Colonial Coal International Corp.
(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements
Second Quarter Ended January 31, 2015

(Unaudited - Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF

INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Colonial Coal International Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)

	Note	January 31, 2015 $	July 31, 2014 $
Assets			
Current assets			
Cash		1,695,835	2,880,454
Short term investments		66,000	66,000
Receivables and prepaids	4	64,116	48,818
Marketable securities	5	12,389	69,478
		1,838,340	3,064,750
Coal properties and deferred exploration	6	9,846,218	9,654,459
Reclamation deposits		203,200	203,200
Equipment		8,406	10,026
Deferred acquisition costs	7	143,678	1
		10,201,502	9,867,686
		12,039,842	12,932,436
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		322,222	146,238
Due to related parties	10	27,071	11,207
Loans payable to related party	8	305,566	289,233
		654,859	446,678
Amounts Attributable to Shareholders			
Share capital	9	24,021,826	24,021,826
Contributed surplus		5,992,500	5,992,500
Deficit		(18,629,343)	(17,528,568)
		11,384,983	12,485,758
		12,039,842	12,932,436

Going concern (Note 1)
Commitments (Notes 9 and 11)
Subsequent events (Note 15)

On behalf of the Board

(signed) "Ian Downie" (signed) "David Austin"

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Colonial Coal International Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three and six months ended January 31, 2015 and 2014

(Unaudited - Expressed in Canadian dollars)

	Note	Three Months Ended January 31, 2015 $	Three Months Ended January 31, 2014 $	Six Months Ended January 31, 2015 $	Six Months Ended January 31, 2014 $
Expenses					
Amortization		760	528	1,620	1,098
Business investigation		190,335	-	305,217	-
Consulting	10	58,226	51,046	113,144	100,989
Directors' fees	10	4,500	13,500	9,000	27,000
Exploration expense	6	-	22,565	-	58,624
Filing and listing fees		11,018	10,643	12,110	11,860
Foreign exchange loss		945	2,161	1,414	5,798
Management fees	10	127,500	133,500	255,000	267,000
Office and administration		52,887	41,493	111,845	89,366
Professional fees	10	62,790	72,321	107,804	132,742
Salaries and benefits		35,000	35,000	70,000	70,000
Shareholder communications		7,304	6,502	13,856	9,768
Travel and promotion		11,773	9,462	52,421	40,144
Workers compensation fees		2,510	2,727	5,631	6,597
		(565,548)	(401,448)	(1,059,062)	(820,986)
Other income (expense)					
Interest income		8,334	24,089	15,376	33,651
Impairment of marketable securities		(57,089)	-	(57,089)	-
Net loss for the period		(614,303)	(377,359)	(1,100,775)	(787,335)
Other comprehensive income (loss)					
Items that may be reclassified subsequently to profit or loss:					
Unrealized (loss) gain on marketable securities		(17,310)	(29,588)	(57,089)	14,412
Impairment of marketable securities		57,089	-	57,089	-
Total other comprehensive income (loss) for the period		39,779	(29,588)	-	14,412
Total comprehensive loss for the period		(574,524)	(406,947)	(1,100,775)	(772,923)
Basic and diluted net loss per common share		(0.01)	(0.01)	(0.02)	(0.01)
Weighted average number of shares outstanding		65,091,896	65,091,896	65,091,896	65,091,896

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Colonial Coal International Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Equity

For the six months ended January 31, 2015 and 2014

(Unaudited - Expressed in Canadian dollars)

	Issued Share Capital					
	Number of Shares #	Amount $	Contributed Surplus $	AOCI $	Deficit $	Total $
Balance at July 31, 2014	65,091,896	24,021,826	5,992,500	-	(17,528,568)	12,485,758
Total comprehensive loss for the period	-	-	-	-	(1,100,775)	(1,100,775)
Balance at January 31, 2015	65,091,896	24,021,826	5,992,500	-	(18,629,343)	11,384,983
Balance at July 31, 2013	65,091,896	24,021,826	5,992,500	-	(12,452,594)	17,561,732
Total comprehensive loss for the period	-	-	-	14,412	(787,335)	(772,923)
Balance at January 31, 2014	65,091,896	24,021,826	5,992,500	14,412	(13,239,929)	16,788,809

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Colonial Coal International Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended January 31, 2015 and 2014

(Unaudited - Expressed in Canadian dollars)

	2015 $	2014 $
Cash flows (used in) from operating activities		
Net loss for the period	(1,100,775)	(787,335)
Items not affecting cash		
Amortization	1,620	1,098
Impairment of marketable securities	57,089	-
Interest income	(15,376)	(33,651)
	(1,057,442)	(819,888)
Interest received	13,833	31,569
Changes in non-cash operating working capital		
Change in receivables and prepaids	(13,755)	(15,102)
Change in accounts payable and accrued liabilities	95,280	(42,220)
Change in due to related parties	15,864	20,049
	(946,220)	(825,592)
Cash flows (used in) from investing activities		
Deferred exploration costs	(209,207)	(508,508)
B.C. Mining Exploration Tax Credits	-	1,401,801
Deferred acquisition costs	(29,192)	(563,416)
Reclamation deposit	-	(128,200)
	(238,399)	201,677
Cash flows from financing activities		
Loans from related party	-	270,000
Decrease in cash	(1,184,619)	(353,915)
Cash - Beginning of the period	2,880,454	3,622,201
Cash - End of the period	1,695,835	3,268,286
Supplemental cash flow information		
Interest paid with cash	-	-
Taxes paid with cash	-	-

Non-cash transactions (Note 12)

(Unaudited - Expressed in Canadian dollars)

1 Nature of operations and going concern

Colonial Coal International Corp. (the "Company") was incorporated pursuant to the Business Corporations Act of Alberta on August 1, 2007. The Company's corporate head office is located at Suite 200 – 595 Howe Street, Vancouver, British Columbia, Canada. The Company is listed for trading on the TSX Venture Exchange under the symbol "CAD".

The Company's principal activities include the acquisition, exploration and development of coal properties located in Canada. The Company is also pursuing the acquisition of Watson Island, located just outside of Prince Rupert, British Columbia, for the purpose of developing a seaport terminal and supporting industrial park.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months.

The Company has incurred losses since inception and expects to incur further losses in the development of its business and at January 31, 2015, the Company had an accumulated deficit of $18,629,343 which has been funded primarily by the issuance of equity. The Company is dependent upon share issuances to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to explore its coal properties. The recoverability of amounts shown as coal properties and deferred exploration is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties. These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its coal properties. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to reported expenses and to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

On January 27, 2015, the Company entered into an arrangement agreement with Tuya Energy Inc. ("Tuya"), a company with five directors in common. See Notes 7 a) and 15 b).

2 Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended July 31, 2014, which have been prepared in accordance with IFRS.

(Unaudited - Expressed in Canadian dollars)

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended July 31, 2014 except as outlined in Note 3.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended July 31, 2014.

These financial statements were approved by the board of directors for use on March 27, 2015.

3 Changes in accounting policies including initial adoption

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning on or after January 1, 2014.

The following new standards, amendments and interpretations that have been adopted for the Company's current fiscal year have not had a material impact on the Company:

(i) IFRIC 21, *Levies,* provides guidance on accounting for levies in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets.* The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs.

(ii) IAS 32, *Financial Statements: Presentation,* has been amended to clarify some of the requirements for offsetting financial assets and liabilities on the balance sheet.

The following new standards have been issued but not yet applied:

(i) IFRS 9, *Financial Instruments*, was issued in July 2014 and replaces IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 was developed in phases by the IASB. As a result there are a number of transition options and requirements in relation to earlier versions of IFRS 9 prior to the mandatory effective date of IFRS 9 in its entirety. IFRS 9 is mandatory for annual periods beginning on or after January 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election for use of fair value through other comprehensive income which results in changes in fair value not being recycle to the income statement. The Company has not adopted IFRS 9 and has not completed its assessment of the impact of this standard.

(Unaudited - Expressed in Canadian dollars)

(ii) IFRS 15, *Revenue from Contracts with Customers*, was issued in May 2014 and establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The required adoption date for IFRS 15 is the annual period beginning on or after January 1, 2017, with early adoption permitted. The Company has not completed its assessment of the impact of this standard.

4 Receivables and prepaids

	January 31, 2015 $	July 31, 2014 $
GST recoverable	45,501	22,763
Prepaid expenses and other	18,615	26,055
Total	64,116	48,818

5 Marketable securities

	January 31, 2015 $	July 31, 2014 $
Portfolio investments in securities of public companies		
Acquisition cost	679,038	679,038
Impairment of marketable securities	(666,649)	(609,560)
Carrying value	12,389	69,478

The Company has less than a 1% interest in certain public companies. Investments in securities having quoted market values and which are publicly traded are recorded on the basis of period-end market bid quotations.

During the six months ended January 31, 2015, the Company recognized an impairment loss of $57,089 (2014 - $nil) due to a significant or prolonged decrease in the fair value of various public company interests.

6 Coal properties and deferred exploration (Schedule 1)

	January 31, 2015 $	July 31, 2014 $
Huguenot property, B.C. a)	9,765,031	9,616,396
Flatbed property, B.C. b)	81,187	38,063
	9,846,218	9,654,459

(Unaudited - Expressed in Canadian dollars)

a) The Company owns a 100% interest in thirty-two coal licenses covering an area of 22,893 hectares and commonly referred to as the Huguenot property located in the Liard Mining Division, northeastern British Columbia.

The Huguenot property is subject to a 1.5% production royalty, including 1.2% which is payable to certain directors of the Company. A pre-production royalty is payable at the rate of $62,500 per month commencing April 1, 2015 and ending on the date on which production commences. The commencement date of the pre-production royalty has twice been deferred for one year. Subsequent to January 31, 2015, the Company further amended the royalty agreement. See Note 15 a).

b) The Company owns a 100% interest in seven coal licenses covering 9,077 hectares and commonly referred to as the Flatbed property located in the Liard Mining Division, northeastern British Columbia. A further 2,400 hectares are under application.

During the six months ended January 31, 2015, the Company incurred $43,124 (2014 - $58,624) of exploration expenditures on the Flatbed property. The expenditures during the six months ended January 31, 2014, were incurred prior to the Company receiving coal licenses from the B.C. Ministry of Energy and Mines and accordingly were charged to the statement of comprehensive loss.

Subsequent to January 31, 2015, the Company entered into a royalty agreement in respect of the Flatbed property. See Note 15 a).

7 Deferred acquisition costs

	January 31, 2015 $	July 31, 2014 $
Tuya Energy Inc. a)	143,677	-
Watson Island b)	1	1
Deferred acquisition costs	143,678	1

a) On January 27, 2015, the Company entered into an arrangement agreement with Tuya, a private company with five directors in common, whereby the Company will, by way of an amalgamation between Tuya and a wholly-owned subsidiary of the Company, acquire all of the issued and outstanding shares of Tuya pursuant to a court approved plan of arrangement under the *Business Corporations Act* (British Columbia) (the “Arrangement”). Under the terms of the Arrangement, each shareholder of Tuya will be entitled to receive 0.5 of a common share of the Company for each common share of Tuya held. Upon completion of the Arrangement, current shareholders of the Company and current shareholders of Tuya will hold approximately 67% and 33%, respectively, of the total issued and outstanding shares of the Company.

Completion of the Arrangement is subject to a number of conditions, including the receipt of the requisite approval of the shareholders of the Company and the shareholders of Tuya, the approval of the Supreme Court of British Columbia and stock exchange approval. In addition, the Arrangement is conditional on Tuya having no less than $2.5 million of working capital at the time of closing and the satisfaction of certain other closing conditions customary for transactions of this nature. See Note 15 b).

(Unaudited - Expressed in Canadian dollars)

Transaction costs associated with the Arrangement will be included in the consideration paid to acquire the net assets of Tuya. Accordingly the Company has deferred the transaction costs incurred to date.

b) The Company owns 100% of Watson Island Development Corporation (“WatCo”), a company formed to purchase or acquire Watson Island, located near Prince Rupert, British Columbia, for the purpose of the development of a deep sea port and industrial project. As consideration for 45% of the Company’s interest in WatCo, the Company has agreed to pay a former shareholder of WatCo 10% of the proceeds of future financings by WatCo to a maximum of $800,000.

In July 2012, the City of Prince Rupert (“COPR”) accepted an offer from WatCo to purchase Watson Island, subject to a number of conditions. Sale conditions included the development, approval and funding of a remediation plan for the land, which is contaminated as a result of decades of pulp mill operation. It was also a requirement of the purchase that WatCo would not be obligated for any historical environmental liabilities on Watson Island beyond a proposed lump sum financial contribution to an environmental remediation plan. At the time of entering into the offer to purchase, WatCo had been, and was to continue, funding the land expense costs of Watson Island and offered to fund the planning process and to make a significant contribution to the environmental remediation plan. Other conditions included notice requirements of the local governments, resolution of current court actions against the local governments by Sun Wave Forest Products Ltd. (“Sun Wave”), relating to the title to Watson Island, and historic licensing and regulatory issues.

The COPR settled with Sun Wave in August 2013 and WatCo and the COPR subsequently negotiated to settle the terms of a definitive agreement. In the course of negotiations with the COPR, WatCo eventually accepted all of the terms of the definitive agreement proposed by the COPR and the COPR then advised that it would not proceed with the sale of Watson Island to WatCo. WatCo has commenced litigation in the British Columbia Supreme Court against the COPR to enforce WatCo’s rights in connection with the acquisition of Watson Island. A Certificate of Pending litigation has been filed to prevent the land from being sold to others while the litigation is outstanding.

Management reviewed the carrying value of deferred acquisition costs as at July 31, 2014 and in view of uncertainties, wrote down the deferred costs to a nominal amount of $1, recognizing an impairment charge of $3,395,512. The Company is continuing with its litigation against the COPR to enforce WatCo’s rights in connection with the acquisition.

During the six months ended January 31, 2015, the Company incurred a further $305,217 in legal and other costs associated with the proposed acquisition of Watson Island. These costs have been expensed as business investigation costs.

8 Loans payable to related party

	January 31, 2015 $	**July 31, 2014 $**
Loans payable to related party	305,566	289,233

(Unaudited - Expressed in Canadian dollars)

During the year ended July 31, 2014, the Company entered into an arrangement with Tuya, a private company with five directors in common, whereby Tuya agreed to advance up to $270,000 to the Company to help fund the Company's proposed acquisition of Watson Island (Note 7 b). Tuya has advanced the principal amount of $270,000 to the Company in three tranches. The advances bear interest at the rate of 12% per annum and are payable on demand.

9 Share capital

a) Authorized

An unlimited number of common shares without par value.
An unlimited number of preferred shares issuable in series without par value.

The holders of the common shares are entitled to one vote per share and are entitled to dividends, when and if declared by the directors of the Company, and to the distribution of the residual assets of the Company in the event of the liquidation, dissolution or winding-up of the Company. No dividends have ever been declared or paid as at January 31, 2015.

b) Stock options

The Company has established a stock option plan (the "Plan") for the benefit of full-time and part-time employees, officers, directors and consultants of the Company and its affiliates. The maximum number of shares available under the Plan is limited to 10% of the issued common shares. Options granted under the Plan have a maximum term of ten years and the vesting provisions of options granted are at the discretion of the Board.

The Company's stock options outstanding as at January 31, 2015 and July 31, 2014 and the changes for the periods then ended are as follows:

	Number of options	Weighted Average Exercise price $	Weighted Average Remaining Contractual Life (Years)
Balance – July 31, 2014	4,845,000	0.77	6.19
Balance, outstanding and exercisable – January 31, 2015	4,845,000	0.77	5.69

Options to acquire common shares outstanding at January 31, 2015 are as follows:

Number Outstanding	Exercise Price $	Expiry Date
4,845,000	0.77	October 7, 2020

(Unaudited - Expressed in Canadian dollars)

10 Related party transactions

Related party transactions during the three and six months ended January 31, 2015 and 2014 not disclosed elsewhere in these consolidated financial statements are as follows:

	Three months ended		**Six months ended**	
	Jan. 31, 2015 $	**Jan. 31, 2014 $**	**Jan. 31, 2015 $**	**Jan. 31, 2014 $**
Consulting fees	7,500	7,500	15,000	15,000
Directors' fees	4,500	13,500	9,000	27,000
Management fees	127,500	133,500	255,000	267,000
Professional fees	25,900	20,100	48,600	40,800
	165,400	174,600	327,600	349,800

Amounts due to related parties at January 31, 2015 amounting to $27,071 (July 31, 2014 - $11,207) are non-interest bearing and have no specific terms of repayment.

Related party transactions are comprised of services rendered by directors and/or officers of the Company and companies controlled by them or persons associated with them, and Tuya which has five directors in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

The compensation paid or payable to key management, including the Company's Chief Executive Officer, Chief Operating Officer and directors for services rendered during the three and six months ended January 31, 2015 and 2014 is as follows:

	Three months ended		**Six months ended**	
	Jan. 31, 2015 $	**Jan. 31, 2014 $**	**Jan. 31, 2015 $**	**Jan. 31, 2014 $**
Directors' fees	4,500	13,500	9,000	27,000
Management fees	127,500	133,500	255,000	267,000
	132,000	147,000	264,000	294,000

11 Commitments

a) The Company is committed under the terms of royalty agreements in respect of its interests in coal properties (Notes 6 and 15).

b) The Company is committed under the terms of an office lease agreement that expires on June 30, 2016 for the following annual rent and estimated operating costs:

(Unaudited - Expressed in Canadian dollars)

	Amount $
Year ending July 31, 2015	37,500
Year ending July 31, 2016	68,800
	106,300

12 Non-cash transactions

Investing and financing activities that do not have a direct impact on cash flows are excluded from the consolidated statements of cash flows. During the six months ended January 31, 2015, the following transactions were excluded from the consolidated statement of cash flows:

a) Deferred exploration expenditures of $11,403 included in accounts payable and accrued liabilities at January 31, 2015, less expenditures included in accounts payable and accrued liabilities at July 31, 2014 of $28,851 (net inclusion of $17,448); and

b) Deferred acquisition costs of $114,485 included in accounts payable and accrued liabilities at January 31, 2015, less acquisition costs included in accounts payable and accrued liabilities at July 31, 2014 of $nil (net exclusion of $114,485).

During the six months ended January 31, 2014, the following transactions were excluded from the consolidated statement of cash flows:

a) Deferred exploration expenditures of $77,234 included in accounts payable and accrued liabilities at January 31, 2014, less expenditures included in accounts payable and accrued liabilities at July 31, 2013 of $206,937 (net inclusion of $129,703); and

b) Deferred acquisition costs of $22,131 included in accounts payable and accrued liabilities at January 31, 2014, less acquisition costs included in accounts payable and accrued liabilities at July 31, 2013 of $55,334 (net inclusion of $33,203).

13 Segment information

The Company operates in one segment – the acquisition, exploration and development of coal properties. As at January 31, 2015 and July 31, 2014, all the operations and assets were in Canada.

14 Financial instruments

The Company’s financial instruments consist of cash, short term investments, receivables, marketable securities, accounts payable and accrued liabilities, due to related parties, and loans payable to related party. The Company has designated its cash, short term investments and receivables as loans and receivables, which are measured at amortized cost. The Company’s marketable securities have been designated as available for sale. Publicly held investments are reported at fair value based on quoted market prices with unrealized gains or

(Unaudited - Expressed in Canadian dollars)

losses reported in Other Comprehensive Income. Accounts payable and accrued liabilities, due to related parties and loans payable to related party are designated as other financial liabilities, which are measured at amortized cost.

The Company's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

Liquidity risk is the risk that the Company will not be able to settle or manage its obligations associated with financial liabilities. The Company is dependent upon share issuances to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to explore its coal properties. The recoverability of amounts shown as coal properties and deferred exploration is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties. The Company is therefore seeking for additional sources of financing to meet its general operating expenses and to continue to explore its coal properties (see Note 1 - Nature of operations and going concern).

There have been no other changes in any risk management policies since July 31, 2014.

15 Subsequent events

Subsequent to January 31, 2015:

a) the independent directors of the Company entered into certain agreements pursuant to which the parties to the royalty agreement respecting the Company's Huguenot property agreed to terminate a pre-production royalty payable at a rate of $62,500 per month which was to commence April 1, 2015 and end on the date on which production commences; in exchange for a 1.5% production royalty on the Company's Flatbed property, 1.35% of which is payable to certain directors of the Company.

b) the Arrangement pursuant to which the Company will acquire all of the issued and outstanding common shares of Tuya, was approved by shareholders of the Company and of Tuya at their respective shareholders' meetings. In addition, Tuya obtained a final order from the Supreme Court of British Columbia approving the Arrangement on March 26, 2015. The Arrangement is subject to the satisfaction of other closing conditions customary in a transaction of this nature. It is currently expected that, subject to receipt of all approvals, the transaction will close on or about March 31, 2015.

Colonial Coal International Corp.

Schedule 1

(An Exploration Stage Company)

Consolidated Schedule of Deferred Exploration Costs

For the six months ended January 31, 2015 and the year ended July 31, 2014

(Unaudited - Expressed in Canadian dollars)

	Huguenot property	Flatbed property	Total
	$	$	$
Balance at July 31, 2013	11,225,981	-	11,225,981
Field programs	88,420	8,394	96,814
Consultants and contractors	379,040	107,438	486,478
Licenses and fees	40,791	(436)	40,355
Laboratory	47,685	-	47,685
Public relations and First Nations	413	413	826
Project administration	76,992	23,638	100,630
B.C. Mining Exploration Tax Credits	(2,242,926)	-	(2,242,926)
Less: amount expensed	-	(101,384)	(101,384)
	(1,609,585)	38,063	(1,571,522)
Balance at July 31, 2014	9,616,396	38,063	9,654,459
Field programs	15,353	1,109	16,462
Consultants and contractors	83,853	30,722	114,575
Licenses and fees	27,100	-	27,100
Laboratory	900	-	900
Project administration	21,429	11,293	32,722
	148,635	43,124	191,759
Balance at January 31, 2015	9,765,031	81,187	9,846,218