Corporation to the foregoing effect and to the effect that the conditions specified within this Section 9.1(a) have been satisfied.

- (b) No Proceedings shall have been instituted or threatened by any Governmental Authority with respect to the transactions contemplated by this Agreement as to which there is a material risk of a determination that would terminate the effectiveness of, or otherwise materially and adversely modify the terms of, this Agreement.
- (c) Since the date hereof, there shall not have been any event, occurrence, development or state of circumstances or facts or change in the Corporation or the Business (including any damage, destruction or other casualty loss affecting the Corporation or the Business that has had or that may be reasonably expected to have, either alone or together with all such events, occurrences, developments, states of circumstances or facts or changes, a Material Adverse Effect on the Corporation.
- (d) Shareholders shall have approved the Combination in accordance with Applicable Law.
- (e) At or prior to Closing, the Corporation and, if applicable, the Acquiror will have raised gross proceeds of a minimum of \$1,850,000 pursuant to the Private Placement.
- (f) All consents, approvals and authorizations of any governmental or regulatory authority or person whose consent to the Combination is required to be obtained in order to carry out the transactions contemplated hereby in compliance with all laws and agreements binding upon the parties hereto will have been obtained, including the consent of the Business Development Bank of Canada.
- (g) The Canada Coal Shares shall have been delisted from the NEX and conditionally approved for listing (including the Canada Coal Shares issuable upon the Combination), subject to customary conditions, on the CSE Exchange.
- (h) The Corporation shall have delivered to the Acquiror the deliverables referred to in Section 2.7.1.
- (i) No more than 5% of the Shareholders shall have exercised their statutory dissent rights in respect to the Combination.
- (j) No act, action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court, tribunal or governmental agency or other regulatory authority or administrative agency or commission by any elected or appointed public official or private person (including, without limitation, any individual, corporation, firm, group or entity) in Canada, the United States or elsewhere, whether or not having the force of law, and no law, regulation or policy shall have been proposed, enacted, promulgated or applied, which has the effect to cease trade, enjoin, prohibit or impose material limitations or conditions on the Combination or which, if the Combination were consummated, would have a Material Adverse Effect.

## **9.2 Conditions to the Obligations of the Corporation**

The obligations of the Corporation to consummate the Closing are subject to the satisfaction of each of the following conditions:

- (a) (i) The Acquiror and Subco shall have performed and satisfied each of their respective obligations hereunder required to be performed and satisfied by them on or prior to the Closing Date, (ii) each of the representations and warranties of the Acquiror and Subco contained herein shall have been true and correct and contained no misstatement or omission that would make any such representation or warranty misleading when made and shall be true and correct and contain no misstatement or omission that would make any such representation or warranty misleading at and as of the Closing with the same force and effect as if made as of the Closing, and (iii) the Corporation shall have received certificates signed by an executive officer of the Acquiror and Subco to the foregoing effect

(as the same relates to the Acquiror and Subco, respectively) and to the effect that the conditions specified within this Section 9.2 (as the same relates to Acquiror and Subco respectively) have been satisfied.

- (b) No Proceedings shall have been instituted or threatened by any Governmental Authority with respect to the transactions contemplated by this Agreement as to which there is a material risk of a determination that would terminate the effectiveness of, or otherwise materially and adversely modify the terms of, this Agreement.
- (c) Since the date hereof, there shall not have been any event, occurrence, development or state of circumstances or facts or change in the Acquiror or its business (including any damage, destruction or other casualty loss affecting the Acquiror or its business that has had or that may be reasonably expected to have, either alone or together with all such events, occurrences, developments, states of circumstances or facts or changes, a Material Adverse Effect on the Acquiror.
- (d) Canada Coal shareholders shall have approved the Name Change, Consolidation and the delisting of the Canada Coal Shares.
- (e) The Acquiror shall have provided evidence reasonably satisfactory to the Corporation that the Acquiror has, as of the Closing Date, net working capital of not less than \$1,000,000 after giving effect to all payments to be made by the Acquiror as provided for in this Agreement but without giving effect to payment of (i) legal fees of counsel to the Acquiror up to a maximum of \$31,000 plus HST (but excluding any applicable disbursements); and (ii) costs associated with the meeting of Canada Coal shareholders up to a maximum of \$6,500 plus HST; and (iii) Exchange filing fees (the “**Minimum Working Capital Position**”).
- (f) All consents, approvals and authorizations of any governmental or regulatory authority or person whose consent to the Combination is required to be obtained in order to carry out the transactions contemplated hereby in compliance with all laws and agreements binding upon the parties hereto will have been obtained.
- (g) The Canada Coal Shares shall have been delisted from the NEX and conditionally approved for listing (including the Canada Coal Shares issuable upon the Combination), subject to customary conditions, on the CSE Exchange.
- (h) The Acquiror shall have delivered to the Corporation the deliverables referred to in Section 2.7.2.
- (i) No act, action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court, tribunal or governmental agency or other regulatory authority or administrative agency or commission by any elected or appointed public official or private person (including, without limitation, any individual, corporation, firm, group or entity) in Canada, the United States or elsewhere, whether or not having the force of law, and no law, regulation or policy shall have been proposed, enacted, promulgated or applied, which has the effect to cease trade, enjoin, prohibit or impose material limitations or conditions on the Combination or which, if the Combination were consummated, would have a Material Adverse Effect.

## **ARTICLE 10** **INDEMNIFICATION**

### **10.1 Agreement to Indemnify**

- (a) Acquiror, its Affiliates and Associates and each officer, director, shareholder, employer, representative and agent of Acquiror, its Affiliates or Associates, and the Corporation

(collectively, the "**Acquiror Indemnitees**") shall each be indemnified and held harmless to the extent set forth in this Section 10.1(a), severally (and not jointly or jointly and severally): by the Corporation in respect of any and all Damages incurred by any Acquiror Indemnatee as a result of any inaccuracy or misrepresentation in or breach of any representation, warranty, covenant or agreement made by the Corporation in this Agreement.

- (b) The Corporation and its Affiliates and Associates and each officer, director, shareholder, employer, representative and agent of any of the foregoing (collectively, the "**Shareholder Indemnitees**") and together with the Acquiror Indemnitees, the "**Indemnitees**") shall each be indemnified and held harmless to the extent set forth in this Section 10.1(b) by Acquiror in respect of any and all Damages incurred by any Shareholder Indemnatee as a result of any inaccuracy or misrepresentation in or breach of any representation, warranty, covenant or agreement made by the Acquiror or Subco in this Agreement.

## **10.2 Survival of Representation, Warranties and Covenants**

- (a) Except as hereinafter provided in this Section 10.2, all representations, warranties, covenants, agreements and obligations of any party responsible for indemnifying the Acquiror Indemnitees or Shareholder Indemnitees, as the case may be (the "**Indemnifying Parties**") contained herein and all claims of any Acquiror Indemnatee or Shareholder Indemnatee in respect of any breach of any representation, warranty, covenant, agreement or obligation of any Indemnifying Party contained in this Agreement, shall survive the Closing and shall expire two years from the date of this Agreement;
- (b) Each of the following representations, warranties, covenants, agreements and obligations of the applicable Indemnifying Parties shall survive the Closing Date until the expiration of sixty (60) days following the end of the applicable limitation period provided for under the Applicable Laws, including extensions thereof (i) the inaccuracy or misrepresentation in or breach of any representation, warranty, covenant or agreement at any time arising out of fraud or gross negligence; (ii) any inaccuracy or misrepresentation in or breach of any representation or warranty made in Sections 3.1, 3.2, 3.3, 3.6, 3.19, 3.20, 4.1, 4.2, 4.5, 4.6, 5.1 or 5.2 regardless of whether such inaccuracy or misrepresentation arises out of fraud or gross negligence; and (iii) the breach or failure to perform by Indemnifying Party after the Closing Date of any of the covenants, agreements or obligations of such Persons contained in this Agreement or other exhibits attached hereto.

## **10.3 Claims for Indemnification**

If any Indemnatee shall believe that such Indemnatee is entitled to indemnification pursuant to Section 10.1 in respect of any Damages, such Indemnatee shall give the appropriate Indemnifying Party prompt written notice thereof. Any such notice shall set forth in reasonable detail and to the extent then known the basis for such claim for indemnification. The failure of such Indemnatee to give notice of any claim for indemnification promptly, but within the periods specified by Section 10.2(a) or 10.2(b), as the case may be, shall not adversely affect such Indemnatee's right to indemnity hereunder except to the extent that such failure adversely affects the right of the Indemnifying Party to assert any reasonable defence to such claim or to the extent that such failure increases the amount of liability or cost of the defence. Each such claim for indemnity shall expressly state that the Indemnifying Party shall have only the twenty (20) Business Day period referred to in the next sentence to dispute or deny such claim. The Indemnifying Party shall have twenty (20) Business Days following its receipt of such notice either (x) to acquiesce in such claim by giving such Indemnatee written notice of such acquiescence or (y) to object to the claim by giving such Indemnatee written notice of the objection. If the Indemnifying Party does not object thereto within such twenty (20) Business Day period, such Indemnatee shall be entitled to be indemnified for all Damages reasonably and proximately incurred by such Indemnatee in respect of such claim. If the Indemnifying Party objects to such claim in a timely manner, and such Indemnatee and the Indemnifying Party are unable to resolve their dispute within ten (10) Business Days following such objection (or such additional period of time as may be mutually agreed to by such Persons), the claim shall be submitted immediately to arbitration pursuant to Section 12.12.



#### **10.4 Defence of Claims**

In connection with any claim that may give rise to indemnity under Section 10.1 resulting from or arising out of any claim or Proceeding against an Indemnitee by a Person that is not a party hereto, the Indemnifying Party may (unless such Indemnitee elects not to seek indemnity hereunder for such claim), upon written notice to the relevant Indemnitee, assume the defence of any such claim or Proceeding if all Indemnifying Parties with respect to such claim or Proceeding jointly acknowledged to the Indemnitee the Indemnitee's right to indemnity pursuant hereto in respect of the entirety of such claim (as such claim may have been modified through written agreement of the parties or arbitration hereunder) and provide assurances, satisfactory to such Indemnitee, that the Indemnifying Parties will be financially able to satisfy such claim in full if such claim or Proceeding is decided adversely. If the Indemnifying Parties assume the defence of any such claim or Proceeding, the Indemnifying Parties shall select counsel reasonably acceptable to such Indemnitee to conduct the defence of such claim or Proceeding, shall take all steps necessary in the defence or settlement thereof and shall at all times diligently and promptly pursue the resolution thereof. If the Indemnifying Parties shall have assumed the defence of any claim or Proceeding in accordance with this Section 10.4, the Indemnifying Parties shall be authorized to consent to a settlement of, or the entry of any judgment arising from, any such claim or Proceeding, without the prior written consent of such Indemnitee; provided, however, that the Indemnifying Parties shall pay or cause to be paid all amounts arising out of such settlement or judgment concurrently with the effectiveness thereof, that the Indemnifying Parties shall not be authorized to encumber any of the assets of any Indemnitee or to agree to any restriction that would apply to any Indemnitee or to its conduct of business; and provided, further, that a condition to any such settlement shall be a complete release of such Indemnitee and its Affiliates, officers, employees, consultants and agents with respect to such claim. Such Indemnitee shall be entitled to participate in (but not control) the defence of any such action, with its own counsel and at its own expense. Each Indemnitee shall, and shall cause each of its Affiliates, Associates, officers, employees, consultants and agents to, cooperate fully with the Indemnifying Parties in the defence of any claim or Proceeding being defended by the Indemnifying Parties pursuant to this Section 10.4. If the Indemnifying Parties do not assume the defence of any claim or Proceeding resulting therefrom in accordance with the terms of this Section 10.4, such Indemnitee may defend against such claim or Proceeding in such manner as it may deem appropriate, including settling such claim or Proceeding after giving notice of the same to the Indemnifying Parties, on such terms as such Indemnitee may deem appropriate. If any Indemnifying Party seeks to question the manner in which such Indemnitee defended such claim or proceeding or the amount of or nature of any such settlement, such Indemnifying Party shall have the burden to prove by a preponderance of the evidence that such Indemnitee did not defend such claim or Proceeding in a reasonably prudent manner. The final determination of any such claim pursuant to this Section 10.4, including all related costs and expenses, shall be binding and conclusive upon the parties as to the validity or invalidity, as the case may be, of such claim against the Indemnifying Party.

### **ARTICLE 11** **TERMINATION**

#### **11.1 Termination**

This Agreement may be terminated at any time prior to the Closing by:

- (a) mutual written agreement of the Parties;
- (b) by the written notice of the Corporation to the Acquiror and Subco any time following 5:00 p.m. (Eastern Standard time) on November 19, 2019 if (i) Canada Coal has not filed a notice of meeting of shareholders with a record and meeting date to be acceptable to Mijem or (ii) Canada Coal subsequently changes the record and meeting date for such shareholder meeting without the prior written consent of Mijem;
- (c) the written notice of the Acquiror and Subco, on the one hand, or the Corporation, on the other hand to the other party/parties at any time following 5:00 p.m. (Eastern Standard time) on January 31, 2020 if the Private Placement has not closed by such date;

- (d) the written notice of the Acquiror and Subco, on the one hand, or the Corporation, on the other hand to the other party/parties at any time following 5:00 p.m. (Eastern Standard time) on February 28, 2020 if the Closing Date has not occurred by such date;
- (e) the written notice of the Acquiror and Subco, on the one hand, or the Corporation, on the other hand to the other party/parties at any time for a material breach of any of the representations and warranties contained herein to the benefit of the party or parties providing such notice; or
- (f) the written notice of the Acquiror and Subco, on the one hand, or the Corporation, on the other hand to the other party/parties at any time upon the payment by the terminating party to the other party of \$(redacted).

**ARTICLE 12**  
**MISCELLANEOUS**

**12.1 Notices**

All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given (i) if personally delivered, when so delivered, (ii) if mailed, two Business Days after having been sent by registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below, (iii) if sent by electronic mail then on the day of transmission if sent during normal business hours of the recipient, and if not sent during normal business hours, then on the next business day, provided that such notice or other communication is promptly thereafter mailed in accordance with the provisions of clause (ii) above or (iv) if sent through an overnight delivery service in circumstances under which such service guarantees next day delivery, the day following being so sent:

If to the Corporation:

**c/o Mijem Inc.**  
36 King Street East, Suite 524  
Toronto, ON M5C 1E5

Attention: Phuong Dinh  
Email: pdinh@mijem.com

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

**Caravel Law**  
240 Richmond St West  
Toronto, Ontario M5V 1V6

Attention: Jeffrey Klam  
Email: jklam@caravellaw.com

If to Acquiror (prior to Closing):

**Canada Coal Inc.**  
5213 Durie Road  
Mississauga, Ontario  
L5M 2C6

Attention: Bruce Duncan  
Email: rbduncan@sympatico.ca

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

**Aird & Berlis LLP**  
Brookfield Place  
181 Bay St Suite 1800  
Toronto, ON M5J 2T9

Attention: Tom Fenton  
Email: tfenton@airdberlis.com

Any party may give any notice, request, demand, claim or other communication hereunder using any other means (including ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the individual for whom it is intended. Any party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other parties notice in the manner herein set forth.

## **12.2 Amendments; No Waivers**

- (a) Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by all parties hereto, or in the case of a waiver, by the party against whom the waiver is to be effective.
- (b) No waiver by a party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent occurrence. No failure or delay by a party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

## **12.3 Expenses**

All costs and expenses incurred in connection with this Agreement and enclosing and carrying out the transactions provided for herein shall be paid by the party incurring such cost or expense. This Section shall survive the termination of this Agreement.

## **12.4 Successors and Assigns**

This Agreement shall be binding upon and enure to the benefit, of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns. No party hereto may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of each other party, which approval shall not be unreasonably withheld.

## **12.5 Governing Law**

This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws in force in the Province of Ontario and the laws of Canada applicable therein (excluding any conflict of laws rule or principle that might refer such interpretation to the laws of another jurisdiction). Each party irrevocably submits to the nonexclusive jurisdiction of the courts of Ontario with respect to any matter arising hereunder or related hereto.

## **12.6 Counterparts; Effectiveness**

This Agreement and the documents relating to the transactions contemplated by this Agreement may be signed in any number of counterparts and the signatures delivered by telecopy, each of which shall

be deemed to be an original, with the same effect as if the signatures thereto were upon the same instrument and delivered in person. This Agreement and such documents shall become effective when each party thereto shall have received a counterpart thereof signed by the other parties thereto. In the case of delivery by telecopy by any party, that party shall forthwith deliver a manually executed original to each of the other parties.

### **12.7 Entire Agreement**

This Agreement (including the Schedules and Exhibits referred to herein, which are hereby incorporated by reference) constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter of this Agreement. Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

### **12.8 Captions**

The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. All references to an Article or Section include all subparts thereof.

### **12.9 Severability**

If any provision of this Agreement, or the application thereof to any Person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other Persons, places and circumstances shall remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of the date this Agreement was executed or last amended.

### **12.10 Construction**

The parties hereto intend that each representation, warranty, and covenant contained herein shall have independent significance. If any party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) that the party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty or covenant.

### **12.11 Claims**

If any party hereto shall believe that such party (a "**Claimant**") is entitled to any legal or equitable relief in connection with any claim or controversy arising out of or relating to this Agreement, or the breach thereof, including any anticipated breach or disagreement as to interpretation of this Agreement except in connection with indemnification for matters explicitly contemplated by Section 10.1 (each, a "**Claim**"), such Claimant shall give the appropriate Indemnifying Party prompt written notice thereof. Any such notice shall set forth in reasonable detail and to the extent then known the basis for such Claim. The failure of such Claimant to give notice of any Claim promptly shall not adversely affect such Claimant's right hereunder except to the extent that such failure adversely affects the right of the Indemnifying Party to assert any reasonable defence to such Claim. Each such notice shall expressly state that the Indemnifying Party shall have only the twenty (20) Business Day period referred to in the next sentence to dispute or deny such Claim. The Indemnifying Party shall have twenty (20) Business Days following its receipt of such notice either (x) to acquiesce in such Claim by giving such Claimant written notice of such acquiescence or (y) to object to the Claim by giving such Claimant written notice of the objection. If the Indemnifying Party does not object thereto within such twenty (20) Business Day period, such Claimant shall be entitled to be compensated for all Damages reasonably and proximately incurred by such Claimant in respect of such Claim. If the Indemnifying Party objects to such Claim in a timely manner, and such Claimant and the Indemnifying Party are unable to resolve their dispute within ten (10) Business Days following such

objection (or such additional period of time as may be mutually agreed to by such parties), the Claim shall be submitted immediately to arbitration pursuant to Section 12.12.

#### **12.12 Arbitration**

- (a) Any disputes or differences between the parties hereto arising out of this Agreement or the transactions contemplated hereby, including any dispute between any Indemnitee and any Indemnifying Party under Section 10.1, which the parties are unable to resolve themselves shall be submitted to and resolved by arbitration as herein provided. Such arbitration shall be conducted by the appointment of three arbitrators. Within ten (10) Business Days after expiration of the ten (10) Business Day period referred to in Section 10.4 or Section 12.11, as the case may be, the Indemnifying Party and the Indemnitee shall each designate one arbitrator. Within ten (10) Business Days after the appointment of the two arbitrators, the two arbitrators shall designate a third arbitrator mutually acceptable to them, who is not affiliated with any party in interest to such arbitration and who has substantial professional experience with regard to corporate legal matters. If the arbitrator chosen by the Indemnifying Party and the arbitrator chosen by the Indemnitee fail to agree upon the third arbitrator within such ten (10) Business Day period, the third arbitrator shall be appointed by a Judge of Ontario sitting in the Judicial District of Toronto as soon as practicable who is not affiliated with any party in interest to such arbitration and who has substantial professional experience with regard to corporate legal matters.
- (b) The three arbitrators shall consider the dispute at issue at Toronto, Ontario at a mutually agreed upon time within thirty (30) days (or such longer period as may be acceptable to the Indemnifying Party and the Indemnitee) of the designation of the arbitrators. The arbitration proceeding shall be held in accordance with the provisions of the *Arbitrations Act* (Ontario) in effect on the date of the initial request by the relevant Indemnitee or the Indemnifying Party, as the case may be, that gave rise to the dispute to be arbitrated. Notwithstanding the foregoing, the relevant Indemnifying Party and the Indemnitee agree that they will attempt, and they intend that they and the arbitrators should use their best efforts in that attempt, to conclude the arbitration proceeding and have a final decision from the arbitrators within ninety (90) days from the date of selection of the arbitrators; provided, however, that the arbitrators shall be entitled to extend such 90-day period one or more times to the extent necessary for such arbitrators to place a dollar value on any claim that may be unliquidated. The arbitrators shall immediately deliver a decision with respect to the dispute to each of the parties, who shall promptly act in accordance therewith. Each Indemnifying Party and the Indemnitee Party to such arbitration agrees that any decision of the arbitrators shall be final, conclusive and binding and no appeal shall lie therefrom. It is specifically understood and agreed that any party may enforce any award rendered pursuant to the arbitration provisions of this Section 12.12 by bringing suit in any court of competent jurisdiction.
- (c) All fees, costs and expenses (including attorneys' fees and expenses) incurred by the party that prevails in any such arbitration commenced pursuant to this Section 12.12 or any judicial action or proceeding seeking to enforce the agreement to arbitrate disputes as set forth in this Section 12.12 or seeking to enforce any order or award of any arbitration commenced pursuant to this Section 12.12 may be assessed against the party or parties that do not prevail in such arbitration in such manner as the arbitrators or the court in such judicial action, as the case may be, may determine to be appropriate under the circumstances. All costs and expenses attributable to the arbitrators shall be allocated among the parties to the arbitration in such manner as the arbitrators shall determine to be appropriate under the circumstances.

#### **12.13 Meaning of Include and Including**

Whenever in this Agreement the word “include” or “including” is used, it shall be deemed to mean “include, without limitation” or “including, without limitation”, as the case may be, and the language following “include” or “including” shall not be deemed to set forth an exhaustive list.

**12.14 Cumulative Remedies**

The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

**12.15 Third Party Beneficiaries**

Other than Indemnitees under Section 10.1 hereof who are not parties to this Agreement, no provision of this Agreement shall create any third party beneficiary rights in any Person, including any employee or former employee of the Corporation or any Affiliate or Associate thereof (including any beneficiary or dependent thereof).

**12.16 Transmission by Facsimile**

The parties hereto agree that this Agreement may be transmitted by facsimile or other electronic means (including by PDF copy) and that the reproduction of signatures by facsimile or other electronic means (including by PDF copy) will be treated as binding as if originals and each party hereto undertakes to provide each and every other party hereto with a copy of the Agreement bearing original signatures forthwith upon demand.

*(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGES FOLLOW)*

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**ON BEHALF OF THE ACQUIROR**

**CANADA COAL INC.**

Per: "R. Bruce Duncan"

Name: R. Bruce Duncan

Title: Chief Executive Officer

**ON BEHALF OF SUBCO**

**2726846 ONTARIO INC.**

Per: "Thomas A. Fenton"

Name: Thomas A. Fenton

Title: Director

*(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)*

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**ON BEHALF OF THE CORPORATION**

**MIJEM INC.**

Per: "Phuong Dinh"

Name: Phuong Dinh

Title: President

*(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)*



**EXHIBIT "A"**

**Form of Amalgamation Agreement**

*(begins on following page)*

## AMALGAMATION AGREEMENT

THIS AGREEMENT made as of the day of \_\_\_\_\_, 2019.

### AMONG:

**CANADA COAL INC.**, a corporation incorporated under the laws of Ontario, ("**Acquiror**")

- and -

**2726846 ONTARIO INC.**, a corporation incorporated under the laws of Ontario, ("**Canada Coal SubCo**")

- and -

**MIJEM INC.**, a corporation incorporated under the laws of Ontario, ("**Mijem**")

**WHEREAS** the Parties and certain other parties thereto have entered into a combination agreement dated November 15, 2019 conditional on *inter alia* Mijem receiving shareholder approval in favour of the amalgamation of Mijem and Canada Coal SubCo (the "**Combination Agreement**");

**AND WHEREAS** the authorized capital of Canada Coal SubCo consists of an unlimited number of common shares, of which at the time immediately prior to the Amalgamation 100 common shares of Canada Coal SubCo will be issued and outstanding as fully paid and non-assessable;

**AND WHEREAS** the authorized capital of Mijem consists of unlimited number of common shares of which at the time immediately prior to the Amalgamation ● common shares of Mijem will be issued and outstanding as fully paid and non-assessable, and an unlimited number of preferred shares, of which none are issued and outstanding as at the date hereof; and

**AND WHEREAS** Canada Coal SubCo and Mijem have agreed to amalgamate under the *Business Corporations Act* (Ontario) (the "**OBCA**") upon the terms and conditions hereinafter set out.

**NOW THEREFORE** in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties do hereby agree as follows:

### **ARTICLE 1** **DEFINITIONS**

#### **1.1 Definitions.**

For purposes of this Agreement, the following terms will have the following meanings:

"**Agreement**" means this Amalgamation Agreement, at it may be amended or supplemented at any time and from time to time after the date hereof.

"**Amalco**" means the corporation resulting from the amalgamation of Canada Coal SubCo and Mijem.

"**Amalco Shares**" means the common shares in the capital of Amalco.

"**Amalgamation**" means the amalgamation of the Amalgamating Corporations on the terms and subject to the conditions set out in this Agreement.

"**Amalgamating Corporation**" means each of Canada Coal SubCo and Mijem, and "**Amalgamating Corporations**" means both of them.

"**Amalgamation Securities**" means 58,823,529 Canada Coal Shares.

"**Certificate of Amalgamation**" means the certificate of amalgamation to be issued by the Registrar in respect of the Amalgamation.

"**Combination Agreement**" has the meaning ascribed to it in the preamble to this Agreement.

"**Canada Coal Shares**" means the common shares in the capital of the Acquiror.

"**Canada Coal SubCo Shares**" means the common shares of Canada Coal SubCo.

"**Effective Date**" means the date shown on the Certificate of Amalgamation.

"**Effective Time**" has the meaning ascribed to it in Section 2.7.

"**Exchange Ratio**" has the meaning ascribed to it in Section 2.2.2.

"**Governmental Authority**" means any foreign, federal, state, provincial, federal, local or other government, regulatory or administrative authority, agency or commission, or any court, tribunal or judicial or arbitral body with competent jurisdiction, including any applicable stock exchange.

"**ITA**" means the *Income Tax Act* (Canada), as amended, and all regulations thereunder.

"**OBCA**" means the *Business Corporations Act* (Ontario) and the regulations thereunder, as amended.

"**Parties**" means the Acquiror, Canada Coal SubCo and Mijem, and "**Party**" means any one of them.

"**Person**" means an individual, partnership, limited partnership, limited liability partnership, corporation, limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Authority, and pronouns have a similarly extended meaning.

"**Mijem Shares**" means the common shares of Mijem.

"**Mijem Shareholder**" means a registered holder of Mijem Shares, from time to time, and "**Mijem Shareholders**" means all of such holders.

"**Mijem Warrants**" means the common share purchase warrants to purchase Mijem Shares outstanding as of the date hereof.

"**Registrar**" has the meaning as applicable to OBCA companies.

"**Replacement Warrants**" has the meaning ascribed to it in Section 2.2.3.

## 1.2 Paramouncy

In the event of any conflict between the provisions of this Agreement and the provisions of the Combination Agreement, the provisions of the Combination Agreement shall prevail.

## **ARTICLE 2** **AMALGAMATION**

### **2.1 Agreement to Amalgamate**

Each of the Parties hereby agrees to the Amalgamation. The Amalgamating Corporations shall amalgamate to create Amalco on the terms and conditions set out in this Agreement.

### **2.2 Amalgamation**

The Parties shall cause the Articles of Amalgamation to be filed pursuant to the OBCA to effect the Amalgamation. Under the Amalgamation, at the Effective Time:

2.2.1 Canada Coal SubCo and Mijem will amalgamate and continue as Amalco with the name "Mijem Inc.";

2.2.2 Each Mijem Shareholder shall receive **[2.144]** fully paid and non-assessable Canada Coal Shares for each one Mijem Share held by each such holder (the "**Exchange Ratio**"), following which all such Mijem Shares shall be cancelled; **[Note: subject to adjustment as provided for in the Combination Agreement]**

2.2.3 Each Mijem Warrant which is outstanding and has not been duly exercised prior to the Effective Date shall be exchanged for a warrant of the Acquiror (a "**Replacement Warrant**") of economically equivalent value as the Mijem Warrant so exchanged, and each Mijem Warrant so exchanged shall thereupon be cancelled. Upon the exercise of each Replacement Warrant, and subject to adjustment in accordance with the terms thereof, the holder thereof shall be entitled to receive one common share of the Acquiror;

2.2.4 The Acquiror shall receive one fully paid and non-assessable Amalco Share for each one Canada Coal SubCo Share held by the Acquiror, following which all such Canada Coal SubCo Shares shall be cancelled;

2.2.5 In consideration of the issuance of the Amalgamation Securities pursuant to Section 2.2.2, Amalco shall issue to the Acquiror one Amalco Share for each of the Amalgamation Securities issued;

2.2.6 The Amalgamation Securities shall be issued as fully paid in consideration of the cancellation of the Mijem Shares immediately prior to the Effective Time;

2.2.7 Amalco shall add to the stated capital maintained in respect of (a) the Amalco Shares an amount equal to the paid-up capital, within the meaning of the ITA, of the Canada Coal Subco Shares and the Mijem Shares, less \$●;

2.2.8 The Acquiror shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to the transactions contemplated by this Agreement to any Mijem Shareholder such amounts as acting reasonably upon the advice of professional tax counsel are required to be deducted and withheld with respect to such payment under the ITA or any provision of provincial,

state, local or foreign tax law, in each case as amended; to the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Mijem Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. The Acquiror shall use commercially reasonable efforts to cooperate with any Mijem Shareholder from which amounts are required to be withheld in providing such data and other information as may reasonably be required for the preparation of any tax return; and

2.2.9 Amalco will become a subsidiary of the Acquiror.

### **2.3 Delivery of Securities Following Amalgamation**

Upon the issuance of the Certificate of Amalgamation, Mijem Shareholders shall surrender the certificates representing the Mijem Shares held by them and in return shall receive certificates representing the number of the Amalgamation Securities to which they are so entitled, subject to the terms of the Combination Agreement.

### **2.4 Effect of Amalgamation**

2.4.1 The Amalgamating Corporations shall be amalgamated and continue as one corporation under the terms and conditions prescribed in this Agreement.

2.4.2 The Amalgamating Corporations shall cease to exist as entities separate from Amalco.

2.4.3 Amalco shall possess all the property, rights, privileges and franchises and shall be subject to all liabilities, including civil, criminal and quasi-criminal, and all contracts, disabilities and debts of each of the Amalgamating Corporations.

2.4.4 A conviction against, or ruling, order or judgment in favour or against an Amalgamating Corporation may be enforced by or against Amalco.

2.4.5 Amalco shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against an Amalgamating Corporation before the Amalgamation has become effective.

### **2.5 Fractional Shares**

Notwithstanding Section 2.2.2, no fractional Amalgamation Securities shall be issued to Mijem Shareholders and no payment will be made in lieu of any fractional entitlement. To the extent any Mijem Shareholder would, but for this Section 2.5, become entitled to a fractional Amalgamation Security, such fractional amount shall be rounded to the nearest whole Amalgamation Security.

### **2.6 Filing of Articles of Amalgamation**

If this Agreement is adopted by each of the Amalgamating Corporations as required by the OBCA, the Amalgamating Corporations agree that they will jointly file with the Registrar agreed upon Articles of Amalgamation in the form prescribed under the OBCA.

### **2.7 Effective Time**

The Amalgamation shall take effect and go into operation at 12:01 a.m. on the Effective Date, if this Agreement has been adopted as required by law and all necessary filings have been made with the Registrar before that time, or at such later time, or time and date, as may be determined by the directors or by special resolutions of the Amalgamating Corporations when this Agreement shall have been adopted as required by law (the "**Effective Time**"); provided, however, that if this Agreement is terminated under Section 2.16, the Amalgamation shall not take place notwithstanding the fact that this Agreement may have been adopted by the shareholders of the Amalgamating Corporations.

**2.8 Registered Office**

The registered office of Amalco shall be in the City of Toronto in the Province of Ontario. The address of the first registered office of Amalco shall be 36 King Street East, Suite 524, Toronto, ON M5C 1E5.

**2.9 Amalco Name**

The name of Amalco shall be as set out in Section 2.2.1 hereof.

**2.10 Articles and By-Laws**

2.10.1 The Articles of Amalgamation are set out in the attached Schedule "A".

2.10.2 The by-laws of Amalco shall be the by-laws of 2726846 Ontario Inc., a copy of which may be examined at the following address: 36 King Street East, Suite 524, Toronto, ON M5C 1E5.

**2.11 No Restrictions on Business**

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

**2.12 Authorized Capital**

The authorized capital of Amalco shall consist of an unlimited number of Amalco Shares, and unlimited amount of preferred shares.

**2.13 Number of Directors**

The board of directors of Amalco shall consist of not less than one (1) and not more than nine (9) directors, the exact number of which shall be determined by the directors from time to time.

**2.14 Initial Directors**

The first director of Amalco shall be the person whose name and residential address appear below:

Name	Prescribed Address
Phuong Dinh	(Redacted)

The above directors will hold office from the Effective Date until the first annual meeting of shareholders of Amalco or until their successors are elected or appointed.

**2.15 Transfer of Shares**

The share transfer restrictions are set out in the attached Schedule "A".

**2.16 Termination**

Notwithstanding the approval of this Agreement by the shareholders of the Amalgamating Corporations, this Agreement may be terminated by the board of directors of each of the Amalgamating Corporations at any time prior to the issuance of the Certificate of Amalgamation only following the termination of the Combination Agreement in accordance with its terms, without, except as provided in the Combination Agreement, any recourse by any Party or any other Person.

**2.17 Governing Law**

This Agreement and all disputes and controversies relating to or arising out of this Agreement are governed by and will be interpreted and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each signatory to this Agreement irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts and waives objection to the venue of any proceeding in such court or that such court provides an inappropriate forum.

**2.18 Further Assurances**

Each of the Parties agrees to execute and deliver such further instruments and to do such further reasonable acts and things as may be necessary or appropriate to carry out the intent of this Agreement.

**2.19 Time of the Essence**

Time shall be of the essence of this Agreement.

**2.20 Amendments and Waivers**

This Agreement may not be amended or waived except by an instrument in writing signed by an authorized representative of each Party. No course of conduct or failure or delay by any Party in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

**2.21 Counterparts**

This Agreement may be executed and delivered (including by facsimile, "pdf" or other electronic transmission) in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

*[The remainder of this page has been left intentionally blank. Signature page follows.]*

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first written above.

**CANADA COAL INC.**

By: \_\_\_\_\_  
Name:  
Title:

**2726846 ONTARIO INC.**

By: \_\_\_\_\_  
Name:  
Title:

**MIJEM INC.**

By: \_\_\_\_\_  
Name:  
Title:



**SCHEDULE "A"**

**ARTICLES**

**[NTD: Ontario Articles of Amalgamation Form]**

**SCHEDULE OF SHARE PROVISIONS**

**SCHEDULE OF RESTRICTIONS ON SHARE TRANSFERS**

**SCHEDULE OF OTHER PROVISIONS**

**SCHEDULE F  
AMALGAMATION RESOLUTION**

**BE IT RESOLVED, AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS OF MIJEM INC. THAT:**

1. The amalgamation (the "**Amalgamation**") under Section 183 of the *Business Corporations Act* (Ontario) (the "**OBCA**") of Mijem Inc. ("**Mijem**") and 2726846 Ontario Inc. ("**Subco**"), pursuant to the business combination agreement dated November 15, 2019 between Mijem, Subco and Canada Coal Inc. (the "**Business Combination Agreement**"), all as more particularly described and set forth in the joint management information circular of Mijem and Canada Coal Inc. dated January 6, 2020 (the "**Circular**") (as the Amalgamation may be modified or amended in accordance with its terms and all transactions contemplated therein) is hereby authorized, approved and adopted.
2. The amalgamation agreement, substantially in the form of the amalgamation agreement set out as Exhibit "A" to the Business Combination Agreement (the "**Amalgamation Agreement**"), is hereby authorized, approved and adopted subject to any changes as may be authorized and approved by any director or officer of the Corporation may approve.
3. The Business Combination Agreement and related transactions contemplated therein, the actions of the sole director of Mijem in approving the Amalgamation and the actions of the officers of Mijem in executing and delivering the Business Combination Agreement and any modifications or amendments thereto are hereby ratified and approved.
4. Notwithstanding that this resolution has been passed by the shareholders of Mijem, the sole director of Mijem is hereby authorized and empowered, at such director's sole discretion, without further notice to or approval of the shareholders of Mijem: (a) to amend or modify the Business Combination Agreement or the Amalgamation Agreement to the extent permitted by the Business Combinations Agreement; and (b) subject to the terms of the Business Combination Agreement, not to proceed with the Amalgamation.
5. Any officer or director of Mijem is hereby authorized and directed for and on behalf of Mijem to execute, under the corporate seal of Mijem or otherwise, and to deliver or cause to be delivered, for filing with the Director under the OBCA, articles of amalgamation and such other documents as are necessary or desirable to give effect to the Amalgamation and the Business Combination Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of amalgamation and any such other documents.
6. Any officer or director of Mijem is hereby authorized and directed for and on behalf of Mijem to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person's opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing.

**SCHEDULE G**  
**CANADA COAL FINANCIAL STATEMENTS**

**CANADA COAL INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018  
(EXPRESSED IN CANADIAN DOLLARS)**





## Independent Auditor's Report

To the Shareholders of Canada Coal Inc.

### Opinion

We have audited the consolidated financial statements of Canada Coal Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2019 and 2018, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
November 7, 2019

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

	September 30, 2019	September 30, 2018
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 7)	\$ 1,357,011	\$ 1,596,128
Receivables (Note 8)	3,466	6,092
Prepaid expenses (Note 9)	5,146	5,146
<b>Total Assets</b>	<b>\$ 1,365,623</b>	<b>\$ 1,607,366</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 18,683	\$ 37,609
<b>Total Liabilities</b>	<b>18,683</b>	<b>37,609</b>
<b>Shareholders' equity</b>		
Capital stock (Note 11)	7,936,101	7,936,101
Reserves (Note 11)	300,941	302,431
Deficit	(6,890,102)	(6,668,775)
<b>Total Shareholders' Equity</b>	<b>1,346,940</b>	<b>1,569,757</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,365,623</b>	<b>\$ 1,607,366</b>

**Nature and continuance of operations** (Note 1)

**Commitments and contingencies** (Note 14)

**On behalf of the Board:**

\_\_\_\_\_, Director

\_\_\_\_\_, 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**

	2019	2018
<b>EXPENSES</b>		
Management fees (Note 10)	\$ 156,000	\$ 156,000
Office, rent, and miscellaneous	14,929	14,291
Professional fees (Notes 10)	14,906	25,212
Shareholder communications and promotion	-	1,498
Transfer agent and filing fees	10,514	21,309
Opportunity investigation costs (Note 10)	43,608	66,439
<b>Loss before other items</b>	<b>239,957</b>	<b>284,749</b>
<b>OTHER ITEMS</b>		
Investment income	(17,140)	(11,976)
<b>Net loss and comprehensive loss for the year</b>	<b>\$ 222,817</b>	<b>\$ 272,773</b>
<b>Basic and diluted net loss per common share</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>31,724,875</b>	<b>28,574,190</b>

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**

	2019	2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (222,817)	\$ (272,773)
Change in non-cash working capital items:		
Decrease (increase) in receivables	2,626	(2,860)
(Increase) in prepaid expenses	-	(395)
(Decrease) increase in accounts payable and accrued liabilities	(18,926)	18,590
Net cash flows (used by) operating activities	(239,117)	(257,439)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placements	-	700,000
Share issue costs	-	(16,544)
Net cash flows from financing activities	-	683,456
<b>(Decrease) increase in cash and cash equivalents</b>	<b>\$ (239,117)</b>	<b>\$ 426,017</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,596,128</b>	<b>1,170,111</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,357,011</b>	<b>\$ 1,596,128</b>

**Cash and cash equivalents, comprised of:**

Cash	\$ 252,419	\$ 508,677
Short term money market investments	1,104,592	1,087,451
	<b>\$ 1,357,011</b>	<b>\$ 1,596,128</b>

**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	<i>Reserves</i>		Deficit	Total
			Equity Settled Share-Based Payments Reserve	Warrant Reserve		
<b>Balance, September 30, 2017</b>	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)
<b>Balance, September 30, 2018</b>	31,724,875	\$ 7,936,101	\$ 115,039	\$ 187,392	\$ (6,668,775)	\$ 1,569,757
Expiry of options	-	-	(1,490)	-	1,490	-
Net loss and comprehensive loss for the year	-	-	-	-	(222,817)	(222,817)
<b>Balance, September 30, 2019</b>	31,724,875	\$ 7,936,101	\$ 113,549	\$ 187,392	\$ (6,890,102)	\$ 1,346,940

**See accompanying notes to the consolidated financial statements.**

**CANADA COAL INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(EXPRESSED IN CANADIAN DOLLARS)  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

**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 opportunities. 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 consolidated financial statements were approved by the Board of Directors on November 7, 2019.

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, 2019, the Company had working capital of \$1,346,940 and an accumulated deficit of \$6,890,102 compared with working capital of \$1,569,757 and an accumulated deficit of \$6,668,775 as at September 30, 2018. 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. 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.



**CANADA COAL INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(EXPRESSED IN CANADIAN DOLLARS)  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

**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.

**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 consolidated 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 contracts 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, 2019 and 2018.

**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.

**CANADA COAL INC.**  
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**4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, 2019 and 2018, all the outstanding stock options and warrants were anti-dilutive.

**Comprehensive loss**

Other comprehensive loss represents the change in net equity for the period that arises from realized and unrealized gains and losses on FVTOCI 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 FVTOCI, 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.

**CANADA COAL INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of estimates (Continued)**

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.

**Changes in accounting policies**

**IFRS 9, Financial Instruments**

Effective October 1, 2018, the Company adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: recognition and measurement (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact to the Company's consolidated financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

The new hedge accounting guidance had no impact on the Company's consolidated financial statements. Below is a summary showing the classification and measurement bases of our financial instruments as at October 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

<b>Classification</b>	<b>IAS 39</b>	<b>IFRS 9</b>
Cash	Loans and receivables (amortized cost)	Amortized cost
Cash equivalents	FVTPL	FVTPL
Receivables	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

**CANADA COAL INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Changes in accounting policies (Continued)**

**Financial assets**

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

- **Financial assets recorded at FVTPL**

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash equivalents have been classified as FVTPL.

- **Amortized cost**

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest." The Company's cash and receivables are classified as financial assets and measured at amortized cost.

- **Financial Assets recorded at FVTOCI**

Financial assets measured at FVTOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVTOCI. The Company does not measure any financial assets at FVTOCI.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- **Amortized cost**

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination. The Company's accounts payable and accrued liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

- **Financial liabilities recorded FVTPL**

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

**Transaction costs**

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

**Subsequent measurement**

Instruments classified as FVTPL are measured at fair value with realized and unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with realized and unrealized gains and losses recognized in other comprehensive income.

**CANADA COAL INC.**  
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**4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Changes in accounting policies (Continued)**

**Derecognition**

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

**Expected Credit Loss Impairment Model**

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due. The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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, 2019 and 2018, 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.

**New Accounting Standards Issued Not Yet Effective**

**IFRS 16, Leases**

In January 2016, the IASB issued IFRS 16 "Leases" ("IFRS 16"), which requires lessees to recognize assets and liabilities for most leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019 and is to be applied retrospectively. The Company does not expect IFRS 16 to have any impact on its consolidated financial statements as the Company does not have any leases.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

**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

**CANADA COAL INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**5. CAPITAL MANAGEMENT (Continued)**

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 years ended September 30, 2019 and 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, 2019 and 2018 would not have a significant impact on the Company's consolidated 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 1.60% per annum (2018: 0.95%- 1.35% per annum) and are redeemable at any time without penalty.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. RECEIVABLES**

The receivables balance is comprised of the following item:

	2019	2018
Sales tax due from Federal Government	\$ 3,466	\$ 6,092
<b>Total</b>	<b>\$ 3,466</b>	<b>\$ 6,092</b>

**9. PREPAID EXPENSES**

The prepaid expense balance is comprised of the following item:

	2019	2018
Insurance	\$ 5,146	\$ 5,146
<b>Total</b>	<b>\$ 5,146</b>	<b>\$ 5,146</b>

**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 the years ended September 30:

	Nature of transactions	Notes	2019	2018
West Oak Capital	Management fees	a	\$ 96,000	\$ 96,000
Olga Nikitovic	Management fees	b	\$ 60,000	\$ 60,000
Aird & Berlis	Legal fees	c	\$ 37,062	\$ 40,059

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 \$2,626 (2018: \$10,512) are included in professional fees, fees of \$34,436 (2018: \$22,171) are included in opportunity investigation costs and fees of \$Nil (2018: \$7,376) are included in share issuance costs. Legal fees included in accounts payable at September 30, 2019 are \$447 (2018: \$11,616). This balance payable is unsecured, non-interest bearing and due on demand.

**CANADA COAL INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**10. RELATED PARTY TRANSACTIONS (Continued)**

*Compensation of key management personnel*

	Notes	Year ended September 30, 2019	Year ended September 30, 2018
Salaries	a	\$ 156,000	\$ 156,000
<b>Total</b>		<b>\$ 156,000</b>	<b>\$ 156,000</b>

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.

**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, 2019, the Company had 31,724,875 common shares outstanding (September 30, 2018 : 31,724,875).

There were no capital transactions during the year ended September 30, 2019.

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, 2019, 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	1.31	5,000,000
		5,000,000	1.31	5,000,000



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**11. CAPITAL STOCK, STOCK OPTIONS AND WARRANTS (Continued)**

The following is a summary of the share purchase warrant transactions for the years ended September 30, 2019 and 2018.

	Year ended September 30, 2019		Year ended September 30, 2018	
	Number Of Warrants	Weighted Average Exercise Price \$	Number Of Warrants	Weighted Average Exercise Price \$
Balance, beginning of the year	5,000,000	0.20	-	-
Warrants issued	-	-	5,000,000	0.20
Warrants exercised	-	-	-	-
Warrants expired	-	-	-	-
Balance, end of year	5,000,000	0.20	5,000,000	0.20

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of warrants issued for the years ended September 30, 2019 and 2018.

	Year ended September 30, 2019	Year ended September 30, 2018
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.

**CANADA COAL INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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

**Stock options (Continued)**

As at September 30, 2019, the following incentive stock options were outstanding:

Expiry Date	Exercise Price \$	Options Outstanding and Exercisable	
		Number of Options Outstanding and Exercisable	Weighted average remaining contractual life (years)
September 22, 2021	0.10	1,250,000	1.98
		1,250,000	1.98

The following is a summary of the stock option transactions for the years ended September 30, 2019 and 2018.

	Year ended September 30, 2019		Year ended September 30, 2018	
	Number Of Options	Weighted Average Exercise Price \$	Number Of Options	Weighted Average Exercise Price \$
Balance, beginning of the year	1,350,000	0.12	1,350,000	0.12
Options granted	-	-	-	-
Options expired	(100,000)	0.40	-	-
Balance, end of year	1,250,000	0.10	1,350,000	0.12

**Stock-based compensation**

There were no options granted during the years ended September 30, 2019 and 2018.

**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.

**CANADA COAL INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**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% (2018 – 27%) were as follows:

	2019 \$	2018 \$
Net loss before income taxes	<u>(222,817)</u>	<u>(272,773)</u>
Expected income tax (recovery) based on statutory rate	(60,000)	(73,000)
Adjustment to income tax benefit:		
Change in benefit of tax assets not recognized	<u>60,000</u>	<u>73,000</u>
Deferred income tax (recovery)	<u>-</u>	<u>-</u>

b) Deferred income tax

	2019 \$	2018 \$
<u>Unrecognized deductible temporary differences</u>		
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	1,490,000	1,263,000
Other temporary differences	<u>60,000</u>	<u>63,000</u>
Total	<u>4,400,000</u>	<u>4,176,000</u>

The tax losses expire from 2030 to 2039. 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.

**CANADA COAL INC.**

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

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## 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.

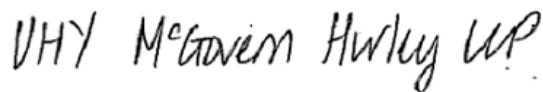
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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



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
<b>ASSETS</b>		
<b>Current</b>		
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
<b>Total Assets</b>	<b>\$ 1,607,366</b>	<b>\$ 1,178,093</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 37,609	\$ 19,019
<b>Total Liabilities</b>	<b>37,609</b>	<b>19,019</b>
<b>Shareholders' equity</b>		
Capital stock (Note 11)	7,936,101	7,440,037
Reserves (Note 11)	302,431	115,039
Deficit	(6,668,775)	(6,396,002)
<b>Total Shareholders' Equity</b>	<b>1,569,757</b>	<b>1,159,074</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,607,366</b>	<b>\$ 1,178,093</b>

**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
<b>EXPENSES</b>		
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	-
<b>Loss before other items</b>	<b>284,749</b>	<b>209,435</b>
<b>OTHER ITEMS</b>		
Investment income	(11,976)	(9,593)
<b>Net loss and comprehensive loss for the year</b>	<b>\$ 272,773</b>	<b>\$ 199,842</b>
<b>Basic and diluted net loss per common share</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>28,574,190</b>	<b>21,724,875</b>

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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
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)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placements	700,000	-
Share issuance costs	(16,544)	-
Net cash flows from financing activities	683,456	-
<b>Increase (decrease) in cash and cash equivalents</b>	426,017	(202,752)
<b>Cash and cash equivalents, beginning of year</b>	1,170,111	1,372,863
<b>Cash and cash equivalents, end of year</b>	\$ 1,596,128	\$ 1,170,111

**Cash and cash equivalents, comprised of:**

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	<i>Reserves</i>		Deficit	Total
			Equity Settled Share-Based Payments Reserve	Warrant Reserve		
<b>Balance, September 30, 2016</b>	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)
<b>Balance, September 30, 2017</b>	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)
<b>Balance, September 30, 2018</b>	31,724,875	\$ 7,936,101	\$ 115,039	\$ 187,392	\$ (6,668,775)	\$ 1,569,757

**See accompanying notes to the consolidated financial statements.**

**CANADA COAL INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(EXPRESSED IN CANADIAN DOLLARS)  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

**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 opportunities (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.

**CANADA COAL INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(EXPRESSED IN CANADIAN DOLLARS)  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

**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.

**CANADA COAL INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(EXPRESSED IN CANADIAN DOLLARS)  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

**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 contracts 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.

**CANADA COAL INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(EXPRESSED IN CANADIAN DOLLARS)  
FOR THE YEARS ENDED 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.

**CANADA COAL INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(EXPRESSED IN CANADIAN DOLLARS)  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

**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.

**CANADA COAL INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(EXPRESSED IN CANADIAN DOLLARS)  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

**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.

**CANADA COAL INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**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



**CANADA COAL INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**9. PREPAID EXPENSES**

The prepaid expense balance is comprised of the following item:

	September 30, 2018	September 30, 2017
Insurance	\$ 5,146	\$ 4,750
<b>Total</b>	<b>\$ 5,146</b>	<b>\$ 4,750</b>

**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
<b>Total</b>		<b>\$ 156,000</b>	<b>\$ 156,000</b>

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.

**CANADA COAL INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**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	-	-

**CANADA COAL INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**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:

Expiry Date	Exercise Price \$	Options Outstanding and Exercisable	
		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)

**CANADA COAL INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**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	<u>1,350,000</u>	<u>0.12</u>	<u>1,350,000</u>	<u>0.12</u>

**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	<u>(272,773)</u>	<u>(199,842)</u>
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)	<u>-</u>	<u>-</u>

**CANADA COAL INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**13. INCOME TAXES (Continued)**

b) Deferred income tax

	2018	2017
	\$	\$
<u>Unrecognized deductible temporary differences</u>		
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	<u>4,176,000</u>	<u>3,887,000</u>

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.

**SCHEDULE H  
CANADA COAL MD&A**

## **CANADA COAL INC.**

### **Management Discussion and Analysis For The Year Ended September 30, 2019**

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#### **November 7, 2019**

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements for the years ended September 30, 2019 and 2018 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](http://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” or 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.

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.

The Company currently has no producing properties, and consequently no operating income. The Company is dependent on the equity markets to finance all of its activities and it is anticipated that it will continue to rely on this source of funding to meet its ongoing capital requirements.

As a result of the Company’s inability to meet Tier 2 continued listing requirements of the Exchange, the Company applied to move to the Exchange’s subsidiary trading board, NEX, and was granted the change effective December 12, 2018. Effective December 17, 2018 the Company began trading on the NEX board of the TSX Venture Exchange under the symbol CCK.H.

## Overall Performance

The Company incurred a net loss of \$222,817 for the year ended September 30, 2019 compared with net loss of \$272,773 for the prior year. All expense categories were either on par or lower than the prior year.

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 result, 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<sup>th</sup>, 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 terminated. Although the original Letter of Intent between the two parties for a proposed business combination indicated that a definitive agreement needed to be signed by September 15, 2018, delays on the part of Medcolcanna BVI made that deadline impossible however both parties continued to work together on other deliverables including a draft filing statement which was provided to Medcolcanna BVI on October 10, 2018.

In the afternoon of Thursday October 11<sup>th</sup>, 2018, legal counsel for GMP Securities, LP contacted our legal counsel to set out new terms for the definitive agreement, significantly different than the terms set out in the Letter of Intent, and to indicate that the definitive agreement would need to be signed in the morning of October 12<sup>th</sup>, 2018. Prior to the notification by GMP Securities, Canada Coal had expressed concerns that arose from its due diligence process related to the suitability of management of Medcolcanna. The specific due diligence questions related to these concerns were forwarded to the appropriate parties however, as responses to the questions were not received by the arbitrary deadline imposed by Medcolcanna to sign the definitive agreement on October 12, 2018, Medcolcanna informed Canada Coal that it had decided to terminate any further discussions in connection with the planned transaction.

The Company continues to search for new opportunities to increase shareholder value and has been reviewing a number of other business proposals.

## Operating Activities

As discussed above, the Company's activities during the year ended September 30, 2019 have been the evaluation of business opportunities to increase shareholder value.

## Results of Operations

The results of operations reflect the overhead costs incurred by the Company to maintain good standing with the various regulatory authorities and to provide an administrative infrastructure to manage the acquisition, operation and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity. As at September 30, 2019, the Company had not recorded any significant revenues.

The Company incurred a net loss for the year ended September 30, 2019 of \$222,817 compared with a loss of \$272,773 in the prior year. Explanations of the significant variances are provided below:

Professional fees dropped by \$10,306 primarily due to a decrease in legal fees related to general corporate business. Legal fees related to the review of opportunities are included in opportunity investigation costs. Audit fees also experienced a decrease as audit costs have dropped due to decreased corporate activity.



## Results of Operations (Continued)

Transfer agent and filing fees decreased by \$10,795 as the prior year expenditures included costs related to the implementation of the common stock consolidation, fees related to a financing and a full year of TSX Venture sustaining fees. Since the transfer to the NEX, sustaining fees are paid quarterly.

Opportunity investigation costs decreased by \$22,831 primarily due to the fact that the fiscal 2018 expenditures included payment of a US\$25,000 exclusivity fee for the Medcolcanna transaction.

## 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.

<b>Three Months Ended</b>	<b>September 30, 2019</b>	<b>June 30, 2019</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
	\$	\$	\$	\$
Revenue - investment income	4,285	4,423	4,262	4,170
Net Loss	57,748	41,791	44,917	78,361
Net Loss per common share	0.01	0.00	0.00	0.00
<b>Three Months Ended</b>	<b>September 30, 2018</b>	<b>June 30, 2018</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	\$	\$	\$	\$
Revenue - investment income	3,493	2,998	2,818	2,667
Net Loss	126,296	42,476	51,329	52,672
Net Loss per common share	0.01	0.00	0.00	0.00

The Company incurred a net loss for the three months ended September 30, 2019 of \$57,748 compared with a loss of \$126,296 in the same period in the prior year. The variance is predominantly explained by the expensing of \$66,439 in the fourth quarter of 2018 related to the unsuccessful Medcolcanna transaction.

## Capital Resources

The Company's cash position at September 30, 2019 was \$1,357,011 compared with a cash balance of \$1,596,128 at September 30, 2018.

At September 30, 2019 the Company had working capital of \$1,346,940 compared to a working capital balance of \$1,569,757 at September 30, 2018. For the year ended September 30, 2019, the Company utilized \$239,117 for operating activities.

The Company's cash balance at September 30, 2019 is more than sufficient to fund its general and administrative expenses for the next twelve month period. Annual general and administrative expenses are estimated to be less than \$200,000.

There were no material credit facilities in place as at September 30, 2019.

As at September 30, 2019, there are no commitments to pay cash or issue shares.

## Related Party Transactions

For the year ended September 30, 2019, the Company entered into the following related party transactions:

- a) Incurred management fees of \$96,000 (2018: \$96,000) to West Oak Capital Partners Inc., a company controlled by R. B. Duncan, Executive Chairman of the Board and CEO.
- b) Incurred management fees of \$60,000 (2018: \$60,000) to Olga Nikitovic (CFO).
- c) Incurred legal fees of \$37,062 (2018: \$40,059) from Aird & Berlis LLP. Fees of \$2,626 (2018: \$10,512) are included in professional fees, fees of \$34,436 (2018: \$22,171) are included in opportunity investigation costs and fees of \$Nil (2018: 7,376) are included in share issuance costs. Legal fees included in accounts payable at September 30, 2019 are \$447 (2018: \$11,616). Tom Fenton (Director and Corporate Secretary) is a partner with Aird & Berlis LLP.

The compensation for key management personnel is identified above in (a) and (b). The Company does not pay any health or post-employment benefits.

## Off Balance Sheet Arrangements

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

## Critical 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:

### *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.

## **Changes in Accounting Policies**

### **Adoption of new and amended IFRS pronouncements**

The Company has adopted the following new standard, along with any consequential amendments, effective October 1, 2018. These changes were made in accordance with the applicable transitional provisions. The adoption of this standard did not have a material impact on the Company's financial statements.

IFRS 9 Financial Instruments: Classification and Measurement ("IFRS 9"), effective for annual periods beginning on or after January 1, 2018, 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.

### **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 after October 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IFRS 16, Leases: In January 2016, the IASB issued IFRS 16 "Leases" ("IFRS 16"), which requires lessees to recognize assets and liabilities for most leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019 and is to be applied retrospectively. The Company does not expect IFRS 16 to have any impact on its consolidated financial statements as the Company does not have any leases.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

## **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 FVTPL 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.

## Financial Instruments (Continued)

The Company's risk exposures and the impact on the Company's consolidated financial instruments are summarized below:

### Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. 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

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations when they come due. The Company generates cash flow through its private placements in the equity markets. 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 general and administrative expenses for the next twelve months.

### Market risk

#### (a) Interest rate risk

The Company has cash balances therefore, interest rate risk is minimal.

#### (b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major expenditures are transacted in Canadian dollars. The Company's exposure to foreign currency is minimal. Management does not hedge its foreign exchange risk. A 1% change in foreign exchange rates between the Canadian and US dollar at September 30, 2019 would not have a significant impact on the Company's consolidated financial statements.

#### (c) Equity price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is the potential adverse effect on the Company due to movements in individual equity prices or the stock market in general. The Company closely monitors individual equity movements and the stock market volatility to determine the appropriate course of action to be taken by the Company.

#### (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.

## 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 described in the subsequent event note 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 consolidated financial statements.

## Risks and Uncertainties

The Company's financial condition, results of operation and business are subject to risks. The following are identified as the main risk factors:

### Financing

The Company is reliant upon equity financing in order to continue its operations. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional funding in the future, it will be unable to carry out its operations.

## Disclosure Controls and Procedures

TSX Venture listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of Disclosure controls and procedures ("DC&P") and Internal controls over financial reporting ("ICFR"), as defined in National Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information.

Investors should be aware that inherent limitation on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## Other MD&A Requirements

As at the date of this MD&A, the Company had 31,724,875 common shares issued and outstanding. Stock options of the Company outstanding at the date of this MD&A were as follows:

Options	Exercise Price \$	Expiry Date
1,250,000	0.10	September 22, 2021
1,250,000		

Warrants of the Company outstanding at the date of this MD&A were as follows:

Warrants	Exercise Price \$	Expiry Date
5,000,000	0.20	January 23, 2021

**CANADA COAL INC.**

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**CORPORATE DATA**

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**November 7, 2019**

**EXECUTIVE OFFICE**

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**REGISTRAR & TRANSFER AGENT**

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**AUDITORS**

**McGovern Hurley LLP**  
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**DIRECTORS AND OFFICERS**

R. Bruce Duncan	Executive Chairman & CEO
Richard Klue	Director
Tom Fenton	Director/Corporate Secretary
Ian Smith	Director
Olga Nikitovic	CFO

**INVESTOR CONTACTS**

R. Bruce Duncan  
(905) 813-8408

**CAPITALIZATION**

Authorized:	Unlimited
Issued:	31,724,875

## **CANADA COAL INC.**

### **Management Discussion and Analysis For The Year Ended September 30, 2018**

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**October 29, 2018**

The following discussion and analysis should be read in conjunction with audited consolidated financial statements for the years ended September 30, 2018 and 2017 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](http://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” or the “Company”) is currently a junior resource mining company. 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.

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.

The Company currently has no producing properties, and consequently no operating income. The Company is dependent on the equity markets to finance all of its activities and it is anticipated that it will continue to rely on this source of funding to meet its ongoing capital requirements.

## Overall Performance

The Company incurred a net loss of \$272,773 for the year ended September 30, 2018 compared with net loss of \$199,842 in the prior year. The increase is mainly attributable to the cost of implementing the common stock consolidation on a two old for one new basis and the due diligence costs related to a proposed business combination.

In November 2017, the Company announced its intention to complete a two for one consolidation of its common shares. The consolidation was effective on December 11, 2017.

Also in November 2017, the Company signed a non-binding Letter of Intent (“LOI”) with Potash Ridge Corporation to potentially purchase, joint venture or otherwise complete such other form of transaction of Potash Ridge’s Valleyfield asset that may be mutually acceptable to the parties for one of their assets. The LOI contained no proposed terms or compensation for any potential transaction between the two parties. The LOI provided for a 90-day period of exclusivity, which allowed both parties to exchange information and maintain confidentiality as each party sought to determine whether mutually beneficial business opportunities existed.

In January 2018, the Company completed a private placement in which it issued 10 million units at \$0.07 per unit for gross proceeds of \$700,000. Each unit consisted of one common share and one-half of a common share purchase warrant. Each whole warrant is exercisable for 3 years at \$0.20 per underlying common share. Finders’ fees of \$4,830 were paid.

On May 31, 2018, the Company announced that despite best efforts, Canada Coal and Potash Ridge were not able to reach definitive terms in connection with a proposed transaction as Potash Ridge’s Valleyfield asset was secured by a third party lender. Accordingly both companies allowed the LOI to expire.

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 result, 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 terminated. Although the original Letter of Intent between the two parties for a proposed business combination indicated that a definitive agreement needed to be signed by September 15, 2018, delays on the part of Medcolcanna BVI made that deadline impossible; however, both parties continued to work together on other deliverables including a draft management information circular which was provided to Medcolcanna BVI on October 10, 2018.

In the afternoon of Thursday October 11<sup>th</sup>, 2018, legal counsel for GMP Securities, LP contacted our legal counsel to set out new terms for the definitive agreement, significantly different than the terms set out in the LOI, and to indicate that the definitive agreement would need to be signed in the morning of October 12, 2018. Prior to the notification by GMP Securities, Canada Coal had expressed concerns that arose from its due diligence process related to the suitability of management of Medcolcanna. The specific due diligence questions related to these concerns were forwarded to the appropriate parties; however, as responses to the questions were not received by the arbitrary deadline imposed by Medcolcanna to sign the definitive agreement on October 12, 2018, Medcolcanna informed Canada Coal that it had decided to terminate any further discussions in connection with the planned Business Combination.

Canada Coal is reviewing its options which may include legal action against Medcolcanna BVI for acting in bad faith and attempting to recover costs incurred for this transaction by Canada Coal while acting in good faith.



## Operating Activities

As discussed above, the Company's activities during 2018 have been the evaluation of business opportunities to increase shareholder value.

## Selected Annual Information

### Financial Information

	2018	2017	2016
	\$	\$	\$
Revenue (interest income)	11,976	9,593	10,823
Loss before other items for the year	284,749	209,435	324,339
Loss before other items per common share, basic and diluted	0.01	0.01	0.01
Net loss for the year	272,773	199,842	313,606
Net loss per common share, basic and diluted	0.01	0.01	0.01
Weighted average number of common shares outstanding, basic and diluted	28,574,190	21,724,875	21,724,875
<b>Statement of financial position</b>			
Working capital	1,569,757	1,159,074	1,358,916
Total assets	1,607,366	1,178,093	1,381,238
Long-term debt	Nil	Nil	Nil

## Results of Operations

The results of operations reflect the overhead costs incurred by the Company to maintain good standing with the various regulatory authorities and to provide an administrative infrastructure to manage the acquisition, operation and financing activities of the Company. General and administrative costs can be expected to increase or decrease in relation to the changes in activity. As at September 30, 2018, the Company had not recorded any significant revenues.

The Company incurred a net loss for the year ended September 30, 2018 of \$272,773 compared with a loss of \$199,842 in the prior year. The variances in the expense categories are provided below:

Management fees \$156,000 (2017 - \$156,000; 2016 - \$156,000)

There has been no change in management fees for the last three years.

Office, rent and miscellaneous \$14,291 (2017 - \$14,210; 2016 - \$14,837)

Office, rent and miscellaneous costs have remained relatively stable for the last three years.

Professional fees \$25,212 (2017 - \$18,729; 2016 - \$19,104)

Professional fees consist of legal and audit fees. The increase in fiscal 2018 relates to higher legal fees associated with the implementation of the common stock consolidation.

Shareholder communications and promotion \$1,498 (2017 - \$3,339; 2016 - \$1,074)

The shareholder communications and promotions has remained relatively low over the last three years.

## Results of Operations (Continued)

Share-based compensation \$Nil (2017- \$Nil; 2016 - \$113,540)

During fiscal 2016, 2,500,000 options were granted to directors and officers. No options were granted in fiscal 2018 or fiscal 2017.

Opportunity (Property) investigation costs \$66,439 (2017 - \$Nil; 2016 - \$2,700)

Opportunity investigation costs in the last few years have not been significant as the review and analysis has been carried out by Company management. Costs in fiscal 2018 include legal fees for due diligence and the preparation of an information circular and the exclusivity fee paid to Medcolcanna.

Transfer agent and filing fees \$21,309 (2017 - \$17,157; 2016 - \$17,075)

Transfer agent and filing fees increased in fiscal 2018 due to costs related to the implementation of the common stock consolidation. This increase was offset by the reduction in transfer agent fees related to the Annual General Meeting (AGM). The fiscal 2018 AGM was delayed due to the anticipated need for an AGM related to the proposed transaction.

Investment income \$11,976 (2017 - \$9,593; 2016 - \$10,823)

Investment income is directly proportional to interest rates and the average cash balances in each of the fiscal years.

Write off of exploration and evaluation expenditures \$Nil (2017 - \$Nil; 2016 - \$90)

In fiscal 2015, the Company requested a refund of application fees which had previously been written off in fiscal 2014. All but \$90 of the refund requested was received in fiscal 2016.

## 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.

<b>Three Months Ended</b>	<b>September 30, 2018</b>	<b>June 30, 2018</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	\$	\$	\$	\$
Revenue - investment income	3,493	2,998	2,818	2,667
Net Loss	126,296	42,476	51,329	52,672
Net Loss per common share	0.01	0.00	0.00	0.00
<b>Three Months Ended</b>	<b>September 30, 2017</b>	<b>June 30, 2017</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	\$	\$	\$	\$
Revenue - investment income	2,427	2,299	2,361	2,506
Net Loss	58,875	54,931	41,127	44,909
Net Loss per common share	0.01	0.00	0.00	0.00

The loss for the three months ended September 30, 2018 is \$126,296 compared with a loss of \$58,875 in the same period in the prior year. The increased loss is predominantly attributable to the \$66,439 of opportunity investigation costs incurred on the proposed Medcolcanna transaction.

## Capital Resources

The Company's cash position at September 30, 2018 was \$1,596,128 compared with a cash balance of \$1,170,111 at September 30, 2017.

At September 30, 2018, the Company had working capital of \$1,569,757 compared to a working capital balance of \$1,159,074 at September 30, 2017. For the year ended September 30, 2018, the Company utilized \$257,439 for operating activities and received proceeds of \$683,456 from a private placement, net of issue costs.

In January 2018, the Company completed a private placement in which it issued 10 million units at \$0.07 per unit for gross proceeds of \$700,000. Each unit consisted of one common share and one-half of a common share purchase warrant. Each whole warrant is exercisable for 3 years at \$0.20 per underlying common share. Finders' fees of \$4,830 were paid.

The Company's cash balance at September 30, 2018 is more than sufficient to fund its general and administrative expenses for the next twelve month period. Annual general and administrative expenses are estimated to be \$200,000.

There were no material credit facilities in place as at September 30, 2018.

As at September 30, 2018, there are no commitments to pay cash or issue shares.

## Related Party Transactions

For the year ended September 30, 2018, the Company entered into the following related party transactions:

- a) Incurred management fees of \$96,000 (2017: \$96,000) to West Oak Capital Partners Inc., a company controlled by R. B. Duncan, Executive Chairman of the Board and CEO.
- b) Incurred management fees of \$60,000 (2017: \$60,000) to Olga Nikitovic (CFO).
- c) Incurred legal fees of \$40,059 (2017: \$5,199) from 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 fees of \$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). Tom Fenton (Director and Corporate Secretary) is a partner with Aird & Berlis LLP.

The compensation for key management personnel is identified above in (a) and (b). The Company does not pay any health or post-employment benefits.

## Off Balance Sheet Arrangements

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

## Critical 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.

## **Critical Estimates (Continued)**

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.

## **Changes in Accounting Policies**

### **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 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"), effective for annual periods beginning on or after January 1, 2018, 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.

## 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's risk exposures and the impact on the Company's financial instruments are summarized below:

### Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. 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

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations when they come due. The Company generates cash flow through its private placements in the equity markets. 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 general and administrative expenses for the next twelve months.

### Market risk

#### (a) Interest rate risk

The Company has cash balances therefore, interest rate risk is minimal.

#### (b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major expenditures are transacted in Canadian dollars. The Company's exposure to foreign currency is minimal. 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 would not have a significant impact on the Company's financial statements.

#### (c) Equity price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is the potential adverse effect on the Company due to movements in individual equity prices or the stock market in general. The Company closely monitors individual equity movements and the stock market volatility to determine the appropriate course of action to be taken by the Company.

#### (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.

## **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 described in the subsequent event note 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.

## **Risks and Uncertainties**

The Company's financial condition, results of operation and business are subject to risks. The following are identified as the main risk factors:

### **Financing**

The Company is reliant upon equity financing in order to continue its operations. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional funding in the future, it will be unable to carry out its operations.

## **Disclosure Controls and Procedures**

TSX Venture listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of Disclosure controls and procedures ("DC&P") and Internal controls over financial reporting ("ICFR"), as defined in National Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information.

Investors should be aware that inherent limitation on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## Other MD&A Requirements

As at the date of this MD&A, the Company had 31,724,875 common shares issued and outstanding.

Stock options of the Company outstanding at the date of this MD&A were as follows:

Options	Exercise Price \$	Expiry Date
100,000	0.40	January 23, 2019
1,250,000	0.10	September 22, 2021
1,350,000		

Warrants of the Company outstanding at the date of this MD&A were as follows:

Warrants	Exercise Price \$	Expiry Date
5,000,000	0.20	January 23, 2021

**CANADA COAL INC.**

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**CORPORATE DATA**

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**October 29, 2018**

**EXECUTIVE OFFICE**

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Vancouver, BC V6E 3Z3  
Tel: (905) 813-8952  
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**SOLICITORS**

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Brookfield Place  
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181 Bay Street  
Toronto, Ontario M5J 2T9  
Tel: (416) 863-1500  
Fax: (416) 863-1515

**REGISTRAR & TRANSFER AGENT**

**Computershare Investor Services**  
1510 Burrard Street, 3rd Floor  
Vancouver, BC V6C 3B9

**AUDITORS**

**UHY McGovern Hurley LLP**  
251 Consumers Road, Suite 800  
Toronto, Ontario M2J 4R3  
Phone: (416) 496-1234  
Fax: (416) 496-0125

**DIRECTORS AND OFFICERS**

R. Bruce Duncan	Executive Chairman & CEO
Richard Klue	Director
Tom Fenton	Director/Corporate Secretary
Ian Smith	Director
Olga Nikitovic	CFO

**INVESTOR CONTACTS**

R. Bruce Duncan  
(905) 813-8408

**CAPITALIZATION**

Authorized:	Unlimited
Issued:	31,724,875



**SCHEDULE I**  
**MIJEM FINANCIAL STATEMENTS**

**MIJEM INC.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED OCTOBER 31, 2019**  
(in Canadian Dollars)  
(UNAUDITED)

**MIJEM INC.**  
(Incorporated Under the Laws of Ontario)  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

AS AT

	<b>October 31, 2019</b>	<b>July 31, 2019</b>
	\$	\$
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	48,650	2,002
Short-term deposits	100,000	-
Amounts receivable (note 11)	50,000	-
Government remittances recoverable	7,238	15,618
Investment tax credits receivable (note 5)	34,958	34,958
Prepaid expenses	7,425	13,759
	<b>248,271</b>	<b>66,337</b>
<b>Non-current</b>		
Equipment (note 6)	3,596	4,104
Intangible assets (note 7)	42,324	43,278
	<b>45,920</b>	<b>47,382</b>
<b>TOTAL ASSETS</b>	<b>294,191</b>	<b>113,719</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	192,326	211,178
Promissory note payable (note 8)	-	150,000
Current portion of long-term loans (note 9)	34,462	3,750
Due to shareholders (note 10)	12,113	12,113
	<b>238,901</b>	<b>377,041</b>
<b>Non-current</b>		
Long-term loans (note 9)	214,913	3,750
<b>TOTAL LIABILITIES</b>	<b>453,814</b>	<b>380,791</b>
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share capital (note 11)	2,520,372	2,450,095
Equity reserves (note 11)	421,833	399,641
Contributed surplus	3,967	3,967
Deficit	(3,105,795)	(3,120,775)
<b>TOTAL SHAREHOLDERS' DEFICIENCY</b>	<b>(159,623)</b>	<b>(267,072)</b>
	<b>294,191</b>	<b>113,719</b>

SUBSEQUENT EVENTS (note 15)

Approved and authorized for issue by the director on December 30, 2019

\_\_\_\_\_  
Phuong Dinh, Director

(UNAUDITED)

See accompanying notes to financial statements

**MIJEM INC.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**  
**FOR THE THREE MONTHS ENDED OCTOBER 31, 2019**  
(with comparative figures for the three months ended October 31, 2018)  
(Expressed in Canadian dollars)

	Number of common shares	Number of warrants	Share capital \$	Equity reserves \$	Contributed surplus \$	Deficit \$	Total \$
<b>Balance as at July 31, 2018</b>	21,854,400	6,559,100	1,852,083	245,344	-	(2,056,923)	40,504
<b>Shares and warrants issued for cash (note 11)</b>	5,000,000	5,000,000	600,095	149,905	-	-	750,000
<b>Finder's warrants</b>	-	450,000	(89,683)	8,359	-	-	(81,324)
<b>Net loss and comprehensive loss for the period</b>	-	-	-	-	-	(22,806)	(22,806)
<b>Balance as at October 31, 2018</b>	<u>26,854,400</u>	<u>12,009,100</u>	<u>2,362,495</u>	<u>403,608</u>	<u>-</u>	<u>(2,079,729)</u>	<u>686,374</u>
<b>Balance as at July 31, 2019</b>	27,204,800	11,943,500	2,450,095	399,641	3,967	(3,120,775)	(267,072)
<b>Shares issued for cash (note 11)</b>	85,716	-	30,000	-	-	-	30,000
<b>Warrants issued for settlement of debt (note 11)</b>	-	214,286	-	12,469	-	-	12,469
<b>Shares and warrants issued for cash (note 11)</b>	142,858	142,858	40,277	9,723	-	-	50,000
<b>Net income and comprehensive income for the period</b>	-	-	-	-	-	14,980	14,980
<b>Balance as at October 31, 2019</b>	<u>27,433,374</u>	<u>12,300,644</u>	<u>2,520,372</u>	<u>421,833</u>	<u>3,967</u>	<u>(3,105,795)</u>	<u>(159,623)</u>

**MIJEM INC.**  
**CONDENSED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**  
**FOR THE THREE MONTHS ENDED OCTOBER 31, 2019**  
(with comparative figures for the three months ended October 31, 2018)  
(Expressed in Canadian dollars)

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>	-	-
<b>EXPENSES</b>		
Professional fees expense (recovery)	89,742	(46,475)
Salaries (note 12)	69,080	31,874
Rent (note 12)	5,270	4,276
Insurance	5,000	636
Interest	3,521	298
Bank charges expense (recovery)	3,223	(69)
Communication	1,751	1,580
Amortization of intangible assets (note 7)	1,054	938
Depreciation of equipment (note 6)	508	427
Office and sundry	365	663
Auto and travel expense (recovery) (note 5)	(2,540)	5,621
Advertising and promotion expense (recovery) (note 5)	(18,145)	(3,965)
Research and development (recovery) expense (note 5)	(36,278)	27,002
	122,551	22,806
<b>LOSS FROM OPERATIONS</b>	(122,551)	(22,806)
<b>OTHER INCOME</b>		
Gain on forgiveness of debt (note 8)	(137,531)	-
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)</b>	14,980	(22,806)
<b>BASIC AND DILUTED INCOME (LOSS) PER SHARE</b>	0.001	(0.001)
<b>Weighted average number of basic common shares outstanding</b>	27,284,616	24,463,096

(UNAUDITED)  
See accompanying notes to financial statements

**MIJEM INC.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED OCTOBER 31, 2019**  
(with comparative figures for the three months ended October 31, 2018)  
(Expressed in Canadian dollars)

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	14,980	(22,806)
Items not affecting cash		
Depreciation of equipment (note 7)	508	427
Amortization of intangible assets (note 8)	1,054	938
Forgiveness of debt	(137,531)	-
	<u>(120,989)</u>	<u>(21,441)</u>
Net changes in non-cash working capital:		
Amounts receivable	(50,000)	-
Government remittances recoverable	8,380	(4,671)
Investment tax credit receivable	-	26
Prepaid expenses	6,334	(5,604)
Accounts payable and accrued liabilities	(18,852)	(60,288)
	<u>(175,127)</u>	<u>(91,978)</u>
Cash flows from operating activities	<u>(175,127)</u>	<u>(91,978)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of short-term deposits	(100,000)	(475,000)
Purchase of equipment (note 7)	-	(490)
Increase in intangible assets (note 8)	(100)	(100)
	<u>(100,100)</u>	<u>(475,590)</u>
Cash flows from investing activities	<u>(100,100)</u>	<u>(475,590)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of common shares and warrants (note 11)	80,000	668,675
Repayments to shareholders	-	(9,979)
Issuance of debt	242,812	-
Repayments of long-term loan (note 9)	(937)	(938)
	<u>321,875</u>	<u>657,758</u>
Cash flows from financing activities	<u>321,875</u>	<u>657,758</u>
<b>NET INCREASE IN CASH FOR THE PERIOD</b>	<b>46,648</b>	<b>90,190</b>
<b>CASH, BEGINNING OF THE PERIOD</b>	<b>2,002</b>	<b>88,077</b>
<b>CASH, END OF THE PERIOD</b>	<b>48,650</b>	<b>178,267</b>

(UNAUDITED)  
See accompanying notes to financial statements

**Mijem Inc.**  
**Notes to Condensed Interim Financial Statements**  
**October 31, 2019**  
(amounts expressed in Canadian dollars)  
(UNAUDITED)

**1. NATURE OF OPERATIONS**

Mijem Inc. (“Mijem” or the “Company”) was incorporated under the Ontario Business Corporations Act on August 19, 2014. The Company’s primary business is the development and monetization of online and mobile applications. The Company’s registered office and the location of its records is 4K Spadina Avenue, Suite 1715, Toronto Ontario, M5V 3Y9.

**2. GOING CONCERN**

The condensed interim financial statements have been prepared in accordance with accounting principles that apply to a going concern. This presupposes that the Company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company recorded net income of \$14,980 for the three months ended October 31, 2019 (net loss of \$22,806 for the three months ended October 31, 2018) and as of that date, had a cumulative deficit of \$3,105,795 and working capital of \$10,309 (working capital deficiency of \$310,704 as at July 31, 2019).

The Company’s continuation as a going concern is dependent upon the successful results from the development and monetization of the Company’s online and mobile applications and its ability to attain profitable operations and/or raise capital sufficient to meet current and future obligations, all of which are uncertain. These material uncertainties cast doubt about the ability of the Company to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from related parties and/or the issuance of common shares.

The carrying amount of assets, liabilities, revenue and expenses presented in the condensed interim financial statements have not been adjusted as would be required if the going concern assumption was not appropriate.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Statement of compliance***

These audited condensed interim financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting* (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended July 31, 2019, which have been prepared in accordance with IFRS. The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company’s audited financial statements for the year ended July 31, 2019. The Company’s interim results are not necessarily indicative of its results for a full year.

The condensed interim financial statements have been authorized for release by the Company’s Board of Directors on December 30, 2019.

### ***Basis of measurement***

These condensed interim financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. The presentation and functional currency is the Canadian dollar.

### ***Cash and cash equivalents***

Cash and cash equivalents include all cash and all highly liquid investments with original maturities of three months or less.

### ***Equipment***

Equipment is stated as cost less accumulated depreciation. Equipment is depreciated over their estimated useful life at the following annual rates:

Furniture and fixtures	20%
Computer equipment	55%

The Company regularly reviews its equipment to eliminate obsolete items.

Equipment acquired during the year is depreciated from the date the asset is available for use as intended until the date of disposition.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income (loss) and comprehensive income (loss) when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date, and adjusted prospectively if appropriate.

### ***Intangible assets***

Intangible assets include expenditures related to obtaining patents and technology rights associated with patents and trademarks. The amortization of patent costs commences when the associated products are available for commercial sale and are amortized on a straight line basis over its respective legal lives or economic life, if shorter. Patents have an estimated useful life of 17 years. Trademarks are considered to have finite useful lives of ten years and, as such, are recorded at cost less accumulated amortization. The amortization of trademarks is on a straight-line basis over ten years. Amortization methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate. Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in operations as incurred.

Development activities involve a plan or design for the production of new, or substantially improved, products or processes related to the Company's technology platforms. Development expenditures are capitalized only if the relevant IFRS criteria are met. Capitalized development expenditures are amortized from the beginning of commercial production and sales and are amortized on a straight-line basis over the remaining useful life of the related patent(s). Development expenditures, in relation to the Company's website and app platforms, have not satisfied the above criteria and are recognized in operations as incurred.

Impairment -



Long-lived assets, including equipment and intangible assets, are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of asset exceeds its recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separate cash inflows that are largely independent of the cash inflows from other assets. An impairment loss is charged to operations.

### ***Financial instruments***

#### *Classification*

The Company determines the classification of financial instruments at initial recognition and classifies its financial instruments in the following measurement categories:

- Those to be measured subsequently at fair value (either through profit or loss ("FVTPL") or through other comprehensive income ("FVOCI");
- Those to be measured at amortized cost.

The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Financial instruments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Measurement*

##### *Financial instruments at amortized cost*

Financial instruments at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Currently, the Company classifies amounts receivable, accounts payable and accrued liabilities, long-term debt and advances to shareholder as financial liabilities at amortized cost.

##### *Financial instruments at FVTPL*

Financial instruments are initially recorded at fair value and transaction costs are expensed in the statements of income (loss) and comprehensive income (loss). Financial instruments at FVTPL are subsequently measured at fair value, with gains and loss on disposition and unrealized gains and loss from changes in fair value are recognized in the statement of income (loss) and comprehensive income (loss). The effective portion of gains and losses on financial instruments designed as hedges is included in the statements of comprehensive income (loss) in the period in which it arise. When management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Currently, the Company classifies cash and short-term deposits as FVTPL.

##### *Financial instruments at FVOCI*

Currently, the Company does not have any instruments classified as FVOCI.

### *Impairment*

An expected credit loss (“ECL”) model is applied to the assessment of financial assets. Under the ECL mode, the Company has to record an allowance for ECL either based on a 12-month ECL or on a lifetime ECL. ECLs are recognized on the following basis:

- A maximum 12 month allowance for ECL is recognized from initial recognition reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring.
- A lifetime ECL allowance is recognized if a significant increase in credit risk is detected subsequent to the instruments initial recognition reflecting lifetime cash shortfalls that would result over the expected life of a financial instrument.
- A lifetime ECL allowance is recognized for credit impaired financial instruments.

Accounts receivable and accruals are subject to the ECL model.

### *Definition of default*

For internal credit risk management purposes, the Company considers a financial asset not recoverable if the customer balance owing is 120 days past due and information obtained from the customer and other external factors indicate that the customer is unlikely to pay its creditors in full.

### *Write off policy*

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

### *Derecognition*

#### *Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of income (loss) and comprehensive income (loss).

#### *Financial liabilities*

The Company derecognizes financial liabilities only when its obligation under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of income (loss) and comprehensive income (loss).

### ***Income taxes***

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case it is recognized in equity or other comprehensive income (loss).

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 changes to tax payable with regards to previous years.

Deferred tax is recognized using the asset and 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 following temporary difference do not result in deferred tax assets or liabilities: the initial

recognition of assets or liabilities that affect neither accounting nor taxable loss; difference relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 statements of financial position 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 and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### ***Related party transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

### ***Share capital***

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of tax, from the proceeds.

### ***Warrants***

Warrants issued are valued on the date of grant using the Black-Scholes option pricing model, net of related issue costs and are recorded in the equity reserves. Expired warrants are removed from equity reserves and credited directly to contributed surplus.

### ***Share-based compensation***

Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options and warrants is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for equity instruments granted shall be based on the number of equity instruments that eventually vest. The Company determines the share value at the grant date based on the most recent share issuance for cash. As the Company's shares are not currently traded on an active market, the Company uses the volatilities of comparable entities traded on the public market.

### ***Government grants***

Government grant funds are recognized in income when there is reasonable assurance that the Company has complied with the conditions attached to them and that the grant funds will be received. Grant funds receivable are recognized in income over the periods in which the entity recognizes as expenses, the related costs for which the grant is intended to compensate.

### ***Foreign currency translation***

The functional currency of the Company is the currency of the primary economic environment in which the Company operates. The condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated in Canadian dollars at the period end exchange rate, while non-monetary assets and liabilities are translated at historical rates. Revenue and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Currency gains and losses arising on translation are included in the statement of income (loss) and comprehensive income (loss).

### ***Earnings (loss) per share***

Basic earnings (loss) per share is calculated by dividing the earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share is the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of diluted stock options and warrants are used to repurchase common shares at the average price during the year.

### ***Significant accounting judgments, estimates and assumptions***

The preparation of the Company's condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim financial statements and reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

- Stock-based compensation is subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes Option Pricing Model;
- Income taxes;
- Assets' carrying values and impairment charges.

## **4. ADOPTION OF NEW ACCOUNTING POLICIES**

IFRS 16 *Leases* ("IFRS 16"), was issued in January 2016 and it replaces IAS 17 *Leases* and became effective for fiscal periods beginning on or after January 1, 2019. IFRS 16 requires entities to recognize lease assets and lease obligations on the statement of financial position. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are capitalized and presented either as lease assets

(right-of-use assets) or together with property, plant and equipment. IF lease payments are made over time, a company also recognizes a financial liability representing its obligations to make future lease payments.

The adoptions of IFRS 16 did not have a material impact on the Company's financial statements as the Company currently has no lease obligations.

## 5. GOVERNMENT GRANTS

Investment tax credits receivable as at October 31, 2019 were \$34,958 (\$34,958 as at July 31, 2019).

In connection with Sault Ste. Marie Innovation Accelerator Program the Company has recognized \$6,429 (\$nil in 2018) which is recorded in the statement of income (loss) and comprehensive income (loss) as a reduction of auto and travel expenses.

On October 1, 2019 the Company received \$55,024 (\$nil in 2018) in connection with the Northern Ontario Heritage Fund Corporation Grant ("NOHFC Grant"). \$18,746 of the amount recovered is recorded in the statement of income (loss) and comprehensive income (loss) as a reduction of advertising and promotion and \$36,278 is recorded as recovery of research and development expenses. These recovered amounts are netted against other advertising and promotion and research and development expenses incurred during the period. The NOHFC Grant is a conditional grant not to exceed \$186,766 for the reimbursement of eligible project costs incurred in connection with the NOHFC Grant.

## 6. EQUIPMENT

	<u>Furniture and fixtures</u>	<u>Computer equipment</u>	<u>Total</u>
	\$	\$	\$
<b>Cost</b>			
Balance, July 31, 2019	1,384	6,720	8,104
Additions	-	-	-
Balance, October 31, 2019	<u>1,384</u>	<u>6,720</u>	<u>8,104</u>
<b>Accumulated depreciation</b>			
Balance, July 31, 2019	741	3,259	4,000
Charge for the period	32	476	508
Balance, October 31, 2019	<u>773</u>	<u>3,735</u>	<u>4,508</u>
<b>Net book value</b>			
Balance, July 31, 2019	<u>643</u>	<u>3,461</u>	<u>4,104</u>
Balance, October 31, 2019	<u>611</u>	<u>2,985</u>	<u>3,596</u>

## 7. INTANGIBLE ASSETS

	<u>Patents</u>	<u>Trademarks</u>	<u>Total</u>
	\$	\$	\$
<b>Cost</b>			
Balance, July 31, 2019	18,626	42,146	60,772
Additions	100	-	100
Balance, October 31, 2019	<u>18,726</u>	<u>42,146</u>	<u>60,872</u>
<b>Accumulated amortization</b>			
Balance, July 31, 2019	-	17,494	17,494
Charge for the period	-	1,054	1,054
Balance, October 31, 2019	<u>-</u>	<u>18,548</u>	<u>18,548</u>
<b>Net book value</b>			
Balance, July 31, 2019	<u>18,626</u>	<u>24,652</u>	<u>43,278</u>
Balance, October 31, 2019	<u>18,726</u>	<u>23,598</u>	<u>42,324</u>

## 8. PROMISSORY NOTE PAYABLE

The Company had a \$150,000 unsecured promissory note, which bore interest at 3% per annum, with DC Acquisitions Corp. (“DC”).

On August 8, 2019 the Company entered into a termination agreement (the “Termination Agreement”) with DC Acquisition Corp. (“DC”) which terminated their previously entered into combination agreement (the “Combination Agreement”) dated March 26, 2019. In consideration for the termination of the obligations of DC under the combination agreement and release provided in the Termination Agreement, DC forgave all obligations of the Company under the promissory note and agreed to assume the legal fees payable to Garfinkle Biderman LLP as counsel to First Republic Capital Corporation (“FCC”) under an engagement agreement dated February 22, 2019 among the Company, DC and FCC. In consideration for the termination of the obligations of the Company under the Combination Agreement and the releases provided in the Termination Agreement, the Company issued to DC 214,286 common share purchase warrants exercisable to purchase common shares of the Company at an exercise price of \$0.35 per common share for a term of two years from date of the Termination Agreement (see note 11).

## 9. LONG-TERM LOANS

	<u>October 31, 2019</u>	<u>July 31, 2019</u>
	\$	\$
Loan payable bearing interest at the bank's floating base rate plus 5% per annum and maturing on June 22, 2021 (a)	6,563	7,500
Loan payable bearing interest at the bank's floating base rate plus 2% per annum and maturing on April 1, 2024 (b)	<u>242,812</u>	<u>-</u>
	249,375	7,500
Amounts payable within one year	<u>(34,462)</u>	<u>(3,750)</u>
	<u>214,913</u>	<u>(3,750)</u>

(a) This loan is unsecured.

(b) This loan is secured by a general security agreement.

The loans are repayable as follows:

		\$
In the year ending October 31,	2020	34,462
	2021	64,350
	2022	60,600
	2023	60,600
	2024	<u>29,363</u>
		<u>249,375</u>

## 10. DUE TO SHAREHOLDERS

The amount due to shareholders are due on demand without interest or security.

## 11. SHARE CAPITAL

*Authorized*

The authorized capital of the Company consists of an unlimited number of common shares.

Common shares issued and outstanding at October 31, 2019 were 27,433,374 (October 31, 2018 – 26,854,400).

*Issued during 2018*

On August 27, 2018 the common shares of the Company were split on the basis of 100 common shares for each then issued common share. The number of shares issued and the share prices reflect this share split on a retroactive basis for issuances before this date.

On September 14, 2018, the Company issued 5,000,000 units at a price of \$0.15 per unit for gross proceeds of \$750,000. Each unit consists of one common share and one liquidity warrant. The liquidity warrants are exercisable into one additional common share at a price of \$0.0001 per share until March 14, 2021 only in the absence of a liquidity event before December 14, 2019 (see note 15). The fair value of the liquidity warrants was determined to be 149,905. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 2.12%, Expected life – 2.5 years, Expected annual volatility – 25.13%, Expected dividends – Nil, Expected forfeiture rate – 80%.

In connection with the September 14, 2018 private placement, the Company paid a cash commission of \$81,324 and issued 450,000 finders' warrants ("Finders' Warrants"). Each Finder's Warrant entitles the holder thereof to subscribe for one unit of the Company at an exercise price of \$0.15 per unit until December 14, 2019 (see note 15). Each unit consists of one common share and one liquidity warrant. The liquidity warrants are exercisable into one additional common share at a price of \$0.0001 per share until March 14, 2021 only in the absence of a liquidity event before December 14, 2019. The fair value of the warrants was determined to be \$8,359. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 2.12%, Expected life – 2.5 years, Expected annual volatility – 25.13%, Expected dividends – Nil, Expected forfeiture rate – Nil%.

*Issued during 2019*

On August 9, 2019 the Company issued 85,716 at a price of \$0.35 per common share.

On October 31, 2019, the Company issued 142,858 units at a price of \$0.35 per unit for gross proceeds of \$50,000. Each unit consists of one common share and one liquidity warrant. The liquidity warrants are exercisable into one additional common share at a price of \$0.01 per share until October 31, 2021 only in the absence of a liquidity event before March 31, 2020. The fair value of the liquidity warrants was determined to be \$9,723. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 1.52%, Expected life – 2 years, Expected annual volatility – 28.80%, Expected dividends – Nil, Expected forfeiture rate – 80%. The proceeds from this issuance were received on November 1, 2019 and therefore are included in amounts receivable on the statement of financial position as at October 31, 2019.



## Warrants

The following is a summary of changes in warrants from August 1, 2019 to October 31, 2019 (with comparative figures from August 1, 2018 to October 31, 2018):

	2019		2018	
	Number of warrants outstanding	Weighted average exercise price	Number of warrants outstanding	Weighted average exercise price
Opening balance	11,943,500	\$ 0.014	6,559,100	\$ 0.020
Granted	357,144	0.350	5,450,000	0.012
Expired	-	-	-	-
Balance, October 31	12,300,644	0.024	12,009,100	0.014

On August 8, 2019 the Company issued 214,286 warrants in connection with the settlement of debt. Each warrant entitles the holder thereof to subscribe for one common share of the Company at an exercise price of \$0.35 per share until August 8, 2021. The fair value of the warrants was determined to be \$12,469. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 1.36%, Expected life – 2 years, Expected annual volatility – 27.57%, Expected dividends – Nil, Expected forfeiture rate – Nil.

As of October 31, 2019 the Company had outstanding warrants as follows:

Expiry date	Number of warrants outstanding	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
November 22, 2019	65,600	\$ 0.3810	2,961	0.060
December 8, 2019 (a)	1,379,300	\$ 0.0001	49,797	0.100
December 14, 2019 (a)	5,000,000	\$ 0.0001	149,905	0.120
December 14, 2019	450,000	\$ 0.1500	8,359	0.120
December 15, 2019 (a)	4,300,000	\$ 0.0001	155,243	0.120
December 18, 2019 (a)	527,600	\$ 0.0001	19,048	0.130
January 20, 2020	65,600	\$ 0.3810	2,960	0.060
February 27, 2020	65,700	\$ 0.3810	2,894	0.330
April 21, 2020	65,600	\$ 0.3810	2,750	0.470
November 1, 2020	24,100	\$ 0.1038	5,724	1.010
August 8, 2021	214,286	\$ 0.3500	12,469	1.770
October 31, 2021 (b)	142,858	\$ 0.0100	9,723	2.000
	12,300,644		421,833	0.180

(a) Liquidity warrants which are only exercisable in the event of a liquidity event before December 14, 2019 (see note 15).

(b) Liquidity warrants which are only exercisable in the event of a liquidity event before March 31, 2020.

## 12. RELATED PARTY TRANSACTIONS (see also note 10)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and consist of its director and President. For the three months ended October 31, 2019 key management salary expense incurred with the President of the Company was \$18,614 (2018 - \$15,874).

Included in rent expense on the statement of income (loss) and comprehensive income (loss) was \$764 incurred with the President of the Company for the three months ended October 31, 2019 (2018 - \$764)

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### *Fair value*

The carrying amount of the Company's financial instruments approximates their fair values.

The Company categorized its financial instruments that are carried at fair value into a three level fair value hierarchy as follows:

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market. The types of assets and liabilities classified as Level 1 include cash balances in the Company's bank account of \$48,650 (\$2,002 – July 31, 2019) and short-term deposits of \$100,000 (\$nil – July 31, 2019) as at October 31, 2019.

Level 2: Fair value is based on quoted prices for inactive markets for similar instruments; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Currently the Company has no level 2 instruments.

Level 3: valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Currently the Company has no level 3 instruments.

### *Risk Exposure and Management*

#### Overview

The Company has exposure to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The principal financial risks to which the Company is exposed are credit risk, interest rate risks, liquidity and funding risk and currency risk.

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at July 31, 2019 under its financial instruments is approximately \$198,650.

The majority of the Company's cash and cash equivalents are held with a major financial institution in Canada and management believes the exposure to credit risk with respect to such institutions is not significant.

### Interest rate risk

Interest rate risk is the risk that the fair value of futures cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with credit ratings of its banks. Management believes the exposure to interest rate risk is not significant.

### Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements.

As at October 31, 2019, the Company had cash of \$48,650 in order to meet current liabilities.

The following obligations existed as at October 31, 2019:

	<u>Total</u>	<u>Less than 1 year</u>	<u>1 - 5 years</u>
	\$	\$	\$
Accounts payable and accrued liabilities	192,326	192,326	-
Long-term loans	264,447	36,775	227,672
Due to shareholders	12,113	12,113	-
	<u>468,886</u>	<u>241,214</u>	<u>227,672</u>

### Currency risk

The Company is not subject to significant foreign currency risk.

## **14. CAPITAL MANAGEMENT**

The Company considers capital to be the elements of shareholders' equity. The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance its operations. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

## **15. SUBSEQUENT EVENTS**

### *Issuance of common shares*

On December 12, 2019 the Company issued 137,175 common shares at a price of \$0.3645 per share for gross proceeds of \$50,000.

### *Combination Agreement*

On November 15, 2019 the Company entered into a Combination Agreement (the “Agreement”) with Canada Coal Inc. (“CCI”) and 2726846 Ontario Inc. (the “Subco”) to combine the Company with CCI through an amalgamation of the Company with Subco (the “Combination”) on the terms and conditions set out in the Agreement. Upon completion of the Combination, the resulting issuer (the “Resulting Issuer”) will carry on the business of the Company. Prior to or concurrent with the Combination, the Company intends to carry out a private placement for a minimum of \$1,850,000 and maximum of \$3,000,000 by way of the issuance of common shares and/or subscriptions receipts, which once issued would convert to Resulting Issuer shares upon consummation of the Combination. Pursuant to the Agreement, immediately prior to the amalgamation, CCI will complete a share consolidation on the basis of two pre-consolidation common shares for every one post-consolidation common share (the “Share Consolidation”). Following the completion of the Share Consolidation and the Combination the shareholders of the Company would be issued 2.144 Resulting Issuer common shares for each Company common share held by such Company shareholder. In addition, each warrant held in the Company will be exchanged for 2.144 of the Resulting Issuer warrants, having substantially the same terms and conditions as the Company warrants, and will entitle the holder thereof to acquire, upon exercise of each whole warrant, and for the consideration payable therefore, one Resulting Issuer common share.

### *Expiration of warrants*

On November 22, 2019, 65,600 warrants exercisable at \$0.3810 per share expired. On December 14, 2019, 450,000 warrants exercisable at \$0.15 per share expired.

### *Liquidity warrant extension*

By December 30, 2019, the Company gained approval from approximately 98% of the liquidity warrant holders which had a liquidity event deadline of December 14, 2019 to extend the liquidity event deadline to March 31, 2020. The holder of 166,671 liquidity warrants has yet to provide their approval of the extension.

**MIJEM INC.**  
**FINANCIAL STATEMENTS**  
**JULY 31, 2019 AND 2018**  
(in Canadian Dollars)

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of Mijem Inc.

### *Opinion*

We have audited the financial statements of Mijem Inc. (the "Company"), which comprise the statements of financial position as at July 31, 2019 and 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2019 and 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We have conducted our audits in accordance with Canadian generally accepted auditing standards ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to note 2 of the financial statements, which indicates that the Company incurred a net loss of \$1,063,852 for the year ended July 31, 2019 and as of that date, had a cumulative deficit of \$3,120,775 and a working capital deficiency of \$310,704. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting for error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cause significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

November 6, 2019  
Toronto, Ontario

*Zeifmans LLP*

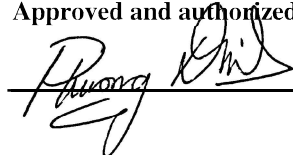
Chartered Professional Accountants  
Licensed Public Accountants

**MIJEM INC.**  
(Incorporated Under the Laws of Ontario)  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT JULY 31, 2019 AND 2018**  
(Expressed in Canadian dollars)

	<b>July 31, 2019</b>	<b>July 31, 2018</b>
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	2,002	88,077
Government remittances receivable	15,618	25,268
Investment tax credits receivable (note 5)	34,958	19,865
Prepaid expenses	13,759	514
	<b>66,337</b>	<b>133,724</b>
<b>Non-current</b>		
Equipment (note 6)	4,104	3,368
Intangible assets (note 7)	43,278	42,599
	<b>47,382</b>	<b>45,967</b>
<b>TOTAL ASSETS</b>	<b>113,719</b>	<b>179,691</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	211,178	68,535
Promissory note payable (note 8)	150,000	-
Current portion of long-term loans (note 9)	3,750	3,750
Due to shareholders (note 10)	12,113	59,402
	<b>377,041</b>	<b>131,687</b>
<b>Non-current</b>		
Long-term loans (note 9)	3,750	7,500
<b>TOTAL LIABILITIES</b>	<b>380,791</b>	<b>139,187</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
Share capital (note 11)	2,450,095	1,852,083
Equity reserves (note 11)	399,641	245,344
Contributed surplus	3,967	-
Deficit	(3,120,775)	(2,056,923)
<b>TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)</b>	<b>(267,072)</b>	<b>40,504</b>
	<b>113,719</b>	<b>179,691</b>

**SUBSEQUENT EVENTS** (note 16)

Approved and authorized for issue by the director on November 6, 2019



Phuong Dinh, Director

See accompanying notes to financial statements



**MIJEM INC.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**  
**FOR THE YEARS ENDED JULY 31, 2019 AND 2018**  
(Expressed in Canadian dollars)

	<b>Number of common shares (a)</b>	<b>Number of warrants</b>	<b>Share capital</b>	<b>Equity reserves</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total</b>
			<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at July 31, 2017</b>	13,551,800	328,100	1,205,049	15,532	-	(1,386,060)	(165,479)
<b>Shares and warrants issued for cash (note 11)</b>	4,827,600	4,827,600	175,709	174,291	-	-	350,000
<b>Shares and warrants issued on settlement of debt (note 11)</b>	1,379,300	1,403,400	50,202	55,521	-	-	105,723
<b>Shares issued for services (note 11)</b>	2,095,700	-	421,123	-	-	-	421,123
<b>Net loss and comprehensive loss for the year</b>	-	-	-	-	-	(670,863)	(670,863)
<b>Balance as at July 31, 2018</b>	21,854,400	6,559,100	1,852,083	245,344	-	(2,056,923)	40,504
<b>Shares and warrants issued for cash (note 11)</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>600,095</b>	<b>149,905</b>	-	-	<b>750,000</b>
<b>Share issuance costs (note 11)</b>	-	<b>450,000</b>	<b>(89,683)</b>	<b>8,359</b>	-	-	<b>(81,324)</b>
<b>Shares issued for services (note 11)</b>	<b>350,400</b>	-	<b>87,600</b>	-	-	-	<b>87,600</b>
<b>Reclassification of expired warrants (note 11)</b>	-	<b>(65,600)</b>	-	<b>(3,967)</b>	<b>3,967</b>	-	-
<b>Net loss and comprehensive loss for the year</b>	-	-	-	-	-	(1,063,852)	(1,063,852)
<b>Balance as at July 31, 2019</b>	<b><u>27,204,800</u></b>	<b><u>11,943,500</u></b>	<b><u>2,450,095</u></b>	<b><u>399,641</u></b>	<b><u>3,967</u></b>	<b><u>(3,120,775)</u></b>	<b><u>(267,072)</u></b>

See accompanying notes to financial statements

**MIJEM INC.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED JULY 31, 2019 AND 2018**  
(Expressed in Canadian dollars)

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>REVENUE</b>	<u>-</u>	<u>-</u>
<b>EXPENSES</b>		
Advertising and promotion (note 5)	350,325	20,430
Research and development	252,560	410,510
Salaries (note 12)	205,084	92,715
Professional fees	167,979	58,118
Auto and travel	28,962	15,312
Rent (note 12)	20,565	6,912
Consulting fees	14,405	31,640
Communication	8,203	5,492
Amortization of intangible assets (note 7)	3,982	3,744
Insurance	3,328	3,146
Office and sundry	2,997	1,884
Depreciation of equipment (note 6)	2,447	1,127
Interest	2,266	19,471
Bank charges	740	134
Foreign currency translation loss	9	228
	<u>1,063,852</u>	<u>670,863</u>
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<u>(1,063,852)</u>	<u>(670,863)</u>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<u>(0.04)</u>	<u>(0.04)</u>
<b>Weighted average number of basic common shares outstanding</b>	<u>26,412,103</u>	<u>18,347,717</u>

See accompanying notes to financial statements

**MIJEM INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JULY 31, 2019 AND 2018**  
(Expressed in Canadian dollars)

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	(1,063,852)	(670,863)
Items not affecting cash		
Depreciation of equipment (note 6)	2,447	1,127
Amortization of intangible assets (note 7)	3,982	3,744
Accretion of loans	-	14,442
Expenses settled through the issuance of shares (note 11)	87,600	421,123
	(969,823)	(230,427)
Net changes in non-cash working capital:		
Government remittances recoverable	9,650	(23,400)
Investment tax credit receivable	(15,093)	8,175
Prepaid expenses	(13,245)	(514)
Accounts payable and accrued liabilities	142,643	12,412
	(845,868)	(233,754)
Cash flows from operating activities	(845,868)	(233,754)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment (note 6)	(3,183)	(3,907)
Increase in intangible assets (note 7)	(4,660)	(285)
	(7,843)	(4,192)
Cash flows from investing activities	(7,843)	(4,192)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of common shares and warrants (note 11)	668,675	350,000
Repayments to shareholders	(47,289)	(5,638)
Issuance of promissory note (note 8)	150,000	-
Repayments of long-term loan (note 9)	(3,750)	(18,436)
	767,636	325,926
Cash flows from financing activities	767,636	325,926
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	<b>(86,075)</b>	<b>87,980</b>
<b>CASH, BEGINNING OF THE YEAR</b>	<b>88,077</b>	<b>97</b>
<b>CASH, END OF THE YEAR</b>	<b>2,002</b>	<b>88,077</b>

See accompanying notes to financial statements

**Mijem Inc.**  
**Notes to Financial Statements**  
**July 31, 2019 and 2018**  
**(amounts expressed in Canadian dollars)**

**1. NATURE OF OPERATIONS**

Mijem Inc. (the “Company”) was incorporated under the Ontario Business Corporations Act on August 19, 2014. The Company’s primary business is the development and monetization of online and mobile applications. The Company’s registered office and the location of its records is 4K Spadina Avenue, Suite 1715, Toronto Ontario, M5V 3Y9.

**2. GOING CONCERN**

The financial statements have been prepared in accordance with accounting principles that apply to a going concern. This presupposes that the Company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company incurred a net loss of \$1,063,852 for the year ended July 31, 2019 (\$670,863 for the year ended July 31, 2018) and as of that date, had a cumulative deficit of \$3,120,775 and a working capital deficiency of \$310,704.

The Company’s continuation as a going concern is dependent upon the successful results from the development and monetization of the Company’s online and mobile applications and its ability to attain profitable operations and/or raise capital sufficient to meet current and future obligations, all of which are uncertain. These material uncertainties cast doubt about the ability of the Company to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from related parties and/or the issuance of common shares.

The carrying amount of assets, liabilities, revenue and expenses presented in the financial statements have not been adjusted as would be required if the going concern assumption was not appropriate.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Statement of compliance***

These audited financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The policies in these financial statements are based on IFRS issued and outstanding as of November 6, 2019, the date the Director approved the financial statements.

***Basis of measurement***

These financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. The presentation and functional currency is the Canadian dollar.

***Cash and cash equivalents***

Cash and cash equivalents include all cash and all highly liquid investments with original maturities of three months or less.

### ***Equipment***

Equipment is stated as cost less accumulated depreciation. Equipment is depreciated over their estimated useful life at the following annual rates:

Furniture and fixtures	20%
Computer equipment	55%

The Company regularly reviews its equipment to eliminate obsolete items.

Equipment acquired during the year is depreciated from the date the asset is available for use as intended until the date of disposition.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of loss and comprehensive loss when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date, and adjusted prospectively if appropriate.

### ***Intangible Assets***

Intangible assets include expenditures related to obtaining patents and technology rights associated with patents and trademarks. The amortization of patent costs commences when the associated products are available for commercial sale and is amortized on a straight line basis over its respective legal lives or economic life, if shorter. Patents have an estimated useful life of 17 years. Trademarks are considered to have finite useful lives of ten years and, as such, are recorded at cost less accumulated amortization. The amortization of trademarks is on a straight-line basis over ten years. Amortization methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate. Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in operations as incurred.

Development activities involve a plan or design for the production of new, or substantially improved, products or processes related to the Company's technology platforms. Development expenditures are capitalized only if the relevant IFRS criteria are met. Capitalized development expenditures are amortized from the beginning of commercial production and sales and are amortized on a straight-line basis over the remaining useful life of the related patent(s). Development expenditures, in relation to the Company's website and app platforms, have not satisfied the above criteria and are recognized in operations as incurred.

### ***Impairment -***

Long-lived assets, including equipment and intangible assets, are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of asset exceeds its recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separate cash inflows that are largely independent of the cash inflows from other assets. An impairment loss is charged to operations.

## ***Financial instruments***

### *Classification*

The Company determines the classification of financial instruments at initial recognition and classifies its financial instruments in the following measurement categories:

- Those to be measured subsequently at fair value (either through profit or loss (“FVTPL”) or through other comprehensive income (“FVOCI”);
- Those to be measured at amortized cost.

The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Financial instruments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### *Measurement*

#### *Financial instruments at amortized cost*

Financial instruments at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Currently, the Company classifies accounts payable and accrued liabilities, long-term debt and advances to shareholder as financial liabilities at amortized cost.

#### *Financial instruments at FVTPL*

Financial instruments are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Financial instruments at FVTPL are subsequently measured at fair value, with gains and loss on disposition and unrealized gains and loss from changes in fair value are recognized in the statement of loss and comprehensive loss. The effective portion of gains and losses on financial instruments designed as hedges is included in the statements of comprehensive loss in the period in which it arise. When management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive income (loss).

Currently, the Company classifies cash as FVTPL.

#### *Financial instruments at FVOCI*

Currently, the Company does not have any instruments classified as FVOCI.

### *Impairment*

An expected credit loss (“ECL”) model is applied to the assessment of financial assets. Under the ECL mode, the Company has to record an allowance for ECL either based on a 12-month ECL or on a lifetime ECL. ECLs are recognized on the following basis:

- A maximum 12 month allowance for ECL is recognized from initial recognition reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring.

- A lifetime ECL allowance is recognized if a significant increase in credit risk is detected subsequent to the instruments initial recognition reflecting lifetime cash shortfalls that would result over the expected life of a financial instrument.
- A lifetime ECL allowance is recognized for credit impaired financial instruments.

Accounts receivable and accruals are subject to the ECL model.

#### *Definition of default*

For internal credit risk management purposes, the company considers a financial asset not recoverable if the customer balance owing is 120 days past due and information obtained from the customer and other external factors indicate that the customer is unlikely to pay its creditors in full.

#### *Write off policy*

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

#### *Derecognition*

##### *Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of loss and comprehensive loss.

##### *Financial liabilities*

The Company derecognizes financial liabilities only when its obligation under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

#### ***Income taxes***

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case it is recognized in equity or other comprehensive income (loss).

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 changes to tax payable with regards to previous years.

Deferred tax is recognized using the asset and 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 following temporary difference do not result in deferred tax assets or liabilities: the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; difference relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 statements of financial position 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 and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### ***Related party transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

### ***Share capital***

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of tax, from the proceeds.

### ***Warrants***

Warrants issued are valued on the date of grant using the Black-Scholes option pricing model, net of related issue costs and are recorded in the equity reserves. Expired warrants are removed from equity reserves and credited directly to contributed surplus.

### ***Share-based compensation***

Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options and warrants is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for equity instruments granted shall be based on the number of equity instruments that eventually vest. The Company determines the share value at the grant date based on the most recent share issuance for cash. As the Company's shares are not currently traded on an active market, the Company uses the volatilities of comparable entities traded on the public market.

### ***Government grants***

Government grant funds are recognized in income when there is reasonable assurance that the Company has complied with the conditions attached to them and that the grant funds will be received. Grant funds receivable are recognized in income over the periods in which the entity recognizes as expenses, the related costs for which the grant is intended to compensate.

### ***Foreign currency translation***

The functional currency of the Company is the currency of the primary economic environment in which the Company operates. The financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated in Canadian dollars at the period end exchange rate, while non-monetary assets and liabilities are translated at historical rates. Revenue and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Currency gains and losses arising on translation are included in the statement of loss and comprehensive loss.



### ***Loss per share***

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share is the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of diluted stock options and warrants are used to repurchase common shares at the average price during the year.

### ***Significant accounting judgments, estimates and assumptions***

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

- Stock-based compensation is subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes Option Pricing Model;
- Income taxes;
- Assets' carrying values and impairment charges.

## **4. ADOPTION OF NEW ACCOUNTING POLICIES AND PENDING ACCOUNTING CHANGES**

### ***Adoption of new accounting policies***

IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"), became effective for annual periods beginning on or after January 1, 2018. Under IFRS 15 revenue is recognized when a customer obtains control of the goods or services. The Company determines revenue recognition through the following steps:

- identification of the contract with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue with the Company satisfies a performance obligation.

As the Company currently has yet to record revenue there was no impact on these financial statements of its adoption.

### ***Pending accounting changes***

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board or International Financial Reporting Interpretations Committee that are mandatory for accounting periods beginning on or after July 31, 2019. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company:

IFRS 16 *Leases* (“IFRS 16”), was issued in January 2016 and it replaces IAS 17 *Leases*. IFRS 16 requires entities to recognize lease assets and lease obligations on the statement of financial position. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are “capitalized” and presented either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligations to make future lease payments. IFRS 16 is effective for fiscal periods beginning on or after January 1, 2019. The adoption of IFRS 16 is not expected to have a material impact on the Company’s financial statements.

## **5. GOVERNMENT GRANTS**

The Company recognized investment tax credits for the year ended July 31, 2019 of \$34,958 (\$19,865 for 2018), equal to the amount claimed, as a reduction of research and development costs. Investment tax credits receivable as at July 31, 2019 were \$34,958 (\$19,865 as at July 31, 2018).

In connection with Sault Ste. Marie Innovation Accelerator Program the Company has recognized \$10,484 in 2019 (\$nil in 2018) which is recorded in the statement of loss and comprehensive loss as a reduction of advertising and promotion expenses.

## 6. EQUIPMENT

	<u>Furniture and fixtures</u>	<u>Computer equipment</u>	<u>Total</u>
	\$	\$	\$
<b>Cost</b>			
Balance, July 31, 2017	1,014	-	1,014
Additions	370	3,537	3,907
Balance, July 31, 2018	<u>1,384</u>	<u>3,537</u>	<u>4,921</u>
<b>Accumulated depreciation</b>			
Balance, July 31, 2017	426	-	426
Charge for the year	154	973	1,127
Balance, July 31, 2018	<u>580</u>	<u>973</u>	<u>1,553</u>
<b>Net book value</b>			
Balance, July 31, 2018	<u>804</u>	<u>2,564</u>	<u>3,368</u>
<b>Cost</b>			
Balance, July 31, 2018	1,384	3,537	4,921
Additions	-	3,183	3,183
Balance, July 31, 2019	<u>1,384</u>	<u>6,720</u>	<u>8,104</u>
<b>Accumulated depreciation</b>			
Balance, July 31, 2018	580	973	1,553
Charge for the year	161	2,286	2,447
Balance, July 31, 2019	<u>741</u>	<u>3,259</u>	<u>4,000</u>
<b>Net book value</b>			
Balance, July 31, 2019	<u>643</u>	<u>3,461</u>	<u>4,104</u>

## 7. INTANGIBLE ASSETS

	<u>Patents</u>	<u>Trademarks</u>	<u>Total</u>
	\$	\$	\$
<b>Cost</b>			
Balance, July 31, 2017	18,441	37,385	55,826
Additions	185	100	285
Balance, July 31, 2018	<u>18,626</u>	<u>37,485</u>	<u>56,111</u>
<b>Accumulated amortization</b>			
Balance, July 31, 2017	-	9,768	9,768
Charge for the year	-	3,744	3,744
Balance, July 31, 2018	<u>-</u>	<u>13,512</u>	<u>13,512</u>
<b>Net book value</b>			
Balance, July 31, 2018	<u>18,626</u>	<u>23,973</u>	<u>42,599</u>
<b>Cost</b>			
Balance, July 31, 2018	<u>18,626</u>	<u>37,485</u>	<u>56,111</u>
Additions	-	4,661	4,661
Balance, July 31, 2019	<u>18,626</u>	<u>42,146</u>	<u>60,772</u>
<b>Accumulated amortization</b>			
Balance, July 31, 2018	-	13,512	13,512
Charge for the year	-	3,982	3,982
Balance, July 31, 2019	<u>-</u>	<u>17,494</u>	<u>17,494</u>
<b>Net book value</b>			
Balance, July 31, 2019	<u>18,626</u>	<u>24,652</u>	<u>43,278</u>

## 8. PROMISSORY NOTE PAYABLE

The Company had a \$150,000 unsecured promissory note, which bore interest at 3% per annum, with DC Acquisitions Corp. ("DC"). In connection with the termination of the combination agreement between the Company and DC the liability was forgiven on August 8, 2019 (see note 16).

## 9. LONG-TERM LOANS PAYABLE

	<u>July 31, 2019</u>	<u>July 31, 2018</u>
	\$	\$
Loan payable bearing interest at the bank's floating base rate plus 5% per annum and maturing on June 22, 2021 (a)	<u>7,500</u>	<u>11,250</u>
Amounts payable within one year	<u>(3,750)</u>	<u>(7,500)</u>
	<u>(3,750)</u>	<u>(7,500)</u>

(a) This loan is unsecured.

The loan is repayable as follows:

		\$
In the year ending July 31,	2020	3,750
	2021	3,750
		<hr/>
		7,500
		<hr/>

## 10. DUE TO SHAREHOLDERS

The amount due to shareholders are due on demand without interest or security.

## 11. SHARE CAPITAL

### *Authorized*

The authorized capital of the Company consists of an unlimited number of common shares.

Common shares issued and outstanding at July 31, 2019 were 27,204,800 (2017 – 21,854,400).

### *Issued during 2019*

On August 27, 2018 the common shares of the Company were split on the basis of 100 common shares for each then issued common share. The number of shares issued and the share prices reflect this share split on a retroactive basis for issuances before this date.

On September 14, 2018, the Company issued 5,000,000 units at a price of \$0.15 per unit for gross proceeds of \$750,000. Each unit consists of one common share and one liquidity warrant. The liquidity warrants are exercisable into one additional common share at a price of \$0.0001 per share until March 14, 2021 only in the absence of a liquidity event before December 14, 2019. The fair value of the liquidity warrants was determined to be 149,905. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 2.12%, Expected life – 2.5 years, Expected annual volatility – 25.13%, Expected dividends – Nil, Expected forfeiture rate – 80%.

In connection with the September 14, 2018 private placement, the Company paid a cash commission of \$81,324 and issued 450,000 finders' warrants ("Finders' Warrants"). Each Finder's Warrant entitles the holder thereof to subscribe for one unit of the Company at an exercise price of \$0.15 per unit until December 14, 2019. Each unit consists of one common share and one liquidity warrant. The liquidity warrants are exercisable into one additional common share at a price of \$0.0001 per share until March 14, 2021 only in the absence of a liquidity event before December 14, 2019. The fair value of the warrants was determined to be \$8,359. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 2.12%, Expected life – 2.5 years, Expected annual volatility – 25.13%, Expected dividends – Nil, Expected forfeiture rate – Nil%.

During 2019, the Company issued 350,400 common shares at a value of \$87,600 in payment for services. These services were included in the statement of loss and comprehensive loss in research and development expense for \$87,600.

*Issued during 2018*

On December 15, 2017, the Company issued 43,000 units at a price of \$7.25 per unit for gross proceeds of \$311,750. Each unit consisted of one hundred common shares and one hundred liquidity warrants. The liquidity warrants are exercisable into one additional common share at a price of \$0.0001 per share until December 15, 2021 only in the absence of a liquidity event before December 15, 2019. The fair value of the liquidity warrants was determined to be \$155,243. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 1.59%, Expected life – 4 years, Expected annual volatility – 21.95%, Expected dividends – Nil, Expected forfeiture rate – Nil.

On December 18, 2017, the Company issued 5,276 units at a price of \$7.25 per unit for gross proceeds of \$38,250. Each unit consisted of one hundred common shares and one hundred liquidity warrants. The liquidity warrants are exercisable into one additional common share at a price of \$0.0001 per share until December 18, 2021 only in the absence of a liquidity event before December 18, 2019. The fair value of the liquidity warrants was determined to be \$19,048. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 1.57%, Expected life – 4 years, Expected annual volatility – 21.85%, Expected dividends – Nil, Expected forfeiture rate – Nil.

On December 8, 2017, the Company issued 13,793 units at a price of \$7.25 per unit in connection with the settlement of debt. Each unit consisted of one hundred common shares and one hundred liquidity warrants. The liquidity warrants are exercisable into one additional common share at a price of \$0.0001 per share until December 8, 2021 only in the absence of a liquidity event before December 8, 2019. The fair value of the liquidity warrants was determined to be \$49,797. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 1.54%, Expected life – 4 years, Expected annual volatility – 21.95%, Expected dividends – Nil, Expected forfeiture rate – Nil.

During 2018, the Company issued 2,095,700 common shares at a value of \$421,123 in connection with payment of services. These services were included in the statement of loss and comprehensive loss in research and development expense for \$410,510 and professional fees of \$10,613.

*Warrants*

The following is a summary of changes in warrants from August 1, 2017 to July 31, 2019:

	<b>2019</b>		<b>2018</b>	
	<b>Number of warrants outstanding</b>	<b>Weighted average exercise price</b>	<b>Number of warrants outstanding</b>	<b>Weighted average exercise price</b>
		\$		\$
<b>Opening balance</b>	<b>6,559,100</b>	<b>0.020</b>	328,100	0.381
Granted	<b>5,450,000</b>	<b>0.012</b>	6,231,000	0.001
Expired	<b>(65,600)</b>	<b>0.381</b>	-	-
Balance, December 31	<b>11,943,500</b>	<b>0.014</b>	6,559,100	0.020

On November 2, 2017 the Company issued 241 warrants in connection with the settlement of debt. Each warrant entitles the holder thereof to subscribe for one hundred common shares of the Company at an exercise price of \$0.103 per unit until November 1, 2010. The fair value of the liquidity warrants was determined to be \$5,724. For purposes of calculating the fair value of the warrants, the following assumptions were used for the Black-Scholes model: Risk free interest rate 1.47%, Expected life – 3 years, Expected annual volatility – 22.68%, Expected dividends – Nil, Expected forfeiture rate – Nil.

As of July 31, 2019 the Company had outstanding warrants as follows:

<b>Expiry date</b>	<b>Number of warrants outstanding</b>	<b>Exercise price</b>	<b>Estimated grant date fair value</b>	<b>Weighted average remaining contractual life (in years)</b>
November 22, 2019	65,600	\$ 0.3810	2,961	0.310
December 8, 2019	1,379,300	\$ 0.0001	49,797	0.360
December 14, 2019	5,000,000	\$ 0.0001	149,905	0.370
December 14, 2019	450,000	\$ 0.1500	8,359	0.370
December 15, 2019	4,300,000	\$ 0.0001	155,243	0.380
December 18, 2019	527,600	\$ 0.0001	19,048	0.380
January 20, 2020	65,600	\$ 0.3810	2,960	0.440
February 27, 2020	65,700	\$ 0.3810	2,894	0.580
April 21, 2020	65,600	\$ 0.3810	2,750	0.730
November 1, 2020	24,100	\$ 0.1038	5,724	1.260
	11,943,500		399,641	0.380

## 12. RELATED PARTY TRANSACTIONS (see also note 10)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and consist of its director and President. For the year ended July 31, 2018 key management salary expense incurred with the President of the Company was \$73,209 (2018 - \$61,165).

Included in rent expense on the statement of loss and comprehensive loss was \$3,057 incurred with the President of the Company for the year ended July 31, 2019 (2018 - \$2,977)

### 13. INCOME TAXES

The income tax recovery differs from the amount obtained by applying the statutory income tax rate of 26.50% (2018 – 26.50%) to the loss before income taxes for the year and is reconciled as follows:

	<u>2019</u>	<u>2018</u>
	\$	\$
Loss before income taxes	<u>(1,063,852)</u>	<u>(670,863)</u>
Expected income tax recovery	(281,921)	(177,779)
Non-deductible accretion expense	-	3,828
Change in unrecognized deductible loss carryforwards	<u>281,921</u>	<u>173,951</u>
Effective tax expense	<u>-</u>	<u>-</u>

The Company has incurred losses of \$3,074,040 for tax purposes which are available to reduce future taxable income. The Company has not recognized deferred tax asset on these losses due to uncertainties regarding utilization in the foreseeable future. The losses expire as follows:

	\$
In the year ended July 31,	
2035	969,754
2036	212,797
2037	230,479
2038	570,439
2039	<u>1,090,571</u>
	<u>3,074,040</u>

### 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### *Fair value*

The carrying amount of the Company's financial instruments approximates their fair values.

The Company categorized its financial instruments that are carried at fair value into a three level fair value hierarchy as follows:

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market. The types of assets and liabilities classified as Level 1 include cash balances in the Company's bank account of \$2,002 (\$88,077 – 2018).

Level 2: Fair value is based on quoted prices for inactive markets for similar instruments; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all



significant inputs and significant value drivers are observable in active markets. Currently the Company has no level 2 instruments.

Level 3: valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Currently the Company has no level 3 instruments.

### *Risk Exposure and Management*

#### Overview

The Company has exposure to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The principal financial risks to which the Company is exposed are credit risk, interest rate risks, liquidity and funding risk and currency risk.

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at July 31, 2019 under its financial instruments is approximately \$2,002.

All of the Company's cash and cash equivalents are held with a major financial institution in Canada and management believes the exposure to credit risk with respect to such institutions is not significant.

#### Interest rate risk

Interest rate risk is the risk that the fair value of futures cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with credit ratings of its banks. Management believes the exposure to interest rate risk is not significant.

#### Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements.

As at July 31, 2019, the Company had cash of \$2,002 in order to meet current liabilities.

The following obligations existed as at July 31, 2019:

	<u>Total</u>	<u>Less than 1 year</u>	<u>1 - 5 years</u>
	\$	\$	\$
Accounts payable and accrued liabilities	211,178	211,178	-
Promissory note payable	154,500	154,500	-
Long-term loans	8,458	4,579	3,879
Due to shareholders	12,113	12,113	-
	<u>386,249</u>	<u>382,370</u>	<u>3,879</u>

### Currency risk

The Company is not subject to significant foreign currency risk.

## **15. CAPITAL MANAGEMENT**

The Company considers capital to be the elements of shareholders' equity. The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance its operations. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

## **16. SUBSEQUENT EVENTS**

### DC Acquisition Termination Agreement –

On August 8, 2019 the Company entered into a termination agreement (the "Termination Agreement") with DC Acquisition Corp. ("DC") which terminated their previously entered into combination agreement (the "Combination Agreement") dated March 26, 2019. In consideration for the termination of the obligations of DC under the combination agreement and release provided in the Termination Agreement, DC forgave all obligations of the Company under the promissory note (see note 8) and agreed to assume the legal fees payable to Garfinkle Biderman LLP as counsel to First Republic Capital Corporation ("FCC") under an engagement agreement dated February 22, 2019 among the Company, DC and FCC. In consideration for the termination of the obligations of the Company under the Combination Agreement and the releases provided in the Termination Agreement, the Company issued to DC 214,286 common share purchase warrants exercisable to purchase common shares of the Company at an exercise price of \$0.35 per common share for a term of two years from date of the Termination Agreement.

### Common share and warrant issuance –

On August 9, 2019 the Company issued 85,716 common shares at a price of \$0.35 per common share for gross proceeds of \$30,000. On October 31, 2019 the Company entered into a subscription agreement for the issuance of 142,858 units at a price of \$0.35 for gross proceeds of \$50,000. Each unit consisted of one common share and one non-transferable common share liquidity warrant, with each warrant exercisable into one additional common share at a price of \$0.01 per share for a period of 24 months.

### Business Development Bank of Canada ("BDC") Loan –

On August 29, 2019 the Company entered into a secured loan agreement for the principal sum of \$242,812. The loan bears interest at the BDC's floating base rate plus 2% per annum with a maturity date of April 1, 2024.

Non-binding amalgamation letter of intent –

On October 15, 2019 the Company entered into an arms-length non-binding letter of intent (the “LOI”) with Canada Coal Inc. (“CCK”) to combine the businesses of the two companies. The LOI outlines the terms and conditions pursuant to which the Company and CCK are to complete a transaction that will result in a reverse takeover of CCK by the Company (the “Proposed Transaction”). The Proposed Transaction is subject to a number of conditions, including but not limited to, the parties successfully entering into a definitive agreement in respect of the Proposed Transaction on or before November 8, 2019, or such other date as the Company and CCK may mutually agree, receipt of all necessary approvals, including the approval of the Canadian Securities Exchange, and certain other closing conditions. A concurrent private placement on mutually agreeable terms in the amount of \$1,750,000 to \$3,000,000 is to be undertaken.

Government Grant –

On October 1, 2019 the Company received \$55,024 in connection with the Northern Ontario Heritage Fund Corporation Grant (“NOHFC Grant”). The NOHFC Grant is a conditional grant not to exceed \$186,766 for the reimbursement of eligible project costs incurred in connection with the NOHFC Grant.

## SCHEDULE J MIJEM MD&A

The following Management's Discussion and Analysis ("MD&A") for Mijem, Inc. ("Mijem" or the "Company") should be read in conjunction with the Company's audited financial statements, and the accompanying notes, as at and for the year ended July 31, 2017, the audited financial statements, and the accompanying notes, as at and for the years ended July 31, 2018, and July 31, 2019, as well as the unaudited Condensed Interim financial statements, and the accompanying notes, for the 3 months ended October 31, 2019. The Company transitioned to IFRS reporting August 1, 2016 therefore financial statements, including the notes thereto, and the financial information presented in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian currency unless otherwise indicated. Whenever used in this MD&A, the term "Common Shares" means common shares in the capital of the Company.

The content of this MD&A has been approved by the board of directors of the Company (the "Board" or "Board of Directors").

### FORWARD LOOKING STATEMENTS AND DISCLAIMER

Certain information set out in this MD&A constitutes forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "hope", "plan", "continue", "estimate", "expect", "may", "will", "intend", "could", "might", "should", "scheduled", "believe" and similar expressions.

Forward-looking statements are based upon the opinions, expectations and estimates of management and, in some cases, information received from or disseminated by third parties, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These factors include such things as the Company's current stage of development, the lack of a track record with respect to the generation of revenues from performance-based arrangements with users, its reliance on third parties and third party technology, the existence of competition, the availability of external financing, the inherent risks associated with research and development activities and commercialization of emerging technologies (such as lack of market acceptance), timing of execution of various elements of the Company's business plan, the availability of human resources, the emergence of competing business models, new laws (domestic or foreign), lack of acceptance by users, management's estimates of project requirements being incorrect, information received from third parties with respect to anticipated transaction volumes being incorrect, a lack of advertising sources for integration into the Company's platform, management's understanding of the competitive and regulatory environment being incorrect and the other risk factors noted below under the heading "Business Risks and Uncertainties". **Accordingly, readers should not place undue reliance upon the forward-looking information contained herein and the forward-looking statements contained in this MD&A should not be considered or interpreted as guarantees of future outcomes or results.**

The Company does not assume responsibility for the accuracy and completeness of the forward-looking statements set out in this MD&A and, subject to applicable securities laws, does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances. Mijem's forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statement.

### OVERVIEW

Mijem is a social media and technology company that provides innovative solutions to create a vibrant social marketplace for students to connect with other students and to efficiently buy, sell and trade goods and services on and off campus. Mijem's patent pending flagship technology currently permits thousands of university and college students across the United States and Canada to both connect online and engage in campus themed commerce. Accordingly, the addressable market for Mijem is the global post-secondary education student population.

Users of Mijem may browse collections posted by other trusted members: textbooks, housing, clothing, electronics, furniture, tickets, ride shares, and more. Users may also post items, ride shares, or school events on Mijem.

Mijem's technology makes it easy for students to save money. Selling is as easy as snapping a photo and adding a description and a price. Students may join schools to automatically have their gems listed in the respective university and college communities. With a few clicks, users may browse thousands of gems from fellow university and college students.

The social technology of Mijem, when compared to other marketplace technologies, is built to enhance trust and safety. Users of Mijem may peek at a member's: profile, reviews, and collection. Other features include the ability to message Mijem members, ask questions, and make offers on gems users like. Users may follow other student's collections they like, "Like" gems, and leave comments for responses. Ultimately, users may build communities with like-minded students in their class, university, college, or city.

Beyond providing a social marketplace platform for students, Mijem is evolving how marketplaces should be built. Mijem is planning to deliver users the ability to have a seamless in-app payment experience to process transactions. When the transaction is successfully made using the in-app payment system, Mijem would charge a 7.5% service fee to the seller. Furthermore, Mijem is planning to release a new method of advertising, in which students will be able to open a digital deal box to receive tailored offers. The tailored offers are matched via an algorithm that examines a Mijem's user preferences, user's activity, and/or user demographic. Mijem plans to source offers from advertisers either directly or indirectly through advertising agencies, resellers and other media companies. Mijem's immediate plans is to charge a Cost Per Thousand Impressions ("CPM") fee, in which impressions are measured by users who have seen the tailored offers.

Mijem is expecting to also launch services categories in the future to its userbase. Services could include: tutoring, jobs, dating, and more. This will potentially create new business opportunities and revenue streams.

## **OVERALL PERFORMANCE**

In the 2019 fiscal year ended July 31, 2019 Mijem had a net loss of \$1,063,852. Advertising, Technology development, and Salaries accounted for \$807,969 of the losses. Mijem was devoting much of its resources to Advertising to increase customer acquisition, and research & development of its in-app payment system. When compared to 2018 fiscal year, Mijem had a net loss of \$670,863.

## SELECTED ANNUAL INFORMATION

The following table sets out selected financial and share information of the Company as at July 31, 2019, 2018, 2017, and the Interim for the three months ended October 31, 2019. Weighted Average Shares Outstanding and Loss per share have been adjusted to reflect 100 to 1 Stock Split August 2018.

KEY FINANCIAL METRICS	3 months to Oct 31, 2019 (unaudited)	Year ended July 31, 2019 (audited)	Year ended July 31, 2018 (audited)	Year ended July 31, 2017 (audited)
Revenue	0	0	0	0
Advertising and Promotion	(0)	350,325	20,430	22,945
Research and Development	0	252,560	410,510	38,671
Salaries	0	205,084	92,715	61,598
Other Operating Costs	0	255,883	147,208	93,096
Net Loss	0	1,063,852	670,863	216,310
Weighted Average number of Shares Outstanding	0	26,412,103	18,347,800	13,526,300
Loss per share (weighted)	(0.00)	(0.0402)	(0.0366)	(0.0161)
Total Assets	0	113,719	179,691	76,651
Total Liabilities	0	380,791	139,187	242,130

## RESULTS OF OPERATIONS

### App Units (i.e. Downloads) and Listing Results

Period ended ('000s)	FY 2019	FY 2018	FY 2017
Total app units at year end	110	17	10
Current volume of listings	3.7	3.3	2.7
Cumulative listings \$ value (including deleted listings)	1466	994	821

Mijem has seen its downloads grow by 547% between 2019 fiscal year and 2018 fiscal year. The number of listings grew and cumulative listings value grew by 12% and 47%, respectively. Management expects total app units at year end of 2020 to be substantially higher due to Mijem's bigger focus on user growth for fiscal year 2020.

### Revenues

Mijem has not yet realized revenue from operations.

### Operating Costs

The increased focus on Advertising led to higher operating costs for the year ended July 31, 2019 of \$1,063,582 when compared to \$670,863 for the 2018 fiscal year and \$216,310 for the 2017 fiscal year. The use of advertising to increase customer acquisition is a key strategy for developing a larger user community and increase the potential to build the revenue stream.

### *Research and Development,*

Technology development, financial and market research was performed by consultants and contractors. These costs for the year ended July 31, 2018, totaled \$252,560 compared to \$410,510 in 2017. The decrease was consistent with decreased development (primarily building an in-app payment system). Mijem has received refunds for Scientific Research and Experimental Development tax credits and they have been allocated to reduce Research and Development costs. For the 3 months ended October 31, 2019 an additional Grant resulted in the recovery of \$36,278 related to previous expenses. This grant was allocated to reduce Research and Development resulting in a credit balance in the Quarter.

### *Salaries*

Salary and wage costs consist of employee salaries. For the year ended July 31, 2019, Salaries were \$205,084 compared to 92,715 in 2018. The average number of employees for the year ended July 31, 2019, was 4 compared to 3 in 2018. Mijem expects the cost of Salaries to increase in the future in proportion to the growth in its marketing and sales efforts and the resultant increase in customers. As a result Salaries were \$69,080 for the 3 months ended October 31, 2019.

### *Advertising and Promotion*

In Q1 of 2019 Mijem began a large advertising campaign which resulted in increased costs of \$350,325 for 2019 fiscal year when comparing to \$20,430 for the 2017 fiscal year. For the 3 months ended October 31, 2019 an additional Grant resulted in the recovery of \$18,745 related to previous expenses. This grant was allocated to reduce Advertising and Promotion resulting in a credit balance in the Quarter.

### *Other Operating Costs*

Other operating costs consist primarily of professional services, travel expenses, rent, and office expense. Other operating costs for the year ended July 31, 2019, totaled \$255,613 compared to \$147,208 in 2018 and \$93,096 for 2017. Mijem expects other operating costs to increase in proportion to its sales and marketing and product development efforts. Professional fees for 2019 totaled \$167,919 compared to \$58,118 for 2018 and \$23,211 or 2017. This increase was as a result of increased Audit and legal fees as well as increased recruitment fees related to new hires.

The following table provides a breakdown of other operating costs:

<b>Period ended</b>	<b>Q1 2020</b>	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2017</b>
Professional fees	0	167,979	58,118	23,221
Auto and travel	(0)	28,962	15,312	14,264
Rent	0	20,565	6,912	2,977
Consulting fees	0	14,405	31,640	21,243
Communication	0	8,203	5,492	4,767
Amortization of Intangible Assets	0	3,982	3,744	3,636
Insurance	0	3,328	3,146	5,030
Office and sundry	0	2,997	1,884	973
Depreciation of equipment	0	2,447	1,127	147
Interest	0	2,266	19,471	15,370
Bank Charges	0	740	134	1,210
Foreign Currency Loss	0	9	228	258
<b>Total</b>	<b>30</b>	<b>255,883</b>	<b>147,208</b>	<b>93,096</b>

### Operating Gain or Loss

Mijem's operating loss for the year ended July 31, 2019 was \$1,063,852 compared to \$670,863 in July 31, 2018 and \$216,310 in 2017. The bigger loss was due to greater expenditure in Advertising and Promotion.

### Net Gain or Loss

Mijem's net loss for the 3 months ended October 31, 2019, was \$[XX] (\$[xx] per share on [xx] weighted shares) compared to the year ended July 31, 2019 loss of 1,063,852 (\$0.0402 per share on 26,412,103 weighted average shares) and a loss of 670,863 (\$0.0366 per share on 18,347,800 weighted average shares) in 2018 and a loss of \$216,310 (\$0.0161 per share on 13,526,300 weighted average shares) in 2017. (all numbers are adjusted for the 100 to 1 Stock split in August of 2018)

## **SUMMARY OF RESULTS**

Mijem has not yet realized revenue from operation.

Operating expenses for the quarter ended July 31, 2019, totaled \$166,597 compared to \$422,896 in the prior year Q4. The reduction was due to the overall reduction of outsourced software development work and the receipt of Research and Development grants in the Quarter.

## **LIQUIDITY AND CAPITAL RESOURCES**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The reported financial position of the Company presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. As at Fiscal Year End July 31, 2019, the Company has incurred accumulated losses of \$3,120,775 since the Company commenced operations in 2014. At that same time the Company had a working capital deficit of \$267,072 and a cash balance of \$2,002. In Q1 of 2020 the company was able to negotiate the settlement of a 150,000 debenture in exchange for company shares. In addition, the issuance of common shares in Q1 of 2020 for cash have improved the cash position by 80,000.

Cash flows from operating activities primarily consist of the Company's gain or loss before income tax adjusted for certain non-cash items such as amortization, stock-based compensation, interest and accretion on debentures, gains on the settlement of liabilities and changes in working capital.

Cash flows used for operating activities for the year ended July 31, 2019, to \$845,866 compared to \$233,754 in 2018. The increase was primarily due to increased advertising and professional fees. Accelerated focus on User Acquisition along with large Advertising and Promotion, increased cash used for operating activities for the period.

Cash flows from financing activities for the year ended July 31, 2019, include issuance of common shares in exchange for cash or services. Services exchanged for shares in 2019 amounted to \$87,600 compared to \$421,123 in 2018.

The Company's ability to continue operations remains dependent upon its ability to: 1) raise additional funds; 2) realize transaction revenues from existing users; and 3) secure new users that provide the Company with adequate funds to cover projected expenditures (or a combination of the foregoing). If the Company does not generate sufficient funds from existing or new customer relationships and is unable to raise additional financing, the Company will have to consider strategic alternatives, which may include, among other things, exploring the monetization of certain intangible assets, modification of planned operating expenditures, or the sale of the Company.



## CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

The following table sets out certain information concerning Mijem's contractual obligations, including payments due for each of the next three years and thereafter.

Contractual Obligations as at July 31, 2019	Payments Due by Fiscal Year				
	Total	2020	2021	2022	After 3 years
Accounts payable and accrued liabilities	223,291	223,291	-	-	-
Debentures	157,500	153,750	3,750-	-	-
<b>Total</b>	<b>380,791</b>	<b>377,041</b>	<b>3,750-</b>	-	-

The Company did not have any off-balance sheet arrangements as of July 31, 2019. The Company did not have any commitments for capital expenditures as of July 31, 2019, nor any financing sources arranged, but not yet used. The Company has not taken on any additional items in this category as of July 31, 2019. The company was able to settle a 150,000 debenture include above for shares in the August 2019.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company holds various forms of financial instruments as follows:

(In '000s)	Designation	Measurement	2019	2018
Cash and cash equivalents	FVTPL	Fair value	66,337	133,724
Accounts receivable (excluding commodity tax)	Loans and receivabl	Amortized cost	0	0
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	223,291	127,937
Debentures	Other financial liabilities	Amortized cost	157,500	11,250

The nature of these financial instruments and the Company's operations expose Mijem to a number of financial risks, including credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

Financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and accounts receivable. At October 31, 2019, primarily all of the Company's cash and cash equivalents were held at a major Canadian bank.

While the Company has no accounts receivable at this time, in future they would be subject to normal credit risks. Any amounts not provided for would be considered fully collectible.

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company manages liquidity risk through cash flow forecasting including anticipated investing and financing activities. See the section titled "Liquidity and Capital Resources" above for further discussion.

Foreign currency risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Company expects to achieve transaction and advertising revenues in both Canadian and foreign currencies. Revenues in foreign currencies gives rise to the risk that the Company's income and cash flows may be adversely impacted by fluctuations in foreign exchange rates. Certain purchases of services and equipment are also made in non-Canadian currencies. The Company does

not actively manage this risk and uses its natural hedge to mitigate, to the extent possible, the impact of foreign exchange fluctuations.

The most significant foreign exchange exposure arises from U.S. dollar revenue and costs. The Company may experience transaction exposure because of volatility in the exchange rate between the Canadian and U.S. dollar.

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and debenture approximate their fair values due to the immediate or short-term maturity of these financial instruments.

## **BUSINESS RISKS AND UNCERTAINTIES**

The business of the Company is subject to numerous risk factors, including those more particularly described below. An investment in or ownership of Common Shares should be considered highly speculative due to the nature of the Company's business, its current stage of development and the potential requirement for additional financing.

### Substantial Capital Requirements; Liquidity; Going Concern

Because of the costs associated with further development of Mijem's technology and business, and the fact that Mijem's ability to generate revenue will depend on a variety of factors (including the ability of Mijem to meet its development schedule and consumer acceptance of Mijem technologies), additional funds may be required to support Mijem's business. Mijem has accumulated a substantial deficit and continues to have operating losses. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Additional funds (whether through additional equity financing, debt financing or other sources) may not be available (at all or on terms acceptable to Mijem) or may result in significant dilution to Mijem shareholders or significant interest obligations. The inability to obtain additional funds in the short term will have a material adverse effect on Mijem's business, results of operations, and financial condition and could result in the Company ceasing operations.

### No Record of Profit

Mijem has incurred significant losses to date, and there can be no assurance that the future business activities of Mijem will be profitable. Since its organization, Mijem has incurred costs to develop and enhance its technology, to establish strategic relationships and to build administrative support systems. Mijem has incurred negative operational cash flow to date. Mijem incurred losses of \$<\*> the 3 months ended October 31, 2019. Mijem incurred losses of \$1,063,852 for the year ended July 31, 2019, \$670,863 for the year ended July 31, 2018, \$216,310 for the year ended July 31, 2017,. Mijem's ability to operate profitably and generate positive cash-flow in the future will be affected by a variety of factors (including its ability to further develop and test its technology on schedule and on budget, the pace at which it secures additional users, the time and expense required for the roll-out of its technology, its success in marketing its applications to consumers, the intensity of the competition experienced by Mijem and the availability of additional capital to pursue its business plan, including development of new solutions and services). An inability to generate sufficient funds from operations will have a material adverse effect on Mijem's business, results of operations and financial condition.

### Developing Market

Mijem is engaged in the development and marketing of an application that is relatively new and, as such, the primary market for Mijem's applications is underdeveloped and continues to evolve. As is typical in the case of a new evolving industry segment, the demand for the Company's applications is subject to a high level of uncertainty. If the markets for the Mijem applications fail to develop, develop more slowly than expected or become saturated with competitors, or if the Company's applications do not achieve and maintain market acceptance, the Company's business, results of operations and financial condition will be materially adversely affected.

### Current Enterprise Value assigned by the Market; Liquidity

The actions of all stakeholders in the business may be adversely affected by the current market capitalization of the Company. These stakeholders include users, potential users, competitors, and current or prospective employees. These stakeholders may ascribe a higher business risk to the Company due to its relatively low market capitalization, and any perception of higher risks may have a material adverse effect on Mijem's business, results and financial condition.

### Third Party Technology

In providing its solutions and services, Mijem is, and will continue to be, dependent on technologies and infrastructure that are beyond Mijem's control, including smartphones, computers, cellular telephone networks, cloud computing services, and payment systems. There can be no assurance that, if weaknesses or errors in third party software or hardware are detected, Mijem will be able to correct or compensate for such weaknesses or errors. If Mijem is unable to address weaknesses or errors and the Company's technology is therefore unable to meet consumer needs or expectations, Mijem's business, results of operations and financial condition will be materially adversely affected. In addition, there can be no assurance that the Company will continue to have access to required third-party technology on terms acceptable to Mijem. If Mijem is unable to obtain third party technology on acceptable terms, Mijem's business, results of operations and financial condition will be materially adversely affected.

### Rapid Technological Change

The technology industry is subject to rapid change, and the inability of Mijem to adapt to such change may have an adverse effect on Mijem's business, results of operations and financial condition. The effect of new developments and technological changes on the business sector in which Mijem is active cannot be predicted. Such developments would include, but are not limited to, change in web browser technology, how mobile advertising is delivered by advertisers and transacted with potential consumers, changes to or the development of alternative payment systems, changes to smartphone technology, a change in the success rate on the application of analytics in advertising, consumer backlash resulting from the collection and use of demographic intelligence, and industry consolidation. Mijem's failure to adapt to any of the above could have a material adverse effect on Mijem's business, results of operations and financial condition.

### Competition

Mijem is subject to competition from other organizations (many of which have substantially greater human and financial resources) and there can be no assurance that Mijem will be able to compete effectively in its target markets. Technologies do exist that are competitive with the Company's offerings. Certain organizations with substantially greater financial and human resources than the Company have active research and development initiatives involving the development and implementation of consumer online and mobile buy/sell/trade solutions. The inability of Mijem to preserve existing users and secure additional users due to competitive technologies will have a material adverse effect on Mijem's business, results of operations and financial condition.

In addition, advances in communications technology as well as changes in the marketplace and the regulatory environment are constantly occurring and any such change could have a material adverse effect on Mijem.

### Need for Research and Development

To achieve its business objectives and obtain market share and profitability, Mijem will need to continually research, develop and refine the Company's applications. Many factors may limit Mijem's ability to develop and refine required technologies or to create, acquire or negotiate access to new technologies. Mijem may also be exposed to marketplace resistance to new technology and services. Any failure of Mijem to develop new technologies or refine its existing technologies, or offer new applications could have a material adverse effect on Mijem's business, results of operations and financial condition.

### Defects and Liability

The software utilized to deliver the Company's applications is complex and sophisticated and may contain design defects or software errors that are difficult to detect and correct. There can be no assurance that the Company's technologies will be free from errors or defects, or, if discovered, that Mijem will be able to successfully correct such errors in a timely manner or at all. Errors or failures in the Company's technologies could result in loss of or delay in market acceptance and usage of the Company's applications and correcting such errors and failures could require significant expenditures. Because of the competitive nature of the marketplace in which the Company's applications is delivered, the reputational harm resulting from errors and failures could be very damaging to Mijem. The consequences of such errors and failures could have a material adverse effect on Mijem's businesses, results of operations and financial condition.

### Patents and Other Intellectual Property

While Mijem has achieved a pending patent for certain elements of its technology, there can be no assurance that such patent will not be successfully challenged in the future. Competitors may have filed patent applications or hold issued patents relating to services or processes competitive with those of Mijem. Others may independently develop similar services or duplicate unpatented elements of the Company's technologies.

Mijem's success will be largely dependent upon its ability to protect its proprietary technologies. Mijem relies upon copyrights, trademarks and trade secrets to protect its intellectual property. Where appropriate, Mijem also enters into non-disclosure agreements with persons to whom it reveals proprietary information. Any failure or inability on the part of Mijem to protect its intellectual property could have a material adverse effect on Mijem's business, results of operations and financial condition.

Mijem may be required to engage in litigation in the future to enforce or protect its intellectual property rights or to defend against claims of invalidity and Mijem may incur substantial costs as a result. Any claims or litigation initiated by Mijem to protect its intellectual property could result in significant expense to Mijem and diversion of the efforts of Mijem's technical and management resources, whether or not the claims or litigation are determined in favor of Mijem.

### Ability to Manage Growth

Responding to consumer demands, expansion into other geographical markets and targeted growth in Mijem's business has placed, and is likely to continue to place, significant strains on Mijem's administrative and operational resources and increased demands on its management, internal systems, procedures and controls. If Mijem experiences rapid acceptance of its applications, the need to manage such growth will add to the demands on Mijem's management, resources, systems, procedures and controls. There can be no assurance that Mijem's administrative infrastructure, systems, procedures and controls will be adequate to support Mijem's operations or that Mijem's officers and personnel will be able to manage any significant expansion of operations. If Mijem is unable to manage growth effectively, Mijem's business, operating results and financial condition will be materially adversely affected.

### Personnel Resources

Mijem is (and will continue to be) reliant upon its management and technical personnel in all aspects of its business, including to anticipate and address consumer demands in areas such as software development, customer service, marketing, finance, strategic planning and management. There can be no assurance that qualified management or technical personnel will be available to Mijem in the future. The loss of services of any of the Company's management or technical personnel could have a material adverse effect on its business, results of operations and financial condition.

### Potential Fluctuations in Quarterly Operating Results

Mijem expects to be exposed to significant fluctuations in quarterly operating results caused by many factors, including changes in the demand for and or usage of the Company's applications, the introduction of competing technologies, market acceptance of enhancements to the Company's applications, delays in the introduction of enhancements to the Company's applications, changes in Mijem's pricing policies or those of its competitors, the mix of solutions and services sold, foreign currency exchange rates and general economic

conditions. Such fluctuations could have a material adverse effect on Mijem's business, results of operations and financial condition.

#### Risk of Industry Consolidation

Mijem may have established working relationships that are undermined by a business combination or other transaction with another business in the marketplace. This could have a material adverse effect on Mijem's business, results of operations and financial conditions.

#### Government Regulation

The marketplace within which Mijem operates is in constant flux in relation to government regulation. Areas being regulated include regulation relating to online payments, privacy, restricted category (or class) of goods for resale, consumer protection laws, and opt-in requirements for mobile applications. Regulation is also being considered for use and application of consumer demographic information for mobile advertising purposes and other areas impacting on mobile advertising. The consequences of such regulation or changes to such regulation could have a material adverse effect on Mijem's business, results of operations and financial condition.

#### Costs Associated with Compliance with Securities Laws

Mijem is a publicly traded corporation and is subject to all of the obligations imposed on "reporting issuers" under applicable securities laws and all of the obligations applicable to a listed company under stock exchange rules. Direct and indirect costs associated with public company status have increased in recent years and regulatory initiatives under consideration may further increase the costs of being public in Canada and could have a material adverse effect on Mijem's business, results of operations and financial condition. If Mijem is unable to generate significant revenues from business operations, the cost of complying with applicable regulatory requirements will represent a significant financial burden to Mijem and may have a material adverse effect on Mijem's business, results of operations and financial condition.

### **OUTSTANDING SHARE DATA**

The Company's outstanding share capital consists of Common Shares. The Company is authorized to issue an unlimited number of Common Shares. At October 31, 2019, 27,433,374 at July 31, 2019, 27,204,800, at July 31, 2018, 21,854,400 and at July 31 2017, 13,551,800 were outstanding (when adjusted for a 100 to 1 Stock split in August of 2018).

As at October 31, 2019 the Company had 12,300,624 (July 31, 2019 – 11,943,500, July 31, 2018 – 6,559,100, July 31, 2017 – 328,100) share purchase warrants outstanding with an average approximate exercise price of \$0.0001.

65,600 common share purchase warrants are exercisable at a price per share of \$0.381 until Nov. 22, 2019.

450,000 common share purchase warrants are exercisable at a price per share of \$0.150 until Dec. 14, 2019.

65,600 common share purchase warrants are exercisable at a price per share of \$0.381 until Jan. 20, 2020.

65,700 common share purchase warrants are exercisable at a price per share of \$0.381 until Feb. 27, 2020.

65,600 common share purchase warrants are exercisable at a price per share of \$0.381 until April 21, 2020.

24,100 common share purchase warrants are exercisable at a price per share of \$0.1038 until Nov. 1, 2020.

166,671 of these common share purchase warrants, each exercisable after December 14, 2019 at a price per Mijem Share of \$0.0001, will not be exercisable if a liquidity event (as defined in the form of certificate representing such warrants) occurs on or before December 14, 2019.

11,183,087 of these common share purchase warrants, each exercisable after March 31, 2020 at a price per share Mijem of \$0.0001, will not be exercisable if a liquidity event (as defined in the form of certificate representing such warrants) occurs on or before March 31, 2020.

The proposed qualifying transaction with Canada Coal Acquisitions Corp. (the "Qualifying Transaction"), if effected, would constitute a liquidity event for such purposes and as such, some or all, of these warrants will not be exercisable as a result.

## **RELATED PARTY TRANSACTIONS**

- Bitgray Labs, Inc. (a corporation whose shareholders own shares in Mijem) Master Service Agreement, effective January 12, 2018
- xiBOSS Corporation (a shareholder of Mijem) Permanent Recruiting Fee Agreement, effective September 10, 2019
- xiVentures Management Fund Inc. (a shareholder of Mijem) Consulting Services, effective July 8, 2019
- xiBOSS Corporation (a shareholder of Mijem), R&D IT Services, effective November 14, 2019

xiVentures Fund Inc. (“xiVentures”), owns approximately 5% of Mijem’s issued and outstanding common shares. xiBoss Corporation, a related party to xiVentures Fund Inc. bills Mijem for recruiting and consulting services, which include staff hiring and key management roles including the Chief Financial Officer and Vice President of Strategy. For the year ended July 31, 2018, total amounts billed under this agreement, excluding disbursements, totaled less than \$30,000. For the year ended July 31, 2019, total amounts billed under this agreement, excluding disbursements, totaled less than \$85,000.

On November 22, 2016, the Company signed a secured grid promissory note with xiVentures Fund Inc. for up to \$100,000, maturing on November 22, 2018. Interest is to accrue annually at 8% and a loan processing fee of \$3000 is payable on the maturity date or repayment date, whichever is earlier.

On December 8, 2017, the Company settled a secured grid promissory note held by a xiVentures Fund Inc., a related party, totaling \$100,000 into 1,379,300 common shares at a price of \$0.0725 per share (when adjusted for a 100 to 1 Stock split in August of 2018).

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The Company’s condensed interim financial statements as at October 31, 2019 and the audited periods ended July 31, 2019, July 31, 2018, July 31, 2017 were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). Please refer to Note 4 of the Company's audited financial statements ( and Note 3 of the Condensed Interim Financial Statements) for a detailed discussion regarding the significant accounting policies relied upon in the preparation of the financial statements, the application of critical estimates and judgements in the preparation of the financial statements and recent accounting pronouncements.

**SCHEDULE K**  
**PRO-FORMA FINANCIAL STATEMENTS**

**MIJEM INC.**  
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	Mijem Inc. October 31, 2019	Canada Coal Inc. September 30, 2019	Pro Forma Adjustments	Note	Total
	\$	\$	\$		\$
<b>ASSETS</b>					
<b>Current</b>					
Cash	48,650	1,357,011	1,850,000	3(a)	
			(105,000)	3(a)	
			(367,000)	3(b)	2,783,661
Short-term deposits	100,000	-	-		100,000
Amounts receivable	50,000	-	-		50,000
Government remittances recoverable	7,238	3,466	-		10,704
Investment tax credits receivable	34,958	-	-		34,958
Prepaid expenses	7,425	5,146	-		12,571
	<u>248,271</u>	<u>1,365,623</u>	<u>1,378,000</u>		<u>2,991,894</u>
<b>Other</b>					
Equipment	3,596	-	-		3,596
Intangible assets	42,324	-	-		42,324
	<u>45,920</u>	<u>-</u>	<u>-</u>		<u>45,920</u>
<b>TOTAL ASSETS</b>	<u><u>294,191</u></u>	<u><u>1,365,623</u></u>	<u><u>1,378,000</u></u>		<u><u>3,037,814</u></u>
<b>LIABILITIES</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	192,326	18,683	-		211,009
Current portion of long-term loans	34,462	-	-		34,462
Due to shareholders	12,113	-	-		12,113
	<u>238,901</u>	<u>18,683</u>	<u>-</u>		<u>257,584</u>
<b>Long-term</b>					
Long-term loans	214,913	-	-		214,913
<b>TOTAL LIABILITIES</b>	<u><u>453,814</u></u>	<u><u>18,683</u></u>	<u><u>-</u></u>		<u><u>472,497</u></u>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>					
Share capital	2,520,372	7,936,101	2,696,614	2(a)	
			(7,936,101)	8	
			1,850,000	3(a)	
			130,000	3(b)	
			(105,000)	3(a)	7,091,986
Contributed surplus	3,967	-	-		
			383,716	3(c)	387,683
Options reserve	-	113,549	46,562	2(b)	
			(113,549)	8	46,562
Warrant reserve	421,833	187,392	32,910	2(c)	
			18,306	3(d)	
			(187,392)	2	
			(383,716)	3(c)	89,333
Deficit	(3,105,795)	(6,890,102)	5,442,650	8	
			(497,000)	3(a)	(5,050,247)
<b>TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)</b>	<u><u>(159,623)</u></u>	<u><u>1,346,940</u></u>	<u><u>1,378,000</u></u>		<u><u>2,565,317</u></u>
	<u><u>294,191</u></u>	<u><u>1,365,623</u></u>	<u><u>1,378,000</u></u>		<u><u>3,037,814</u></u>



**Mijem Inc.**  
**Notes to Unaudited Pro Forma Consolidated Statement of Financial Position**  
**(amounts expressed in Canadian dollars)**

**1. BASIS OF PRESENTATION**

The accompanying unaudited pro forma consolidated statement of financial position (the “Consolidated Pro Forma Statement of Financial Position”) of Mijem Inc. (“Mijem” or the “Company”) has been prepared by management of Mijem and management of Canada Coal Inc. (“CCI”) for inclusion in a Canadian Securities Exchange (“CSE”) listing statement and joint management information circular of Mijem and CCI.

The Consolidated Pro Forma Statement of Financial Position has been compiled from and includes:

- (a) The statement of financial position of Mijem as at October 31, 2019; and
- (b) The statement of financial position of CCI as at September 30, 2019.

The Consolidated Pro Forma Statement of Financial Position should be read in conjunction with the financial statements referred to above which are included in the filing statement.

It is management’s opinion that the Consolidated Pro Forma Statement of Financial Position: has been prepared within acceptable limits of materiality; is in accordance with IFRS, using accounting policies consistent with IFRS appropriate in the circumstances; and includes all adjustments necessary for the fair presentation of the transactions described herein. The Consolidated Pro Forma Statement of Financial Position is not intended to reflect the financial position as at October 31, 2019 of Mijem which would have actually resulted had the transactions been affected on the dates indicated. Actual amounts recorded upon consummation of the transactions will differ from those recorded in the Consolidated Pro Forma Statement of Financial Position and the differences may be material.

**2. PRO FORMA TRANSACTIONS**

The Consolidated Pro Forma Statement of Financial Position gives effect to the proposed amalgamation of CCI and Mijem (the “Transaction”), by way of a three-cornered merger, whereby a newly-incorporated subsidiary of CCI (specifically formed to complete the Transaction) and Mijem are to merge, and the surviving corporation is to be a wholly-owned subsidiary of CCI, which is to be renamed Mijem Technologies Inc. The definitive combination agreement provides that existing shareholders, option-holders and warrant-holders of Mijem and CCI are to receive 2.144 and 0.500, respectively, (the “Exchange Ratios”) common shares, options or warrants, respectively, of the resulting issuer. Unless otherwise stated, all references to shares, options or warrants reflect the respective Exchange Ratios.

The Transaction is to constitute a reverse take-over of CCI but does not meet the definition of a business combination. As a result, and in accordance with reverse take-over accounting for a transaction that is not considered a business combination, CCI is treated as the acquiree and Mijem is treated as the acquirer. As a result, the go-forward entity is deemed to be a continuation of Mijem and Mijem is deemed to have acquired control of the assets and operations of CCI in the consideration for the issuance of capital, options and warrants, as applicable.

For accounting purposes, Mijem is deemed to have issued the following securities:

- a) 15,862,438 shares with a fair value of \$0.17 per share for total value of \$2,696,614
- b) 625,000 options with a fair value of approximately \$0.07 per option for a total fair value of \$46,562 (“CCI options”).

- c) 2,500,000 warrants with a fair value of approximately \$0.013 per warrant for a total fair value of \$32,910 (“CCI warrants”).

The difference of \$1,429,146 between the total fair value of shares, options and warrants issued to CCI shareholders, option-holders and warrant-holders and the net assets of CCI acquired by Mijem of \$1,346,940, has been charged to pro forma deficit as a listing expense.

### 3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The Consolidated Pro Forma Statement of Financial Position gives effect to the following assumptions and adjustments:

- (a) The completion of a private placement of 10,882,353 of subscription receipts, at a price of \$0.17 per receipt, for aggregate proceeds of \$1,850,000 (the “Financing”). The Financing results in cash finder’s fee of \$105,000 paid together with the issuance of 617,647 compensation warrants (the “Compensation Warrants”) with a fair value of \$18,306 (see note 3(c)) being 7% of the issued subscription receipts total of \$1,500,000. The cash costs of the issuance have been netted against the gross proceeds resulting in net proceeds of \$1,745,000. Until closing of the Transaction, the net proceeds of the Financing are held in escrow and accrue interest at 1% per annum.
- (b) Additional Transaction costs totaling \$497,000 consist of the following have been charged to deficit:
  - a. Severance costs of \$216,000;
  - b. Listing costs up to a maximum of \$101,000; and
  - c. Finder’s fees of \$50,000 along with the issuance of 764,706 compensation shares with a value of \$0.17 per share for a value of \$130,000
- (c) Upon completion of the Transaction, the Company’s liquidity warrants are no longer exercisable. The fair value of the liquidity warrants of \$383,716 was removed from the Company’s warrant reserve and included in contributed surplus.
- (d) The Company used the Black-Scholes option pricing model to determine the value of the Compensation Warrants. The following factors were used for determining the fair value of the Compensation Warrants: Dividend yield – Nil; expected volatility 28.8%; risk-free interest rate – 1.52%; expected life (years) – 2.0; exercise price - \$0.170; and share price on issuance \$0.17. The fair value of the Compensation Warrants is \$18,306.
- (e) The Company used the Black-Scholes option pricing model to determine the value of the CCI Options. The following factors were used for determining the fair value of the CCI Options: Dividend yield – Nil; expected volatility 28.26%; risk-free interest rate – 1.52%; expected life (years) – 1.311; exercise price - \$0.100; and share price on issuance \$0.17. The fair value of the Compensation Warrants is \$46,562.
- (f) The Company used the Black-Scholes option pricing model to determine the value of the CCI Warrants. The following factors were used for determining the fair value of the CCI Warrants: Dividend yield – Nil; expected volatility 29.87%; risk-free interest rate – 1.52%; expected life (years) – 1.231; exercise price - \$0.20; and share price on issuance \$0.17. The fair value of the Compensation Warrants is \$32,910.

#### 4. PRO FORMA SHARE CAPITAL

	Number of common shares	Amount \$
Existing Mijem shareholders	58,817,154	2,520,372
Pro forma transaction (note 2(a)), shares issued to CCI shareholders	15,862,438	2,696,614
Pro forma adjustment (note 3(a)), shares issued pursuant to Financing	10,882,353	1,850,000
Pro forma adjustment (note 3(b)), shares issued pursuant to Transaction costs	764,706	130,000
Pro forma adjustment (note 3(a)), finders fees pursuant to Financing	-	(105,000)
	<b>86,326,651</b>	<b>7,091,986</b>

#### 5. PRO FORMA WARRANT RESERVE

	Number of warrants	Amount \$
Existing Mijem warrant holders	26,372,581	421,833
Pro forma transaction (note 2(c)), warrants issued to CCI warrant holders	2,500,000	32,910
Pro forma adjustment (note 3(c)), cancellation of liquidity warrants	(24,333,881)	(383,716)
Pro forma adjustment (note 3(d)), fair value of issued Compensation Warrants	617,647	18,306
	<b>5,156,347</b>	<b>89,333</b>

**6. PRO FORMA OPTIONS RESERVE**

	<b>Number of options</b>	<b>Amount</b>
		\$
Pro forma adjustment (note 2(b)), options issued to CCI option holders	<b>625,000</b>	<b>46,562</b>
	<b>625,000</b>	<b>46,562</b>

**7. PRO FORMA CONTRIBUTED SURPLUS**

	<b>Amount</b>
	\$
Existing Mijem contributed surplus	<b>3,967</b>
Pro forma adjustment (note 3(c)), cancellation of liquidity warrants	<b>383,716</b>
	<b>387,683</b>

## 8. PRO FORMA DEFICIT

	<u>Amount</u>
	\$
Existing Mijem deficit	<b>(3,105,795)</b>
Pro forma transaction (note 2), listing expense	<b>(1,429,146)</b>
Pro forma transaction (note 3(a)), additional transaction costs	<b>(497,000)</b>
Pro forma transaction (note 3(d)), Compensation Warrants	<b>(18,306)</b>
	<u><b>(5,050,247)</b></u>

**SCHEDULE L  
DISSENT RIGHTS**

185 (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

- (a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- (b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
- (c) amalgamate with another corporation under sections 175 and 176;
- (d) be continued under the laws of another jurisdiction under section 181; or

Note: On a day to be named by proclamation of the Lieutenant Governor, subsection 185 (1) of the Act is amended by striking out "or" at the end of clause (d) and by adding the following clauses: (See: 2017, c. 20, Sched. 6, s. 24)

- (d.1) be continued under the Co-operative Corporations Act under section 181.1;
- (d.2) be continued under the Not-for-Profit Corporations Act, 2010 under section 181.2; or
- (e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent. R.S.O. 1990, c. B.16, s. 185 (1).

**Idem**

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

- (a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
- (b) subsection 170 (5) or (6). R.S.O. 1990, c. B.16, s. 185 (2).

**One class of shares**

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares. 2006, c. 34, Sched. B, s. 35.

**Exception**

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

- (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or
- (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986. R.S.O. 1990, c. B.16, s. 185 (3).

**Shareholder's right to be paid fair value**

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in

respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted. R.S.O. 1990, c. B.16, s. 185 (4).

#### **No partial dissent**

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (5).

#### **Objection**

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent. R.S.O. 1990, c. B.16, s. 185 (6).

#### **Idem**

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6). R.S.O. 1990, c. B.16, s. 185 (7).

#### **Notice of adoption of resolution**

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection. R.S.O. 1990, c. B.16, s. 185 (8).

#### **Idem**

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights. R.S.O. 1990, c. B.16, s. 185 (9).

#### **Demand for payment of fair value**

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares. R.S.O. 1990, c. B.16, s. 185 (10).

#### **Certificates to be sent in**

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates, if any, representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent. R.S.O. 1990, c. B.16, s. 185 (11); 2011, c. 1, Sched. 2, s. 1 (9).

#### **Idem**

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section. R.S.O. 1990, c. B.16, s. 185 (12).

#### **Endorsement on certificate**

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (13).

### **Rights of dissenting shareholder**

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

- (a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);
- (b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or
- (c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10). R.S.O. 1990, c. B.16, s. 185 (14); 2011, c. 1, Sched. 2, s. 1 (10).

### **Same**

(14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),

- (a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or
- (b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares,
  - (i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and
  - (ii) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

### **Same**

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

- (a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and
- (b) to be sent the notice referred to in subsection 54 (3). 2011, c. 1, Sched. 2, s. 1 (11).

### **Offer to pay**

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

- (a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (15).

### **Idem**

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms. R.S.O. 1990, c. B.16, s. 185 (16).



## **Idem**

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made. R.S.O. 1990, c. B.16, s. 185 (17).

## **Application to court to fix fair value**

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (18).

## **Idem**

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow. R.S.O. 1990, c. B.16, s. 185 (19).

## **Idem**

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19). R.S.O. 1990, c. B.16, s. 185 (20).

## **Costs**

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders. R.S.O. 1990, c. B.16, s. 185 (21).

## **Notice to shareholders**

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

- (a) has sent to the corporation the notice referred to in subsection (10); and
- (b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions. R.S.O. 1990, c. B.16, s. 185 (22).

## **Parties joined**

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22) (a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application. R.S.O. 1990, c. B.16, s. 185 (23).

## **Idem**

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (24).

## **Appraisers**

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (25).

## **Final order**

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b). R.S.O. 1990, c. B.16, s. 185 (26).

## **Interest**

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment. R.S.O. 1990, c. B.16, s. 185 (27).

## **Where corporation unable to pay**

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (28).

## **Idem**

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

- (a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders. R.S.O. 1990, c. B.16, s. 185 (29).

## **Idem**

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

- (a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. R.S.O. 1990, c. B.16, s. 185 (30).

## **Court order**

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission. 1994, c. 27, s. 71 (24).

## **Commission may appear**

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation. 1994, c. 27, s. 71 (24).

**SCHEDULE M  
STOCK OPTION PLAN**

**CANADA COAL INC.**  
**STOCK OPTION PLAN**

**1. Purpose of the Plan**

The purpose of the Plan is to provide the Participants with an opportunity to purchase Common Shares and benefit from the appreciation thereof. This proprietary interest in the Corporation will provide an increased incentive for the Participants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Corporation and its Subsidiaries to attract and retain individuals of exceptional skill.

**2. Defined Terms**

2.1 Where used herein, the following terms shall have the following meanings (all other capitalized terms used and not defined herein shall have the meanings ascribed to them in the TSX Venture Exchange Corporate Finance Manual):

- (a) **“Acceleration Right”** means the Participant’s right, in certain circumstances, to exercise its outstanding Option as to all or any of the Common Shares in respect of which such Option has not previously been exercised and which the Participant is entitled to exercise, including in respect of Common Shares not otherwise vested at such time;
- (b) **“Board”** means the board of directors of the Corporation;
- (c) **“Business Day”** means each day other than a Saturday, Sunday or statutory holiday in Ontario, Canada;
- (d) **“Common Shares”** means the common shares in the capital of the Corporation or, in the event of an adjustment contemplated by Article 8 hereof, such shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;
- (e) **“Corporation”** means Canada Coal Inc., and includes any successor corporation thereof;
- (f) **“Exchange”** means the TSX Venture Exchange or, if the Common Shares are not then listed and posted for trading on the TSX Venture Exchange, then on any stock exchange in Canada on which such shares are listed and posted for trading or any other regulatory body having jurisdiction as may be selected for such purpose by the Board;
- (g) **“Exercise Notice”** means the notice in writing signed by the Participant or the Participant’s legal personal representatives addressed to the Corporation specifying an intention to exercise all or a portion of the Option;

- (h) **“Expiry Time”** means the time at which the Options will expire, being 4:00 p.m. (Toronto time) on a date to be fixed by the Board at the time the Option is granted, which date will not be more than ten years from the date of grant;
- (i) **“Fair Market Value”** means, for the purposes of Sections 4.5 and 9.4 hereof, at any date in respect of the Common Shares, the closing price of the Common Shares as reported by the Toronto Stock Exchange on the last trading day immediately preceding such date or, if the Common Shares are not listed on any stock exchange, a price determined by the Board;
- (j) **“Insider”** has the meaning ascribed thereto in the Exchange Corporate Finance Manual;
- (k) **“Option”** means an option to purchase Common Shares from treasury granted by the Corporation to a Participant, subject to the provisions contained herein;
- (l) **“Option Price”** means the price per share at which Common Shares may be purchased under the Option, as the same may be adjusted herein;
- (m) **“Participants”** means the directors, officers and employees of, and consultants to, the Corporation or its Subsidiaries, as defined by the relevant Exchange and, subject to compliance with the applicable requirements of the Exchange, the Personal Holding Companies of such persons, to whom an Option has been granted by the Board pursuant to the Plan and which Option or a portion thereof remains unexercised;
- (n) **“Personal Holding Company”** means a company of which 100% of the voting shares are beneficially owned, directly or indirectly, by a director, officer or employee of, or consultant to, the Corporation or its Subsidiaries and such entity shall be bound by the Plan in the same manner as if the Options were held directly;
- (o) **“Plan”** means this stock option plan of the Corporation, as the same may be amended or varied from time to time;
- (p) **“Subsidiary”** means any corporation that is a subsidiary of the Corporation, as such term is defined under the *Canada Business Corporations Act*, as such provision is from time to time amended, varied or re-enacted, or a “related entity” as defined in section 2.22 of National Instrument 45-106; and
- (q) **“Take-Over Bid”** has the meaning ascribed thereto in the *Securities Act* (Ontario), as such provision is from time to time amended, varied or re-enacted.

### **3. Administration of the Plan**

3.1 The Board shall administer this Plan. Options granted under the Plan shall be granted in accordance with determinations made by the Board pursuant to the provisions of the Plan as to: (a) the Participants to whom and the time or times at which the Options will be

granted; the number of Common Shares which shall be the subject of each Option; (b) any vesting provisions attaching to the Option; and (c) the terms and provisions of the respective stock option agreements, provided however, that each director, officer, employee or consultant shall have the right not to participate in the Plan and any decision not to participate therein shall not affect the employment by or engagement with the Corporation. The Board shall ensure that Participants under the Plan are eligible to participate under the Plan, and, if required by the Exchange, shall represent and confirm that the Participant is a bona fide employee, consultant or management company employee (as defined in the policies of the Exchange).

3.2 The Board may, from time to time, adopt such rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation and may, subject to applicable law, delegate its powers hereunder to administer the Plan to a committee of the Board (the “**Committee**”). The Committee shall be comprised of two or more members of the Board who shall serve at the pleasure of the Board. Vacancies occurring on the Committee shall be filled by the Board.

3.3 The Committee (or the Board where the Committee has not been constituted) shall have the power to delegate to any member of the Board or officer so designated (the “**Administrator**”), the power to determine which Participants are to be granted Options and to grant such Options, the number of Common Shares purchasable under each Option, the Option Price and the time or times when and the manner in which Options are exercisable, and the Administrator shall make such determinations in accordance with the provisions of this Plan and with applicable securities and stock exchange regulatory requirements, subject to final approval by the Committee or Board.

#### **4. Granting of Option**

4.1 Participants may be granted Options from time to time. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time. Each Option granted hereunder shall be evidenced by an agreement in writing, signed on behalf of the Corporation and by the Participant, in such form as the Board shall approve from time to time. Each such agreement shall recite that it is subject to the provisions of this Plan.

4.2 The aggregate number of Common Shares of the Corporation allocated and made available to be granted to Participants under the Plan shall not exceed 10% of the issued and outstanding Common Shares of the Corporation as at the date of grant (on a non-diluted basis). Any issuance of Common Shares from treasury pursuant to the exercise of Options shall automatically replenish the number of Common Shares available for Option grants under the Plan. Common Shares in respect of which Options are cancelled or not exercised prior to expiry, for any reason, shall be available for subsequent Option grants under the Plan. No fractional shares may be purchased or issued hereunder.

4.3 The Corporation shall at all times, during the term of the Plan, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of the Plan.

- 4.4 Any grant of Options under the Plan shall be subject to the following restrictions:
- (a) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one Participant, other than a Consultant, in any 12 month period may not exceed 5% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
  - (b) the aggregate number of Common Shares issuable pursuant to Options granted to Insiders pursuant to the Plan and other security based compensation arrangements may not exceed 10% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
  - (c) the aggregate number of Common Shares issued to Insiders pursuant to the Plan and other security based compensation arrangements in any 12 month period may not exceed 10% of the Corporation's total issued and outstanding Common Shares, unless disinterested shareholder approval is obtained;
  - (d) no more than 2% of the total issued and outstanding Common Shares at the time of grant may be granted to any one Consultant in any 12 month period; and
  - (e) no more than an aggregate of 2% of the total issued and outstanding Common Shares at the time of grant may be granted to all persons engaged to conduct Investor Relations Activities in any 12 month period.

4.5 Provided that the Corporation is listed on the Toronto Stock Exchange (the "TSX") and is in compliance with applicable TSX requirements, the Board may grant Options which allow a Participant to elect to exercise its Option on a "cashless basis", whereby the Participant, instead of making a cash payment for the aggregate exercise price, shall be entitled to be issued such number of Common Shares equal to the number which results when: (i) the difference between the aggregate Fair Market Value of the Common Shares underlying the Option and the aggregate exercise price of such Option is divided by (ii) the Fair Market Value of each Common Share. For greater certainty, the Options may not be exercised on a "cashless basis" while the Common Shares are listed on the Exchange.

4.6 All Options granted pursuant to this Plan shall be subject to rules and policies of the Exchange and any other regulatory body having jurisdiction.

4.7 A Participant who has been granted an Option may, if otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Option if the Board so determines.

## **5. Option Price**

5.1 Subject to applicable Exchange approval, the Option Price shall be fixed by the Board at the time the Option is granted to a Participant. In no event shall the price be less than the Discounted Market Price (as defined in the policies of the Exchange). If a press release fixing the price is not issued, the Discounted Market Price is the closing price per Common Share on the Exchange on the last trading day preceding the date of grant on which there was a

closing price (less the applicable discount) or, if the Common Shares are not listed on any stock exchange, a price determined by the Board; provided that, if the Board, in its sole discretion, determines that the closing price on the last trading day preceding the date of grant would not be representative of the market price of the Common Shares, then the Board may base the price on the greater of the closing price and the weighted average price per share for the Common Shares for five (5) consecutive trading days ending on the last trading day preceding the date of grant on which there was a closing price on the Exchange. The weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the Exchange during the said five (5) consecutive trading days, by the total number of Common Shares so sold.

5.2 Once the Option Price has been determined by the Board, accepted by the Exchange and the Option has been granted, if the Optionee is an Insider, the Option Price may only be reduced if disinterested shareholder approval is obtained; provided that such disinterested shareholder approval is then a requirement of the Exchange or other regulatory body having jurisdiction.

## **6. Term of Option**

6.1 The term of the Option shall be a period of time fixed by the Board, not to exceed ten years from the date of grant. Unless the Board determines otherwise, Options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods) as are herein contained or as the Board may from time to time impose, or as may be required by the Exchange or under applicable securities law.

6.2 Each Option and all rights thereunder shall be expressed to expire at the Expiry Time, but shall be subject to earlier termination in accordance with Section 11 hereof.

6.3 Subject to any specific requirements of the Exchange, the Board shall determine the vesting period or periods within the Option term, during which a Participant may exercise an Option or a portion thereof.

6.4 In addition to any resale restriction under securities laws, an Option may be subject to a four month Exchange hold period commencing on the date the Option is granted.

6.5 Except in the case of a Participant's Option that terminates pursuant to Section 11.3 below, in the event that the term of any Option expires within or immediately following a "blackout period" imposed by the Corporation, the Option shall expire on the date (the "**Blackout Expiration Date**") that is ten Business Days following the end of such blackout period. The Blackout Expiration Date shall not be subject to the discretion of the Board.

## **7. Exercise of Option**

7.1 Subject to the provisions of the Plan and the terms of any stock option agreement, an Option or a portion thereof may be exercised, from time to time, by delivery of the Exercise Notice to the Corporation's principal office in Toronto, Ontario. The Exercise Notice shall state the intention of the Participant or the Participant's legal personal representative to exercise the said Option or a portion thereof and specify the number of Common Shares in respect of which



the Option is then being exercised, and shall be accompanied by the full purchase price of the Common Shares which are the subject of the exercise. Such Exercise Notice shall contain the Participant's undertaking to comply, to the satisfaction of the Corporation, with all applicable requirements of the Exchange and any applicable regulatory authorities.

## **8. Adjustments in Shares**

8.1 If the outstanding shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation through a re-organization, plan of arrangement, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the Board, in its discretion, in the number or kind of shares optioned and the exercise price per share with respect to: (a) previously granted and unexercised Options or portions thereof; and (b) Options which may be granted subsequent to any such change in the Corporation's capital.

8.2 Determinations by the Board as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. The Corporation shall not be obligated to issue fractional securities in satisfaction of any of its obligations hereunder.

## **9. Accelerated Vesting**

9.1 In the event that certain events such as a liquidation or dissolution of the Corporation or a re-organization, plan of arrangement, merger or consolidation of the Corporation with one or more corporations, as a result of which the Corporation is not the surviving corporation, or the sale by the Corporation of all or substantially all of the property and assets of the Corporation to another corporation prior to the Expiry Time, are proposed or contemplated, the Board may, notwithstanding the terms of this Plan or any stock option agreements issued hereunder, exercise its discretion, by way of resolution, to permit accelerated vesting of Options on such terms as the Board sees fit at that time. If the Board, in its sole discretion, determines that the Common Shares subject to any Option granted hereunder shall vest on an accelerated basis, all Participants entitled to exercise an unexercised portion of Options then outstanding shall have the right at such time, upon written notice being given by the Corporation, to exercise such Options to the extent specified and permitted by the Board and within the time period specified by the Board, which shall not extend past the Expiry Time.

9.2 An Option may provide that whenever the Corporation's shareholders receive a Take-Over Bid and the Corporation supports this bid, pursuant to which the "offeror" would, as a result of such Take-Over Bid being successful, beneficially own in excess of 50% of the outstanding Common Shares, the Participant may exercise the Acceleration Right. The Acceleration Right shall commence on the date of the mailing of the Board circular recommending acceptance of the Take-Over Bid and end on the earlier of:

- (a) the Expiry Time; and
- (b) (i) in the event the Take-Over Bid is unsuccessful, the expiry date of the Take-Over Bid; and (ii) in the event the Take-Over Bid is successful, the tenth (10th) day following the expiry date of the Take-Over Bid.

9.3 At the time of the termination of the Acceleration Right, the original vesting terms of the Options shall be reinstated with respect to the Common Shares issuable thereunder which were not acquired by the holders of such Options pursuant to the terms thereof. Notwithstanding the foregoing, the Acceleration Right may be extended for such longer period as the Board may resolve.

9.4 Provided that the Corporation is listed on the TSX and is in compliance with applicable TSX requirements, the Corporation may satisfy any obligations to a Participant hereunder by paying to the Participant in cash the difference between the exercise price of all unexercised Options granted hereunder and the Fair Market Value of the Common Shares to which the Participant would be entitled upon exercise of all unexercised Options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied.

## **10. Decisions of the Board**

All decisions and interpretations of the Board respecting the Plan or Options granted thereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and consultants of the Corporation who are eligible to participate under the Plan.

## **11. Ceasing to be a Director, Officer, Employee or Consultant**

11.1 Subject to the terms of the applicable stock option agreements and subject to Section 11.4 hereof, in the event of the Participant ceasing to be a director, officer, employee or consultant of the Corporation or a Subsidiary for any reason other than death, including the resignation or retirement of the Participant or the termination by the Corporation or a Subsidiary of the employment of the Participant, prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such Common Shares in respect of which the Option has not previously been exercised (and as the Participant would have been entitled to exercise) at any time up to and including (but not after) the earlier of: (a) the Expiry Time; and (b) a date that is ninety (90) days (or such other period as may be determined by the Board, provided that such period is not more than one year) following the effective date of such resignation or retirement or a date that is ninety (90) days (or such other period as may be determined by the Board, provided that such period is not more than one year) following the date notice of termination of employment is given by the Corporation or a Subsidiary, whether such termination is with or without reasonable notice, and subject to such shorter period as may be otherwise specified in the stock option agreement, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.2 In consideration of the Option hereby granted, in the event of the resignation or retirement of the Participant or the termination of employment by the Corporation without cause, the Participant hereby covenants not to sue the Corporation for damages arising from the loss of rights granted hereunder and releases the Corporation from any damages.

11.3 Notwithstanding the foregoing, in the event of termination for cause, such Option (including an Option held by a Participant's Personal Holding Company) shall expire and terminate immediately at the time of delivery of notice of termination of employment for cause

to the Participant by the Corporation or a Subsidiary and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.

11.4 In the event of the death of a Participant on or prior to the Expiry Time, such Option (including an Option held by a Participant's Personal Holding Company) may be exercised as to such of the Common Shares in respect of which such Option has not previously been exercised (and as the Participant would have been entitled to purchase), by the legal personal representatives of the Participant at any time up to and including (but not after) a date one (1) year from the date of death of the Participant, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

11.5 Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any of its Subsidiaries.

## **12. Transferability**

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or to the extent, if any, permitted by the Exchange.

## **13. Amendment or Discontinuance of Plan**

13.1 (a) The approval of the Board and the requisite approval from the Exchange and the shareholders shall be required for any of the following amendments to be made to the Plan:

- (i) any increase to the fixed maximum percentage of Common Shares issuable under the Plan;
- (ii) a reduction in the exercise price or purchase price of an Option (other than for standard anti-dilution purposes) held by or benefiting an Insider;
- (iii) an increase in the maximum number of Common Shares that may be issued to Insiders within any one year period or that are issuable to Insiders at any time;
- (iv) an extension of the term of an Option held by or benefiting an Insider;
- (v) any change to the definition of "Participants" which would have the potential of broadening or increasing Insider participation;
- (vi) the addition of any form of financial assistance;
- (vii) any amendment to a financial assistance provision which is more favourable to Participants;
- (viii) provided that the Corporation is listed on the TSX, the addition of a cashless exercise feature, payable in cash or securities which does not

provide for a full deduction of the number of underlying securities from the Plan reserve;

- (ix) the addition of a deferred or restricted share unit or any other provision which results in Participants receiving securities while no cash consideration is received by the Corporation; and
  - (x) any other amendments that may lead to significant or unreasonable dilution in the Corporation's outstanding securities or may provide additional benefits to Participants, especially Insiders, at the expense of the Corporation and its existing shareholders.
- (b) The Board may, without shareholder approval but subject to receipt of requisite approval as required by the Exchange, in its sole discretion make all other amendments to the Plan that are not of the type contemplated in subsection 13.1 (a) above including, without limitation:
- (i) amendments of a housekeeping nature;
  - (ii) a change to the vesting provisions of an Option or the Plan; and
  - (iii) a change to the termination provisions of an Option or the Plan which does not entail an extension beyond the original expiry date, except as contemplated in Section 6.5 above.

#### **14. Participants' Rights**

14.1 A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

14.2 Nothing in the Plan or any Option shall confer upon any Participant any rights to continue in the employ of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any such Subsidiary to terminate the employment of the Participant at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any such Subsidiary to extend the employment of any Participant beyond the time such Participant would normally retire pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Subsidiary.

#### **15. Approvals**

15.1 The Plan shall be subject, if applicable, to the approval of the Exchange or other regulatory body having jurisdiction at that time and, if so required thereby, to the approval of the shareholders of the Corporation.

15.2 Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

## **16. Government Regulation**

16.1 The Corporation's obligation to issue and deliver Common Shares under any Option is subject to:

- (a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Common Shares to listing on any stock exchange on which such Common Shares may then be listed; and
- (c) the receipt from the Participant of such representations, warranties, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

16.2 In this regard, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares and for the listing of such Common Shares on the Exchange, in compliance with applicable securities laws. If any shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such shares shall terminate and the Option Price paid to the Corporation will be returned to the Participant.

## **17. Costs**

The Corporation shall pay all costs of administering the Plan.

## **18. Tax Withholding and Procedures**

18.1 Notwithstanding any other provisions of this Plan, the Corporation may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law or the funding of related amounts for which liability may arise under such applicable law (collectively, the "**Tax Obligations**"). Without limiting the generality of the foregoing, a Participant who wishes to exercise an option must, in addition to following the procedures set out in any stock option agreement and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Corporation for the amount determined by the Corporation to be the appropriate amount on account of such Tax Obligations, or

- (b) otherwise ensure, in a manner acceptable to the Corporation (if at all) in its sole and unfettered discretion, that such amount will be made available to the Corporation on a secure and timely basis, and must in all other respects follow any related procedures and conditions imposed by the Corporation, failing which the Corporation shall not be obliged to honour the purported option exercise or issue certificates for Shares.
- (c) Without limiting the generality of the foregoing or limiting the Corporation's discretion under this Section 18.1(b), the Corporation may, at its option:
  - (i) accept the exercise of the options and withhold all or any number of Shares issued upon exercise of the options and deliver such number of Shares as it may determine to a broker or other selling agent for purposes of sale, or otherwise sell or transfer such Shares. In implementing any such sale or transfer, neither the Corporation nor any broker or selling agent shall be obligated to seek or obtain a minimum price or be liable for any loss arising out of any sale or transfer of such Shares (relating to the manner or timing of such sale or transfer, the terms or prices at which such Shares are sold or transferred, or otherwise). Any net proceeds derived therefrom shall in the first instance serve to satisfy the Tax Obligations and all related fees, interest or other obligations in respect thereof, and shall be available or made available to the Corporation for the purpose of satisfying the foregoing. Any shortfall in such net proceeds as required to satisfy such Tax Obligations and other amounts shall be to the account of the Participant and (without limiting the Corporation's remedies available under law) may be recovered by the Corporation from the Participant by way of set-off against any other amount or property then or thereafter owing by the Corporation to the Participant in any capacity (whether salary or other remuneration, Shares or remaining Shares issued on exercise of options then otherwise to be issued, or in any other manner). Any net proceeds derived from a sale or other transfer of such Shares in excess of the amount determined by the Corporation to be the amount required to satisfy the Tax Obligations and related fees, interest or other obligations shall, together with any remaining Shares not so sold or transferred, also be for the account of the Participant; or
  - (ii) accept the exercise of the options if and provided that the Participant and the Corporation have agreed to procedures, acceptable to the Corporation in its sole discretion, whereby a sale of Shares sufficient to satisfy the Tax Obligations and related amounts (as determined by the Corporation in its sole discretion) has been coordinated through a broker or sales agent (including such broker or sales agent acting for the Participant) on a basis that: (i) obliges such broker or sales agent to retain and provide

such amounts to the Corporation on a timely basis, and (ii) does not oblige the Corporation to issue such optioned Shares except against payment and delivery of such amounts (and the amount of the option exercise price if not separately paid under Section 18.1(a)).

**19. Interpretation**

This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**20. Compliance with Applicable Law**

If any provision of the Plan or any Option contravenes any law or any order, policy, bylaw or regulation of any regulatory body or the Exchange, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

**SCHEDULE N**  
**CANADA COAL INC. AUDIT COMMITTEE CHARTER**

**I. PURPOSE**

The Audit Committee is a committee of the board of directors (the "**Board**") of the Company. The function of the Audit Committee is to assist the Board in fulfilling its responsibilities to the shareholders of the Company, the securities regulatory authorities and stock exchanges, the investment community and others by:

- a) reviewing the annual and interim (quarterly) financial statements, related management discussion and analysis ("**MD&A**") and, where applicable, other financial information disclosed by the Company to any governmental body or the public, prior to its approval by the Board;
- b) overseeing the review of interim (quarterly) financial statements and/or MD&A by the Company's external auditor;
- c) recommending the appointment and compensation of the Company's external auditor, overseeing the external auditor's qualifications and independence and providing an open avenue of communication among the external auditor, financial and senior management and the Board;
- d) directly overseeing the work of the external auditor on the audit of annual financial statements; and
- e) monitoring the Company's financial reporting process and internal controls and compliance with legal and regulatory requirements related thereto.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter. However, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles ("**GAAP**"), to conduct investigations, or to assure compliance with laws and regulations or the Company's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

**II. COMPOSITION**

1. The Audit Committee shall have a minimum of three members.
2. Every Audit Committee member must be a director of the Company. The Audit Committee shall be comprised of such directors as are determined by the Board, each of whom shall be independent within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. Pursuant to the *Business Corporations Act* (Ontario) (the "**OBCA**") the majority of the Audit Committee members must not be officers, nor employees of the Company or any of its affiliates.
3. All members of the Audit Committee must have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices and otherwise be financially literate within the meaning of NI 52-110 (or exempt therefrom). Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.
4. The members of the Audit Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Audit Committee members shall hold office until the next annual meeting of shareholders subsequent to their appointment.



5. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.
6. The Secretary of the Audit Committee will be appointed by the Chair.
7. Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee on ceasing to be a Director. The Board may fill vacancies on the Audit Committee by election from among the directors on the Board. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains.

### **III. DUTIES AND RESPONSIBILITIES**

1. The Audit Committee shall review and recommend to the Board for approval:
  - a) the Company's annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor, and review related MD&A;
  - b) press releases of the Company that contain financial information;
  - c) other financial information provided to any governmental body, stock exchange or the public as they see fit
  - d) documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results and Annual Information Form – when applicable) prior to their release; and
  - e) any other matter not mentioned herein but otherwise required pursuant to applicable laws, including, without limitation, NI 52-110 and the OBCA.
2. The Audit Committee, in fulfilling its mandate, will:
  - a) satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws;
  - b) review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable);
  - c) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures;
  - d) recommend to the Board the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor;
  - e) review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant;
  - f) review the annual audit plans of the internal and external auditors of the Company;
  - g) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
  - h) monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion or disagreements between management and the external auditor;

- i) periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper;
  - j) arrange for the external auditor to be available to the Audit Committee and the full Board as needed. Ensure that the auditors communicate directly with the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible;
  - k) ensure that the external auditors are prohibited from providing non-audit services and approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation;
  - l) review with management and the external auditor the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results;
  - m) review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements;
  - n) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
  - o) review the expenses of the Chairman and President of the Company annually;
  - p) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters and the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters; and
  - q) perform such other duties as required by the Company's incorporating statute and applicable securities legislation and policies, including, without limitation, NI 52-110 and the OBCA.
3. The Audit Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties, and may set and pay the compensation of such counsel and advisors. The Audit Committee may communicate directly with the Company's internal and external counsel and advisors.

#### **IV. MEETING PROCEDURES**

1. The Audit Committee shall meet at such times and places as the Audit Committee may determine, but no less than four times per year. The Audit Committee should meet within forty-five (45) days (sixty (60) days in the event the Company is a "venture issuer" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*)) following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and shall meet within ninety (90) days (one hundred and twenty (120) days in the event the Company is a "venture issuer") following the end of the financial year end to review and discuss the audited financial results for the preceding year and the related MD&A as well as any accompanying press release, or in both cases, by such earlier times as may be required in order to comply with applicable law or any stock exchange regulation.
2. Members of the Audit Committee shall be provided with reasonable notice of the time and place of meetings, which shall be not less than twenty-four (24) hours. The notice period may be waived by all members of the Audit Committee. Each of the Chairman of the Board, the external auditor, the Chief Executive Officer or the Chief Financial Officer shall be entitled to request that any member of the Audit Committee call a meeting.

3. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and the external auditor of the Company, and others as they consider appropriate. The external auditor may, at its option, attend meetings of the Audit Committee.
4. In order to foster open communication, the Audit Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or its Chair should meet with management quarterly in connection with the Company's interim financial statements.
5. Meetings of the Audit Committee may be conducted with members in attendance in person, by telephone or by video conference facilities.
6. Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine.
7. A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.
8. The Audit Committee shall ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the Company.

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