



(Formerly EastCoal Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2021

*This Management Discussion and Analysis ("MD&A") of CoTec Holdings Corp. (the "Company" or "CoTec", formerly EastCoal Inc.) provides analysis of the Company's financial results for the year ended December 31, 2021 and should be read in conjunction with the accompanying audited consolidated financial statements and notes thereto for the year ended December 31, 2021 ("**Financial Statements**") which is available on SEDAR at www.sedar.com. The MD&A is current as at April 22, 2022, the date of preparation.*

*The financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("**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

CoTec is publicly traded on the TSX-V, effective April 19, 2022.

On August 12, 2021 the Company announced a non-brokered private placement (the "**Private Placement**") of 4,040,404 units (the "**Units**") at a price of \$0.12375 per Unit, for gross proceeds of \$500k. Each Unit comprised one common share (a "**Share**") in the share capital of the Company and one share purchase warrant (a "**Warrant**"). Each Warrant entitles the holder to acquire one additional Share at a price of \$0.165 for a period of 12 months from the closing date.

The Company allocated the gross proceeds of the Private Placement to general working capital. The Company closed the Private Placement on September 7, 2021.

On August 12, 2021 the Company also announced a change in its business focus and the appointment of Julian Treger as director. The Company now focuses on investment in disruptive and scalable technology in the mineral extraction industry and in parallel acquiring assets to which the technology could be applied.

On August 25, 2021 the Company announced the changing of its name from EastCoal Inc. to CoTec Holdings Corp. and on September 20, 2021 announced Julian Treger as CEO-designate and the appointment of Lucio Genovese as Chairman of its Board of Directors.

At the Company's Annual General and Special Shareholders' Meeting held on September 20, 2021, the dis-interested shareholders of the Company approved Kings Chapel International Limited, a Company related to Julian Treger, as a possible new control person of the Company.

On October 27, 2021, The Company announced the appointment of Tom Albanese as non-executive director.

On December 10, 2021, the Company announced a proposed change of business from mineral exploration to an investment issuer ("**Proposed COB**"). Subject to the receipt of all necessary regulatory and shareholder approvals, including approval by the TSX-V of the Proposed COB, following completion of the previously announced investments into Binding Solutions Ltd. ("**BSL**") which is discussed further in section 7. Subsequent Events, as well as the Basic Industries Venture Fund I ("**BIVF**"), the Corporation intends to become a Tier 2 Investment Issuer focused on investments in disruptive technologies in the mineral extraction industry. The initial investment in BSL was completed on April 13, 2022. As previously disclosed, the Corporation has also signed a subscription agreement in respect of a capital commitment of between AUS\$2.0 million and AUS\$10.0 million in BIVF. The Corporation understands that BIVF expects to complete an initial closing of the fund and to begin calling capital in the second quarter of 2022. Please refer to Section 7 Subsequent Events below for further details.

Trading Halt

Trading in the common shares of the Company was halted on December 10, 2021 and remained halted for the duration of the review of the Proposed COB and Proposed Transactions by the TSX-V. As noted in section 7. Subsequent Events, the Company has obtained TSX-V approval for the Proposed COB and resumed trading on April 19, 2022.

2 Results of Operations

<i>In thousands of Canadian dollars unless otherwise stated</i>	2021	2020
Expenses		
Professional consulting fees	(143)	(31)
General and administrative expenses	(375)	(55)
Stock-based compensation	(88)	-
Finance and Foreign Exchange	(1)	(17)
Loss for the year	\$ (607)	\$ (103)

Professional consulting fees were significantly higher during the period due to:

- circa \$50k fees related to the de-registration of the Company's Cyprus based subsidiary, Gramsico Holdings Limited ("Gramsico"). Gramsico is expected to be de-registered in Q2 2022 and no further material costs are expected;
- accounting fees related to review engagements
- legal fees related to the change of the Company's name; and
- legal fees in relation to the change in the Company's focus, appointments to the Board and the Annual General and Special Shareholders' Meeting

General and administrative expenses include \$250k fees payable to the CEO-designate and Board Chairman. The fee is payable subject to the Company successfully transitioning to the TSX-V and the CEO-designate and Board Chairman remaining engaged with the Company throughout this period. General and administrative expenses further include salary expense for a newly appointed employee of the Company, due diligence costs related to the investment in BSL, and website and marketing development fees.

During the comparative 2020 period, the Company entered into a debt for equity settlement on secured directors' loans, hence no interest was incurred during 2021.

3 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	2021	2020	2019
Loss for the year	\$ (608)	\$ (103)	\$ (90)
Basic and diluted (loss) per share	\$ (0.03)	\$ (0.01)	\$ (0.01)
Comprehensive loss	\$ (608)	\$ (103)	\$ (90)
Total assets	\$ 463	\$ 10	\$ 15
Total non-current liabilities	\$ -	\$ -	\$ -
Cash dividends per share, common	N/A	N/A	N/A

4 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			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Loss and comprehensive loss for the year	(240)	(348)	(16)	(4)	(0)	(9)	(10)	(84)
Basic and diluted (loss) per share	(\$0.01)	(\$0.02)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.01)

5 Liquidity and Capital Resources

The Company has experienced recurring losses and has accumulated a deficit of \$101,282k at December 31, 2021. For the year ended December 31, 2021 the Company used cash in operating activities totalling \$103k. The Company had cash of \$400k and a working capital deficit of \$79k at December 31, 2021. Included in trade and other payables is \$144k owed to Directors, and \$15k owed to an Officer as a result of expenses paid on behalf of the Company, whilst accrued liabilities include \$250k owed to the CEO-designate and the Chairman of the Board, subject to the Company successfully transitioning to the TSX-V. Of these amounts, \$322k will be repaid subsequent to the next fund raising post the Proposed COB by CoTec.

6 Transactions with Related Parties

All related party transactions were incurred in the normal course of operations and are recorded at the amount agreed upon by the related parties.

Compensation of Key Management

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company has identified the Chief Executive Officer and Chief Financial Officer as its key management personnel. The remuneration of key management is determined by the compensation committee of the Board of Directors. The consulting fees and other compensation of key management personnel were as follows for the years ended December 31, 2021 and 2020:

	2021	2020
	\$	\$
Short-term salaries and benefits	(200)	-
Share-based compensation	(80)	-
Total	(280)	-

Other Related Party Transactions

As at December 31, 2021, a total of \$159k was payable to Directors and an Officer for expenses paid on behalf of the Company which is included in trade and other payables. Included in this balance, \$15k was payable to an Officer, and \$144k was payable to Directors. It was agreed that \$72k of the \$144k loan will be repaid through any subsequent equity raise post the Proposed COB. No agreed terms were stipulated for the \$15k and remaining \$72k loans.

On August 11, 2021, 2,305,831 equity incentive units (the “Units”) were granted to the CEO-designate of the Company. Each Unit is equivalent in value to one common share of the Company, and will vest on the earlier of i) August 30, 2024, provided that the 30-day volume weighted average trading price (“VWAP”) of the common shares as of that date on the principal stock exchange on which they are then traded is at least \$0.50 per share (adjusted as required to give effect to any stock splits, consolidations or other reorganizations of the common shares after the date hereof), and ii) the date on which the Company completes a change of control (the “Vesting Date”), provided in either case that the CEO-designate becomes engaged with the Company as Executive Chair or CEO and remain so engaged as of the Vesting Date. If the Units vest in accordance with the aforementioned conditions, then no later than 10 days after the Vesting Date, the Company will deliver in respect of every Unit, at its discretion, either i) one common share or ii) a cash payment equal to the VWAP of the common shares on the primary stock exchange for the five trading days immediately preceding the Vesting Date. Given the current cash position of the Company, it is more likely at this stage that these Units will be settled with common shares and as such have been recorded as Equity-settled Share-Based Compensation. As of December 31, 2021, \$48k was recorded as share-based compensation expense based upon the vesting of these Units.

On September 17, 2021, the Company entered into an agreement with the CEO-designate to award a cash bonus of \$200k subject to the Company being listed on the TSX-V. The Company has accrued \$200k related to the aforementioned bonus on the estimated probability of the required event occurring as at December 31, 2021. In addition, Units in the amount of 7% of the new common shares issued for the private placement in connection with the transition to the TSX-V, will be granted to the CEO-designate on the date the Company is listed on the TSX-V. These units will be treated as a share issuance cost and will be paid in cash. Furthermore, if at any time during the period from the day the Company is listed on the TSX-V until March 31, 2023, the Company issues additional common shares (or securities convertible into, or exchangeable for, common shares) pursuant to any financing transactions or as consideration for the acquisition of any assets or businesses, the Company will further grant to the CEO-designate on each closing date of such transactions, additional Units equal to 7% of common shares issued or issuable pursuant to such financing transaction or acquisition. The Units will have the same terms and conditions as set out above.

On September 24, 2021, 1,152,916 stock options were granted to the CEO-designate of the Company. The options are exercisable for a period of 10 years at a price of \$0.30 per common share, with 1/3 of the options vesting every 12 months. The fair value of the options was calculated

using the Black-Scholes option pricing model based on a risk-free annual interest rate of 1.38%, an expected life of 10 years, an expected volatility of approximately 63% based on historical volatility, and a dividend yield of nil.

Subject to the Company being listed on the TSX-V, the Company will also grant the CEO-designate additional options on the date on which the Company is listed on the TSX-V so that, as of that date, he will hold options to purchase a total number of Common Shares equal to 5% of the Company's issued and outstanding Common Shares as of the date on which the Company is listed on the TSX-V. All additional options granted will have an exercise price equal to the most recent closing price of the Common Shares as of the date of grant, a term of 10 years and will be subject to vesting over three years, with 1/3 of each option grant vesting each year subject to their continued employment with or engagement by the Company.

Furthermore, if at any time during the period from the day the Company is listed on the TSX-V until March 31, 2023, the Company issues additional common shares (or securities convertible into, or exchangeable for, common shares) pursuant to any financing transactions or as consideration for the acquisition of any assets or businesses, the Company will further grant to the CEO-designate on each closing date of such transactions, additional options to purchase common shares equal to 5% of the number of common shares issued or issuable pursuant to such financing transaction or acquisition (subject to the Company having a sufficient number of options remaining in its unallocated option pool to issue such additional options).

On October 8, 2021, the Company entered into an agreement with the Chairman of the Board where 288,229 stock options were granted. The options are exercisable for a period of 10 years at a price of \$0.45 per common share, with 1/3 of the options vesting every 12 months. The fair value of the options was calculated using the Black-Scholes option pricing model based on a risk-free annual interest rate of 1.62%, an expected life of 10 years, an expected volatility of approximately 63% based on historical volatility, and a dividend yield of nil.

The Company also awarded the Chairman a cash bonus of \$50k subject to the Company being listed on the TSX-V. The Company has accrued \$50k related to the aforementioned bonus on the estimated probability of the required event occurring as at December 31, 2021. In addition, Units in the amount of 1.75% of the new common shares issued for the private placement in connection with the transition to the TSX-V, will be granted to the Chairman on the date the Company is listed on the TSX-V. These units will be treated as a share issuance cost, will vest on September 20, 2024, and will be paid in cash. The Units will have the same terms and conditions as set out above and require that the Chairman remain engaged with the Company until its vesting date.

Subject to the Company being listed on the TSX-V, the Company will issue the Chairman Units equal to 1.75% of the number of Common Shares issued pursuant to the Financing. The Units will vest and be settled on the earlier of (i) September 30, 2024, provided that the 30-day volume weighted average trading price of the Common Shares as of that date on the principal stock exchange on which they are then traded is at least \$0.50 and (ii) the date on which the Company completes a change of control transaction, provided in either case that the Chairman continues

to be a member of the Board as of the vesting date. Subject to vesting, the Company will, no later than 10 days after the vesting date in respect of every Unit, deliver to the Chairman, in its discretion, either (i) one Common Share (which will not be issued from treasury but rather would be purchased by or on behalf of the Company over the facilities of the primary stock exchange on which the Common Shares are listed) or (ii) a cash payment equal to the volume weighted average closing price of the Common Shares on the primary stock exchange on which the Common Shares are then listed for the five trading days immediately preceding the vesting date or, if the Common Shares are not listed and posted for trading on any stock exchange, the fair market value of the Common Shares as determined by the board of directors of the Company in its sole discretion.

Subject to the Company being listed on the TSX-V, the Company will also grant the Chairman additional options on the date on which the Company is listed on the TSX-V so that, as of that date, he will hold options to purchase a total number of Common Shares equal to 1.25% of the Company's issued and outstanding Common Shares as of the date on which the Company is listed on the TSX-V. All additional options granted will have an exercise price equal to the most recent closing price of the Common Shares as of the date of grant, a term of 10 years and will be subject to vesting over three years, with 1/3 of each option grant vesting each year subject to their continued employment with or engagement by the Company.

For the year ended December 31, 2021, stock-based compensation expense relating to the vesting of stock options was \$40k.

As at December 31, 2021, 1,441,145 stock options were outstanding, with nil options vested.

7 Subsequent Events

Magiron

On February 28, 2022, the Company announced that it has entered into an exclusivity agreement (the "**Exclusivity Agreement**") with US based MagIron LLC ("**MagIron**"). Under the Exclusivity Agreement, CoTec has been given the exclusive right, but not an obligation to negotiate a potential investment in MagIron for a specified period of time.

MagIron has secured the rights to purchase an iron ore concentrator in Minnesota which includes proprietary technology that allows for improved efficiencies in iron ore concentrate production and is also working towards restarting a pelletizing plant in Indiana. MagIron completed laboratory testing at an independent mineral research lab that indicated that the proprietary patented flotation technology that MagIron will deploy at the Minnesota facility could be capable of producing Direct Reduction quality iron ore concentrate with less than 2.0% silica content.

Private Placement

On February 10, 2022 the Company completed an initial closing of a brokered and non-brokered private placement in connection to its Proposed COB. Pursuant to this initial closing, the Company

issued a total of 6,646,298 subscription receipts at a price of \$0.55 per subscription receipt for gross proceeds of \$3,655,519.

On April 5, 2022, the Company completed a second and final closing of the brokered and non-brokered private placement in connection to its Proposed COB. Pursuant to this second closing, the Company issued a total of 4,744,195 subscription receipts at a price of \$0.55 per subscription receipt for gross proceeds of \$2,609,282.

When the placements are combined, the Corporation issued an aggregate of 11,390,593 subscription receipts pursuant to the Private Placement for gross proceeds of \$6,265,759.

Following completion of the Proposed COB, the subscription receipts were automatically exchanged for one unit of the Company (“**Unit**”). Each Unit consists of one common share of the Company (a “**Common Share**”) and one common share purchase warrant of the Company (each whole warrant, a “**Warrant**”). Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$0.75 for a period of 12 months from the date of issuance.

TSX-V Approval of Proposed COB

On April 4, 2022, the Company received conditional approval of its Proposed COB from the TSX-V and final approval to file its filing statement on SEDAR was obtained on April 6, 2022. The Proposed COB was completed on April 14, 2022 and the Company’s shares resumed trading on April 19, 2022.

For further information regarding the Proposed COB, please refer to the Filing Statement and the Corporation’s press releases dated December 10, 2021, January 26, 2022, February 10, 2022 and February 28, 2022.

Binding Solutions Limited (“BSL”) Initial Investment

BSL is a UK based company governed by the laws of England and Wales that has developed a proprietary cold agglomeration technology for the production of high-quality clean pellets from primary materials, waste dumps, and stockpiles.

Pursuant to the terms of a subscription agreement between the Company and BSL dated December 10, 2021, as amended (the “**BSL Subscription Agreement**”), the Company has agreed to subscribe for a minimum of US\$3.0 million and a maximum of US\$4.0 million, to be funded in two tranches as follows:

- an initial investment of US\$2.0m; and
- a subsequent investment of between US\$1.0m and US\$2.0m, with the amount determined by the Company, to be completed within six months of the date of the initial investment (or such later date as BSL and the Company may agree).

Pursuant to the BSL Subscription Agreement, BSL has made a number of customary representations and warranties to the Company with respect to BSL and its business and has agreed to indemnify the Company against any losses the Company may incur as a result of any inaccuracies of BSL's representations and warranties, subject to certain limits.

On April 13, 2022 the Company completed its initial investment of US\$2m, or approximately 2% of the outstanding shares.

The Company's obligation to complete the subsequent investment in BSL is subject to the following conditions, each of which may be waived by the Company in its sole discretion:

- the Company having completed one or more financing transactions for gross proceeds of not less than CAD\$12 million;
- BSL's representations and warranties set out in the subscription agreement continuing to be true and correct in all material respects;
- BSL having performed all of its obligations under the subscription agreement; and
- the absence of any material adverse change to BSL, its subsidiaries or their respective business or operations since the date of the subscription agreement.

In addition, on April 11, 2022, the Company and BSL entered into an investment agreement pursuant to which the Company received the exclusive right to apply BSL's pelletization technology to ferroalloy and slag waste projects in Canada, Germany, Austria and the Netherlands for a period of 36 months from the date of the investment agreement. Such application would be via one or more joint venture entities that would initially be owned 50/50 by CoTec and BSL and on terms and conditions set out in the investment agreement.

Changes to the Board and Executive Management

On April 11, 2022:

- Mr. Hendrik Dietrichsen resigned as Director and Chief Executive Officer and Mr. Julian Treger was appointed Chief Executive Officer in his stead. Mr. Treger joined the CoTec Board of Directors on August 11, 2021;
- Mr. Damien Forer resigned as Chief Financial Officer and Corporate Secretary and Mr. Braam Jonker, a long standing Director of the Company was appointed Chief Financial Officer and Corporate Secretary in his stead; and
- Ms. Margot Naudie joined the Board of Directors as an independent director. Ms. Naudie is a seasoned 25-year capital markets professional with expertise as Senior Portfolio Manager for North American and global natural resource portfolios. She has held senior roles at leading multi-billion-dollar asset management firms including TD Asset Management, Marret Asset Management Inc. and CPP Investment Board. Ms. Naudie is the President of Elephant Capital Inc. as well as Co-Founder of Abaxx Technologies Inc. She sits on a number of public and private company boards. Ms. Naudie holds an MBA

from Ivey Business School and a BA from McGill University. She is also a Chartered Financial Analyst.

8 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, 2021 audited consolidated financial statements.

9 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.

10 Outstanding Share Data as at April 22, 2021

a) *Authorized and issued Share Capital:*

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	34,448,912

b) Summary of Options Outstanding:

Date of Issue	Expiry Date	Exercise Price	Number of Options
September 24, 2021	September 24, 2031	\$0.30	1,152,916
October 8, 2021	October 22, 2031	\$0.45	288,229
April 19, 2022	April 19, 2032	\$0.64	711,912
April 19, 2022	October 19, 2022	\$0.64	100,000

c) Summary of Warrants Outstanding:

The Company issued 4,040,404 Warrants pursuant to the Private Placement on September 7, 2021 (“**Closing Date**”). Each Warrant entitles the holder to acquire one Share at a price of \$0.165 for a period of 12 months from the Closing Date. In connection with the Proposed COB, the Company issued 11,390,593 Financing Warrants where each Financing Warrant entitles the holder to acquire one Share at a price of \$0.75 for a period of 12 months from the date of issuance. Furthermore, 250,020 Agent and Finder Warrants were also issued in connection with the Proposed COB, which are exercisable for one Common Share at the Issue Price of \$0.55 for a period of 36 months from the date of issuance.

11 Internal Control and Disclosure Controls Over Financial Reporting

Controls and Procedures

The Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim consolidated financial statements and the audited annual consolidated financial statements and respective accompanying Management’s Discussion and Analysis.

In contrast to the certificate for non-venture issuers under National Instrument (“**NI**”) 52-109 (Certification of disclosure in an Issuer’s Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Disclosure Controls and Procedures

Disclosure controls and procedures (“**DC&P**”) are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting (“**ICFR**”) are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX-V listed companies are not required to provide representations in the interim and annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 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 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 limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 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.

12 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, 2021, which are available on SEDAR at www.sedar.com.