COAL HAS BEEN USED for cooking and heating for over 4,000 years and still plays an indispensible role in many countries where it is the only realistic fuel or energy option. This is because coal, the most abundant and economical fossil fuel on earth, is found in at least 70 countries. Coal currently provides over 23% of global primary energy requirements. It generates about 39% of the world’s electricity and nearly 70% of global steel production depends on coal. Coal-fired plants are the most important sources of fossil-fuel generated electricity in Canada. In addition, Canada exports over 28 million tonnes of coal annually to over 20 countries.

Worldwide, proven reserves of coal are over 1 trillion tonnes – enough to last for over two centuries at our current rate of consumption.

Coal is the altered remains of ancient vegetation that accumulated in peat bogs and swamps. Called the first coal age, the formation of coal began in the Carboniferous Period 360-290 million years ago. Over the millions of years, the effects of pressure and temperature transformed this organic substance into the various grades of coal. The type or classification of coal is known as its rank, which depends on the degree of change the peat underwent. Low rank coals, such as lignite and sub-bituminous coals are soft with a low energy content. Higher rank coals such as bituminous and anthracite contain more carbon and produce more energy. Anthracite is at the top of the rank scale and is the most valuable. Anthracite is found almost exclusively in northern British Columbia and Yukon.

While coal has been criticized from an environmental standpoint, carbon capture and storage may provide the potential to reduce carbon dioxide emissions from coal use to almost zero. Below are summaries of various coal projects.

CanAm Coal Corp. [COE-TSXV] is a coal producing and development company. CanAm has completed two acquisitions during the past year: gaining control of RAC Mining LLC, a predominantly metallurgical coal producer, and acquiring a 50% ownership stake in Birmingham Coal & Coke Inc., a predominantly thermal coal
producer. The company now has an ownership stake in four producing coal mines, one development mine, permits and leases covering about 5,000 acres, and over 110 employees. Development assets include exclusive rights to a proprietary coal-to-liquids technology, which converts coal into liquid fuels; the Buick Coal Project has significant coal resources. Operations and assets are in Alabama and Colorado.

**Cardero Resource Corp.** [CDU-TSX] has a 75% interest in the Carbon Creek Coal Project, an advanced-stage metallurgical coal development project in the Peace River Coal Field, northeast British Columbia. The project has NI 43-101 compliant measured and indicated resources of 114 million tonnes with an additional 89 million tonnes inferred. This summer’s drilling is designed to increase the measured component of the resource, leading to a new resource estimate and preliminary economic assessment in late 2011.

**Cline Mining Corp.** [CMK-TSX] recently shipped its first commercial sale of metallurgical grade coking coal from its coal mine located near the town of Trinidad in southern Colorado. The coal was transferred into rail cars from the company’s newly constructed bulk rail load-out facility at Jansen Yard, near Trinidad. A coal marketing program is in full effect to establish and settle long term customer relationships. Bulk samples of the product coal are being produced and distributed to the major national and international steel industry participants. Cline also owns the Lossan Coal Mine Project in northeastern British Columbia. Lossan coal is metallurgical (steel making) coal with two grades – coking and pulverized coal injection. An independent NI 43-101 report shows an in-place raw coal resource of 393.6 million tonnes. Lossan is near rail service to year round Ridley Island Pacific international tide-water coal terminal at Prince Rupert, BC.

**Coalspurs Mines Ltd.** [CPT-TSX; CPL-ASX] is a coal exploration and development company with over 33,200 hectares of coal exploration leases located within the Hinton region of Alberta. The company’s flagship project is the Vista Coal Project which has the potential to be one of the largest export thermal coal mines in North America. The Vista Coal Project contains over 20 km of continuous, gently-dipping, strike length and a measured and indicated resource base of over 985 million tonnes of low sulphur, high volatile bituminous, export quality thermal coal. A recently completed pre-feasibility study defined an initial marketable reserve of over 260 million tonnes.

**Colonial Coal International Corp.** [CAD-TSXV] is a Vancouver, BC-based mining development company specializing in metallurgical coal. The company currently has 100% interests in two resource-stage coal properties in the Peace River Coal Field in northeast British Columbia.

**Compliance Energy Corp.** [CEC-TSXV] has coal interests in British Columbia. Through the Comox Joint Venture, the company owns 60% of the Raven Underground Coal Project and is the manager and operator of the joint venture. The semi-soft, coking coal resource is NI 43-101 compliant and consists of 72 million tonnes of measured and indicated resources, as well as, 59 million tonnes of inferred resources. The Raven Project is 82 km from a deep water ocean port, and is a near term producer favourably located near power and transportation corridors. Compliance has received an exploration permit from the Government of BC’s Ministry of Energy and Mines for the its New Island Copper Project 10 km southwest of Port Alice, BC.

**Corsa Coal Corp.** [CSO-TSXV] has commenced mining operations at its Casselman underground mine in Pennsylvania, its first underground operation. The Casselman Mine has an indicated resource of 16.3 million tons of coal. The first truckloads of coal from the mine have been shipped to, and successfully processed at the company’s coal preparation plant in Somerset County, Pennsylvania. Corsa recently purchased the Alumbaugh coal property which hosts an indicated resource of 29.5 million tons. The company also added 9.04 million tons of indicated coal resources at its Winner property.

**EastCoal Inc.** [ECX-TSXV], through its subsidiaries, Ukraine Energy and EastCoal Company, owns the Verticalnaya Coal Mine located in southeast Ukraine which it plans to re-open on a significantly expanded basis. Following the start of de-watering the lower levels of the main Verticalnaya shaft mine, the company is now rehabilitating some 120 metres of previously flooded roadways. EastCoal is also planning to mine a bulk sample from the H8 seam, to be carried out whenever de-watering and rehabilitation permits. A 400 tonnes-per-hour barrel washer plant is being constructed in England for installation by the first quarter of 2012. This will process the coal to be produced from the H11 seam until a central processing plant, servicing both the H11 and H8 seams is installed in 2014.

**Fortune Minerals Ltd.** [FT-TSXV] is focused on the development of its Mount Klappan anthracite metallurgical coal project in northwest British Columbia to production. The recently announced joint venture agreement between its wholly-owned subsidiary, Fortune Coal Ltd., and POSCO Canada Ltd. and its wholly-owned subsidiary, POSCO Klappan Coal Ltd., to advance the Mount Klappan coal project to production, has now closed. POSCAN’s parent company, POSCO is based in South Korea and is one of the world’s premier steel producers.

Mount Klappan hosts 2.8 billion tonnes of high rank anthracite coal, making this one of the largest undeveloped deposits of metallurgical coal in the world. About $86 million was spent to develop this asset, including $65 million by Gulf Canada Resources before being taken over by ConocoPhillips. A positive definitive feasibility study has been completed, and over 200,000 tonnes of coal was test mined from the Lost Fox and Hobbit Broatch deposits.
for pilot plant processing and trial cargos of 100,000 tonnes of finished coal products to customers in North America, Asia and Europe. The project is in the environmental assessment process to develop a 3 million tonne-per-year mine and process plant and a new road to the highway and the port of Stewart, BC.

**EmberClear Corp.** [EMB-TSXV], in addition to acquiring coal projects, is also developing the Good Spring Integrated Gasification Combined Cycle (IGCC) facilities which convert coal to liquid energy sources that can be used for electricity generation. The company recently acquired 185 acres of surface and coal mineral rights in northeast Pennsylvania, where a drilling program is planned. Drilling is already under way at the nearby Tracy Slope Coal Mine.

**Erdene Resource Development Corp.** [ERD-TSX] holds a 25% interest in the Donkin Coal Alliance (DCA) with partner Xstrata Coal Canada, which holds a 75% interest. The DCA continues to work towards the development of the Donkin Coal Project, Cape Breton, Nova Scotia, specifically the Harbour seam, which contains an indicated resource of 101 million tonnes and an inferred resource of 115 million tonnes classified as high volatile A bituminous, high-sulphur, medium-ash coal with excellent coking coal properties including low phosphorous, high CSN (crucible swell number) and fluidity. Under the revised development plan, the Donkin Coal Project is projected to produce about 2.75 million tonnes per year of washed export-grade coking coal at full production.

**Forbes & Manhattan Coal Corp.** [FMC-TSX, JSE] has a 53.5% interest in Slater Coal (Pty) Ltd., a South African company which has a 70% interest in Zinoju Coal (Pty) Ltd. Zinoju holds a 100% interest in the Magdalena bituminous mine and the Aviemo anthracite mine.

The operating Magdalena bituminous, and the Aviemo anthracite mines have a measured and indicated resource base of 54.2 million tonnes of bituminous coal. The projects are located in the Klipriver coalfield, near Dundee, in the KwaZulu Natal province of South Africa.

**Goldsource Mines Inc.** [GXS-TSX; G5M-FWB] has discovered one of Canada’s most promising new coal deposits in eastern Saskatchewan and, to date, has outlined coal resources of more than 170 million tonnes of good quality, sub-bituminous thermal coal. The summer drill program, at its 100%-owned Border Project near Hudson Bay, Saskatchewan is designed to test several geophysical anomalies for potential expansion of coal resources. A second phase will collect a bulk coal sample for test work with respect to coal-to-liquids, gasification, power plant application and upgrading of the coal for transport and will likely be carried out after freeze-up once the scope of test work for the **Zero Emission Energy Plants Ltd. (ZEEP)** technology is determined.

Goldsource Mines and (ZEEP) recently entered into a binding letter of intent for a business combination whereby the two companies would merge.

ZEEP is a private Bermuda company at arm’s length to Goldsource with worldwide rights to a leading and state of the art gasification technology developed by the Pratt & Whitney Rocketdyne division of United Technologies Inc. The technology is able to convert heavy hydrocarbons, such as the Goldsource coal, into clean transportation fuels and chemicals while largely eliminating pollutants.

**Grand Cache Coal Corp.** [GCE-TSX] is an Alberta-based metallurgical coal mining company that produces metallurgical coal for the steel industry. The company holds coal leases covering over 22,000 hectares containing over 235 million tonnes of coal resources in the Smoky River Coalfield in west-central Alberta. Grande Cache Coal has been producing coal on the property since 2004 and utilizes both surface and underground mining techniques that produce a premium, low volatile, metallurgical coal.

**Kent Exploration Inc.** [KEX-TSXV] See article on page 44.

**Lucky Strike Resources Ltd.** [LKY-TSXV] has signed a letter of agreement to explore the NKAK coal properties covering 8,736 hectares in southwest Mongolia, approximately 20 km north of the Baitag Chinese border and 3 km west of the Olonbulag coal deposits. In addition, Lucky Strike has planned a 1,500-metre, due diligence drilling program on the CN coal properties in Mongolia with camp setup and mobilization of equipment under way since August 10. Lucky Strike signed definitive agreements to acquire an 80% interest in the CN coal properties, subject to the completion of legal and technical due diligence and regulatory approval.

**Mercury Capital Ltd.** [MLCP-TSXV] signed an agreement June 30, 2011 to merge with Canada Coal Inc. It is expected the issuer, resulting from the merger, will be known as Canada Coal Inc. or such other similar name, subject to regulatory approval. Canada Coal’s business is the acquisition, exploration and development of coal properties in Nunavut.

Through subsidiaries, it holds 2,439,438 acres comprising 74 coal licenses and or coal license applications located on Ellesmere Island and Axel Hieberg Island.

**MetroCoal Limited** [MTE-ASX] is an Australian-based emerging coal-based energy company focused on its coal projects in the Surat Basin in South East Queensland. The company’s vision is to build a substantial cleaner energy and coal business based on export thermal coal from underground mining and where possible, open cut mining; and underground coal gasification with an integrated gas synthesis process producing high quality, clean liquid fuel (e.g. clean diesel and jet fuel), chemicals and fertilizers and syngas-fuelled power generation. MetroCoal holds extensive coal exploration tenements in the Surat Coal Basin covering some 4,000 km².

**North American Gem Inc.** [NAG-TSXV] is a coal producing company with mining operations in Kentucky. With one mine currently in operation, the company is working towards starting production at its next mine on the Swan Pond property, which is now fully-permitted and contains Jellico and Blue Gem Coal. North American Gem has been acquiring leases and permits in Kentucky to allow for future growth.
With additional properties leased and the permit for Granny Rose awaiting approval, the company is poised to continue its expansion as a key player in the Kentucky coal market.

**Novadx Ventures Corp.** [NDX-TSXV; NDXFF-PS] acquires and develops companies with active or near-production, high-quality, coal reserves, in the US Appalachia coal region. Through its wholly owned subsidiary, MCoal Corporation, Novadx operates the Rosa Mine in Blount County, Alabama. The Rosa Mine produces a high quality coal for the metallurgical and activated carbon coal markets. The company is also developing the Rex No. 1 Mine in Cambell County, Tennessee. MCoal expects to begin operating this mine in Q3 2011. The Rex No. 1 Mine will produce a high quality coal for the metallurgical, silicon metal and industrial stoker coal markets. Novadx is completing the acquisition of the Flatwoods Mine in Clay County, Kentucky. The Flatwoods Mine produces a high quality coal for the industrial stoker coal markets.

**NuCoal Energy Corp.** is a private company founded in 2008. The company’s purpose is to secure development rights to a significant known coal resource in southern Saskatchewan. NuCoal is the largest coal landholder in the province of Saskatchewan with a total of approximately 1.7 million hectares that host substantial lignite resources.

**Pacific Coal Resources Ltd.** [PAK-TSXV] is focused on coal, coking coal, asphalt and asphaltite exploration, development and production from prospective producing, development-stage and exploration-stage properties in Colombia, South America. The company has acquired, or entered into agreements to acquire, various interests in several operating coal mines and projects representing a substantive coal and asphaltite exploration and production area throughout Colombia. Producing coal mines include La Caya, Cerro Largo and CI Jam. La Tigre is a development-stage project.

**Prophecy Coal Corp.** [PCY-TSXV; PRPCF-OTCQX; 1P2-Frankfurt] is an internationally diversified thermal coal production company that, in November 2010, saw its first coal project, Ulaan Ovoo, commissioned for production. The company controls over 1.4 billion tonnes of open-pit thermal coal in Mongolia (839 Mt measured, 579 Mt indicated) between two distinct deposits with power plant plans for its second deposit (Chandgana) well under way.

**Saturn Minerals Inc.** [SMI-TSXV] has made two coal discoveries on its Saskatoba Project since 2010, including one of the thickest coal seam intersections ever encountered in Canada of 88 metres. The company is also actively exploring for oil and gas in eastern Saskatchewan after identifying hydrocarbons in drill core during coal exploration in 2010. Saturn owns over 1,240 km² of coal rights and 1,524 km² of oil & gas rights in eastern Saskatchewan and western Manitoba.

**Teck Resources Ltd.** [TCK.B-TSX, NYSE] is the world’s second largest exporter of seaborne steel-making coal, with five mines in British Columbia and one in Alberta. The company has a 100% interest in the Coal Mountain, Cardinal River, Fording River and Line Creek mines, and has a 95% partnership interest in the Elkview Mine and an 80% joint venture interest in the Greenhills Mine. Coal sales account for 59% of Teck’s total mineral sales.

**Thelon Capital Ltd.** [THC-TSXV] aims to become a million ton-per-year producer of high quality thermal, metallurgical and specialty coals in the Appalachian region of the US by 2012. The company has purchased Clear Fork Mining Co. in order to acquire the Jellico Coal Project in Cambell and Claiborne counties, Tennessee. Current production is 25,000 tons/month which is expected to double over the next year. There are about 3 million tons of coal under permit with an expected mine life of eight years. Thelon has signed a second lease agreement to mine a second 600-acre section of the Jellico Project, which is set to start production next year at an average of 20,000 tons per month for up to 10 years. Other coal project acquisitions in Tennessee are also under way.

**Wescan Goldfields Inc.** [WGF-TSXV] was the first public company, after Goldsource Mines, to be involved in the staking rush following the discovery of significant coal in drill core near Hudson Bay, Saskatchewan. During the later part of April 2008, Wescan applied for an extensive package of coal dispositions covering over 250,000 hectares adjacent to and partially surrounding the Goldsource coal discovery.

**49 North Resources Inc.** [FNR-TSXV] invests in other resource companies, including Westcore Energy Ltd. [WTR-TSXV], as to 7,865,000 shares. Westcore has an interest in over 95,000 hectares in eastern Saskatchewan and western Manitoba adjacent to the north, south, and east side of the claim block hosting the Goldsource coal discovery.