



# Management Discussion and Analysis

*For the Three Months Ended March 31, 2021*

This Management Discussion and Analysis (“MD&A”) of EastCoal Inc. (the “Company” or “EastCoal”) provides analysis of the Company’s financial results for the three months ended March 31, 2021 and should be read in conjunction with the accompanying unaudited interim condensed consolidated financial statements and notes thereto for the three months ended March 31, 2021 (“Financial Statements”) which is available on SEDAR at [www.sedar.com](http://www.sedar.com). The MD&A is current as at May 31, 2021, the date of preparation.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of annual financial statements. All amounts are expressed in Canadian dollars, unless otherwise stated.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements.

## 1 Business Overview

EastCoal Inc. is publicly traded on the NEX board, as administered by the TSX-V.

The Company continues to actively seek new investment opportunities.

### 1.1 Results of Operations

<i>In thousands of Canadian dollars unless otherwise noted</i>	For the three months ended	
	March 31, 2021	March 31, 2020
<b>Expenses</b>		
General and administrative expenses	(4)	(71)
Interest expense	-	(13)
<b>Income (loss) for the period</b>	<b>\$ (4)</b>	<b>\$ (84)</b>

General and administrative expenses were lower in the three-month period ended March 31, 2021 compared to the previous year due technical consulting fees and travel expenses incurred for business development purposes in 2020.

The company incurred no interest in 2021 as it had no debt.

## 2 Selected Annual Information

No cash dividends have been declared or paid since the date of incorporation and the Company has no present intention of paying dividends on its common shares.

Fiscal Year / \$000's except per share amounts	2020	2019	2018
Loss from continuing operations	\$ (103)	\$ (90)	\$ (95)
Basic and diluted income (loss) per share – continuing operations	\$ (0.01)	\$ (0.01)	\$ (0.01)
Comprehensive loss	\$ (103)	\$ (90)	\$ (94)
Total assets	\$10	\$ 15	\$ 29
Total non-current liabilities	\$ -	\$ -	\$ -
Cash dividends per share, common	N/A	N/A	N/A

## 3 Summary of Quarterly Results

Selected financial information for each of the eight most recently completed quarters are as follows:

\$000's except per share	2021				2020			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Comprehensive (loss) income	(4)	(0)	(9)	(10)	(84)	(28)	(14)	(33)
Basic and diluted income (loss) per share – continuing operations	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.00)	(\$0.00)	(\$0.00)

## 4 Liquidity and Capital Resources

The Company has experienced recurring operating losses and has accumulated a deficit of \$100,678,280 at March 31, 2021. For the three-month period ended March 31, 2021 the Company used cash in operating activities totalling \$18. The Company had cash of \$3,024 and a working capital deficit of \$63,049 at March 31, 2021. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year.

The Company's continued operation is dependent upon its ability to raise additional funding. Although the directors believe that the Company should be able to secure future fundraising as required, there are no assurances that the Company will be successful in achieving this goal. As a result, there are material uncertainties that cast significant doubt about the Company's ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will realize on its assets and discharge its liabilities in the normal course of operations, and do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds, however the impact to date has been limited.

## **5 Transactions with Related Parties**

As at March 31, 2021, \$32,762 (December 31, 2020 - \$506,889) was payable to a director and officer of which \$nil (December 31, 2020 - \$200,000) is included in borrowings and \$32,762 (December 31, 2019 - \$306,889) in accounts payable and accrued liabilities.

## **6 Significant Accounting Policies and Critical Accounting Estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. The Company's accounting policies are described in Note 3 to the December 31, 2020 audited consolidated financial statements.

## **7 Forward Looking Statements**

This MD&A contains certain forward - looking statements. These statements relate to future events or future performance and reflect management's expectations and assumptions regarding the growth, results of operations, performance, prospects and opportunities of the Company. When used in this MD&A, such statements use words such as "may", "would", "could", "will", "expect", "believe", "plan", "anticipate", "forecast", "estimate", "predict", "potential", "budget", or the negative of these terms or other similar expressions concerning matters that are not historical fact. These statements reflect management's expectations as of the date of such forward - looking statement regarding the Company's financial performance and should not be read as guarantees of future performance or results. Forward - looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward - looking statements., including, but not limited to, certain documents incorporated by reference herein. Although the Company has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those described in forward - looking statements, there may be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that actual events, performance or results will be consistent with these forward - looking statements and accordingly readers should not place undue reliance on forward - looking statements. The Company assumes no obligation to update or revise forward - looking statements to reflect new events or circumstances, except as required by law.

## 8 Outstanding Share data as at May 31, 2021:

### a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
<b>Common</b>	No par value	Unlimited	19,017,915

### b) Summary of options outstanding:

Nil

## 9 Internal Control and Disclosure Controls Over Financial Reporting:

On November 23, 2007, the British Columbia Securities Commission exempted Venture Issuers, such as the Company, from certifying disclosure controls and procedures, as well as internal controls over financial reporting as of December 31, 2007 and thereafter. The Company is now required to file basic certificates. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at March 31, 2021.

## 10 Other Information:

For additional disclosures concerning the Company's general and administrative expenses please refer to the audited consolidated annual financial statements for the year ended December 31, 2020, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).