CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

Independent auditor's report

To the Shareholders of EastCoal Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of EastCoal Inc. and its subsidiary (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity (deficiency) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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

Independence
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.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises the 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 identified above 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.

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 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.

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 the 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 judgment 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 risk 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 on the audit resulting in this independent auditor's report is Leonard Wadsworth.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 30, 2021

EastCoal Inc

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(all tabular amounts in thousands of Canadian dollars)

	December 31, 2020	December 31, 2019
ASSETS		
Current		
Cash and cash equivalents	$ 3	$ 10
Other receivables	7	5
TOTAL ASSETS	**$ 10**	**$ 15**
LIABILITIES		
Current		
Trade and other payables	$ 69	$ 283
Borrowings (Note 5)	-	200
TOTAL LIABILITIES	**$ 69**	**$ 483**
EQUITY (DEFICIENCY)		
Share capital (Note 6)	$ 90,646	$ 90,134
Contributed surplus	9,969	9,969
Deficit	(100,674)	(100,571)
TOTAL EQUITY (DEFICIENCY)	**$ (59)**	**$ (468)**
TOTAL LIABILITIES AND EQUITY	**$ 10**	**$ 15**

Corporate information and going concern (Note 1)

On behalf of the Board:

(signed) John Conlon Director ***(signed) Hendrik Dietrichsen*** Director

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

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS – For the years ended December 31, 2020 & 2019
(all tabular amounts in thousands of Canadian dollars)

	2020	2019
Expenses		
Technical consulting fees	$ (31)	$ -
General and administrative expenses	(55)	(44)
	$ (86)	**$ (44)**
Finance expense (Note 5)	$ (17)	$ (46)
Net loss and comprehensive loss for the year	**$ (103)**	**$ (90)**
Net loss per common share - basic and diluted	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding		
Basic and diluted	15,353,372	11,440,384

EastCoal Inc

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY) – For the years ended December 31, 2020 & 2019
(all tabular amounts in thousands of Canadian dollars)

	Number of shares	Share capital	Contributed surplus	Deficit	Total Equity (Deficiency)
Balance – January 1, 2019	**11,440,384**	**$ 90,134**	**$ 9,969**	**$ (100,481)**	**$ (378)**
Net loss and comprehensive loss for the year	-	-	-	(90)	**(90)**
Balance – December 31, 2019	**11,440,384**	**$ 90,134**	**$ 9,969**	**$ (100,571)**	**$ (468)**
Balance – January 1, 2020	**11,440,384**	**$ 90,134**	**$ 9,969**	**$ (100,571)**	**$ (468)**
Net loss and comprehensive loss for the year	-	-	-	(103)	**(103)**
Share Issue	7,577,531	512	-	-	**512**
Balance – December 31, 2020	**19,017,915**	**$ 90,646**	**$ 9,969**	**$ (100,674)**	**$ (59)**

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

EastCoal Inc

CONSOLIDATED STATEMENTS OF CASH FLOWS – For the years ended December 31, 2020 & 2019
(all tabular amounts in thousands of Canadian dollars)

	2020	2019
OPERATING ACTIVITIES		
Loss for the year	$ (103)	$ (90)
Add items not affecting cash		
Finance expense	17	46
	(86)	(44)
Changes in non-cash working capital balances related to operations		
Trade and other receivables	(2)	(2)
Trade and other payables	81	30
Cash used in operating activities	(7)	(16)
Net decrease in cash and cash equivalents for the year	(7)	(16)
Cash and cash equivalents, beginning of year	10	26
Cash and cash equivalents, end of year	**3**	**10**

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

1 Corporate information and going concern

EastCoal Inc. (the "Company") was incorporated on December 15, 1986 under the laws of the Province of British Columbia, Canada. Its principal business activity is the acquisition and development of mineral properties and its registered address is Suite 428, 755 Burrard Street, Vancouver, BC, V6Z 1X6, Canada and its head office is located at Suite 1901 – Tudor Manor, 1311 Beach Avenue, Vancouver, British Columbia, Canada, V6E 1V6.

These consolidated financial statements were prepared using International Financial Reporting Standards that are applicable to a going concern.

The Company has experienced recurring operating losses and has accumulated a deficit of $100,674,274 at December 31, 2020. For the year ended December 31, 2020 the Company used cash in operating activities of $6,605. The Company had cash of $3,042 and a working capital deficit of $67,113 at December 31, 2020. Working capital is defined as current assets less current liabilities.

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.

2 Basis of presentation

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The Company has consistently applied the accounting policies in all periods presented.

These financial statements were approved by the board of directors for issue on April 30, 2021.

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

3.1 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention.

3.2 Consolidation

The financial statements of the Company consolidate the accounts of EastCoal Inc. and its 100% wholly owned subsidiary Gramsico Holdings Ltd. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The principal subsidiaries of the Company and their geographic locations at December 31, 2019 were as follows:

	Incorporation	Percentage of ownership
Gramsico Holdings Ltd	Cyprus	100%

3.3 Foreign currency translation

The financial statements for the Company and each of its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, EastCoal Inc., and Cypriot subsidiary, Gramsico Holdings Ltd, is the Canadian dollar.

3.4 Financial assets and investments

The Company classifies financial assets and investments in the following categories:

- at fair value through profit and loss (“FVPL”),
- at fair value through other comprehensive income (“FVOCI”), or
- at amortized cost.

The Company determines the classification of financial assets and investments at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVPL, 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.

The Company’s accounting policy for each of the categories is as follows:

Financial assets at FVPL

Financial assets carried at FVPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVPL are included in the consolidated statement of income (loss) in the period in which they arise.

Financial assets at FVOCI

Investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

Financial assets at amortized cost

A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date, and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

3.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.6 Capital stock

The Company has one class of shares, common shares, which are classified as equity. These are recorded at the proceeds received less any direct issue costs and related taxes.

Where the Company purchases any of the Company’s equity share capital, the consideration paid is deducted from equity attributable to the Company’s equity holders until shares are cancelled, reissued or disposed of.

3.7 Income taxes

Current income tax represents the expected income tax payable (or recoverable) on taxable income for the period using income tax rates enacted or substantially enacted at the end of the reporting period and taking into account any adjustments arising from prior years.

The Company uses the liability method of accounting for income taxes under which deferred tax assets and liabilities are recognized when there are differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted or enacted tax rates in effect in the period in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax assets and liabilities are presented as non-current on the consolidated statement of financial position.

Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings. All items recognized directly in shareholders' equity are recognized net of tax. Loss per share

3.8 Loss per share

Loss per share is computed based on the weighted average basic number of shares outstanding for the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The Company's potentially dilutive common shares are comprised of stock options granted to employees, directors and consultants, and warrants.

4 Significant accounting judgments and estimation uncertainties

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 and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually 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. Actual results could differ from these estimates.

(all tabular amounts in thousands of Canadian dollars except per share figures and unless otherwise noted)

5 Borrowings

	December 31, 2020	December 31, 2019
Related party loan	-	200
	$ -	**$ 200**

On June 25, 2020 the Company issued an aggregate of 7,577,531 Common Shares at a price of $0.0675 per Share to settle a total of $511,483 in outstanding debt owed to two directors. This debt comprised $200,000 in borrowings and $311,483 in trade and other payables. Included in the trade and other payables balance was $67,025 relating to expenses incurred on behalf of the Company while the balance comprised interest charges on the borrowings and unpaid interest.

6 Share capital

6.1 Authorized capital

The Company has unlimited authorized common shares with no par value. Total common shares issued and outstanding as at December 31, 2020 numbered 19,017,915.

On June 25, 2020 the Company issued an aggregate of 7,577,531 Common Shares at a price of $0.0675 per Share to settle a total of $511,483 in outstanding debt owed to two directors.

7 Related party transactions

As at December 31, 2020, $26,093 (2019: $427,319) was payable to directors and officers of which $nil (2019: $200,000) is included in borrowings and $26,093 (2019: $227,319) in trade and other payables. Interest of $17,214 (2019: $45,784) relating to the outstanding balance was incurred during the year ended December 31, 2020 and settled in June 2020.

(all tabular amounts in thousands of Canadian dollars except per share figures and unless otherwise noted)

8 Income tax

The tax on the Company's profit before tax differs from the amount that would arise using the combined Canadian federal and provincial income tax rate of 27.00% (2019: 27.00%) to loss before income taxes as follows:

	For the years ended	
	December 31, 2020	December 31, 2019
Loss before tax	(103)	(90)
Statutory rate	27.00%	27.00%
Income tax recovery computed at statutory rates	(28)	(24)
Tax effects of:		
Movement in deferred tax not recognized	28	24
Tax expense (recovery)	**$ -**	**$ -**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	December 31, 2020	December 31, 2019
Deferred tax assets:		
- To be recovered after more than 12 months	9,959	9,930
- To be recovered within 12 months	-	-
Deferred tax assets not recognized	(9,959)	(9,930)
Deferred tax liabilities:		
- To be recovered after more than 12 months	-	-
- To be recovered within 12 months	-	-
Deferred tax liabilities (net)	**$ -**	**$ -**

	December 31, 2020	December 31, 2019
Deferred tax assets:		
- Non capital losses carried forward	2,793	2,764
- Capital losses carried forward	6,186	6,186
- Mineral properties	980	980
Deferred tax assets not recognized	(9,959)	(9,930)
Deferred tax liabilities (net)	**$ -**	**$ -**

The movement of the deferred income tax account is as follows:

	December 31, 2020	December 31, 2019
At January 1	-	-
Charge to the income statement	-	-
Business Combination	-	-
Change due to foreign exchange rate fluctuations	-	-
At December 31	**$ -**	**$ -**

At December 31, 2020, the Company had $9,958,699 of Canadian federal net operating loss carry forwards (2019: $9,930,109). These loss carry forwards expire at various dates between 2029 and 2036.

9 Financial risk factors

The Company's financial instruments are exposed to certain financial risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

9.1 Credit and Interest rate risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and other receivables.

9.2 Fair value

The Company's financial assets and liabilities consist of cash and cash equivalents, other receivables, trade and other payables and borrowings. The estimated fair values of cash, accounts payable and accrued liabilities, and borrowings approximate their respective carrying values.

9.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at December 31, 2020 the Company was unable to meet its financial obligations and there is a material risk that the Company will not be able to meet its existing and future financial obligations. See note 1 for further information.

10 Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares.