



UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS

For the three and nine months ended September 30, 2017



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

	September 30, 2017	December 31, 2016
ASSETS		
Current		
Cash	\$ 1	\$ 3
Other receivables	2	1
TOTAL ASSETS	\$ 3	\$ 4
LIABILITIES		
Current		
Trade and other payables	\$ 264	\$ 188
Borrowings (Note 3)	200	200
TOTAL LIABILITIES	464	388
EQUITY		
Share capital (Note 4)	89,934	89,934
Contributed surplus	9,969	9,969
Deficit	(100,364)	(100,287)
TOTAL EQUITY	(461)	(384)
TOTAL LIABILITIES AND EQUITY	\$ 3	\$ 4

Corporate information and going concern (Note 1)

On behalf of the Board:

(signed) Abraham Jonker Director

(signed) Hendrik Dietrichsen Director

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



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(all tabular amounts in thousands of Canadian dollars)

	For the three months ended		For the nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Expenses				
General and administrative expenses	(11)	(11)	(50)	(43)
	(11)	(11)	(50)	(43)
Finance expense	(9)	(6)	(27)	(18)
Net interest (expense) income	(9)	(6)	(27)	(18)
Comprehensive loss for the period	\$ (20)	\$ (17)	\$ (77)	\$ (61)
Net loss per common share				
Basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding				
Basic and diluted	7,804,024	7,804,024	7,804,024	7,804,024

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



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(all tabular amounts in thousands of Canadian dollars)

	Number of shares	Share capital	Contributed surplus	Deficit	Total Equity
Balance – January 1, 2016	7,804	\$ 89,934	\$ 9,969	\$ (100,189)	\$ (286)
Net income for the period	-	-	-	(61)	(61)
Balance – September 30, 2017	7,804	\$ 89,934	\$ 9,969	\$ (100,250)	\$ (347)
Balance – January 1, 2017	7,804	\$ 89,934	\$ 9,969	\$ (100,287)	\$ (384)
Net income for the period	-	-	-	(77)	(77)
Balance – September 30, 2017	7,804	\$ 89,934	\$ 9,969	\$ 100,357	\$ (461)

On August 15, 2017 the Company consolidated its shares on a ratio of ten (20) pre-consolidation common shares to one (1) post-consolidation common shares, consolidating the Company's 156,080,471 issued and outstanding common shares to 7,804,024 common shares following the consolidation. These financial statements reflect the post-consolidated figures.

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



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(all tabular amounts in thousands of Canadian dollars)

	For the nine months ended	
	September 30, 2017	September 30, 2016
OPERATING ACTIVITIES		
Loss for the period	\$ (77)	\$ (61)
Add items not affecting cash		
Non-cash interest expense	27	18
Changes in non-cash working capital balances related to operations		
Trade and other receivables	1	4
Prepaid expenses	-	(6)
Trade and other payables	47	36
Cash used in by operating activities	(2)	(9)
Net increase (decrease) in cash for the period	(2)	(9)
Cash and cash equivalents, beginning of period	3	13
Cash and cash equivalents, end of period	\$ 1	\$ 4

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, British Columbia, Canada, V6Z 1X6 and its head office is located at Suite 300, 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9.

The Company has experienced recurring operating losses and has accumulated a deficit of \$100,364,000 at September 30, 2017. For the nine month period ended September 30, 2017 the Company incurred a loss of \$77,000 and used net cash in operating activities totalling \$2,000. The Company had cash and cash equivalents of \$1,000 and a working capital deficit of \$461,000 at September 30, 2017. 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 and/or to agree an extension of the director’s loan account. Although the directors believe that the Company should be able to secure future fundraising as required and/or to agree an extension of the director’s loan, there are no assurances that the Company will be successful in achieving this goal. As a result, there are material uncertainties that the Company will be able 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.

2 Basis of presentation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”) and follow the same accounting policies and methods of application as contained in the annual financial statements for the year ended December 31, 2016. Accordingly, they should be read in conjunction with the Company’s most recent annual financial statements. These interim condensed consolidated financial statements were approved by the Board of Directors on November 29, 2017.

3 Borrowings

On November 28, 2012 three of the Company's directors agreed to provide bridging finance to the Company for general working capital. The loan amounted to \$600,000 with a term of 12 months. The loan bore an interest rate of 12.0% per annum compounded annually and payable at the time that the principal becomes due and payable.

In order to secure the performance of the Company's obligations to the lenders under the loan agreement, the Company executed general security agreements ("GSAs"), pursuant to which the Company granted to the lenders security interests in all present and future undertaking and property, both real and personal located in the province of British Columbia, of the Company, as described in the GSAs.

On June 13, 2014 the Company entered into a supplemental loan agreement with the lenders which extended the maturity date of the loan to May 31, 2015. The maturity dated was further extended by the remaining lender until May 31, 2017.

Accrued interest of \$131,000 relating to the outstanding director's loan is included in trade and other payables at September 30, 2017.

4 Share capital

As at September 30, 2016 the Company had 7,804,024 common shares issued and outstanding.

5 Related party transactions

As at September 30, 2017, \$331,000 was payable to a director of which \$200,000 is included in borrowings and \$131,000 in trade and other payables. Interest of \$9,000 relating to the outstanding balance was accrued during the three month period ended September 30, 2017 (September 30, 2016 - \$6,000) and is included in the total amount payable to the director.

Additional short term loans have been provided to the Company by various directors, shareholders and officers and are included in trade and other payables. The loans are interest free and repayable on demand. As at September 30, 2017 the Company owed \$42,000 to Abraham (Braam) Jonker, \$8,000 to John Conlon, \$2,000 to Tom English, \$11,000 to Damien Forer, and \$2,000 to Cultivar Consulting Inc., a company controlled by Mr Jonker and Mr Forer.

These transactions were in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties.

6 Subsequent Events

6.1 Non-brokered Private Placement

On November 3, 2017 the Company completed a non-brokered private of 3,636,364 its post-consolidation Common Shares at 5.5 cents per share for aggregate gross proceeds of \$200,000. The proceeds of the placing will be used to settle creditors and short-term working capital loans as well as to provide working capital for the next 12 months.