



Management Discussion and Analysis

For the Year Ended December 31, 2016

This Management Discussion and Analysis (“MD&A”) of EastCoal Inc. (the “Company” or “EastCoal”) provides analysis of the Company’s financial results for the year ended December 31, 2016 and should be read in conjunction with the accompanying audited consolidated financial statements and notes thereto for the year ended December 31, 2016 (“Financial Statements”) which is available on SEDAR at www.sedar.com. The MD&A is current as at May 1, 2017, 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

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

Prior to its sale on January 10, 2014, the Company had one material asset, the Verticalnaya Mining Complex (“Verticalnaya”) in South Eastern Ukraine.

On November 5, 2013 the Company filed a Notice of Intention pursuant to the provisions of Part III of the Bankruptcy and Insolvency Act (BIA). The filing followed the Company’s strategic review of the options available to the Company, it having been unable to conclude any arrangement to secure any future financing. Pursuant to the Notice of Intention, Deloitte Restructuring Inc. (“Deloitte”) was appointed as the trustee in the Company’s proposal proceedings (the “Proposal Trustee”).

On January 10, 2014 the Company entered into share purchase agreements with an Austrian based company, EFI, pursuant to which EFI acquired the Company’s 100% shareholding in East Coal Company and Ukraine Energy for an aggregate cash consideration of US\$499,000 and US\$1,000, respectively. East Coal Company holds the assets relating to the Verticalnaya mine. The share purchase agreements with EFI also provide for a royalty interest to be earned by the Company equal to US\$1.00 per tonne of coal produced at the Verticalnaya mine from the profits of East Coal Company, and provide for the assignment to EFI of the Company’s rights pursuant to a loan agreement dated June 25, 2009 between the Company (as lender) and East Coal Company as (borrower). Management has assessed the value of the royalty at \$nil since the future coal production and the mine profitability is unknown and uncertain.

On January 10, 2014, the Company also entered into share purchase agreements with a Cyprus based company, Strong Group, pursuant to which Strong Group acquired the Company's 100% shareholding in Inter-Invest for an aggregate cash consideration of US\$15,020. The share purchase agreements also provide for the assignment to Strong Group of the Company's rights pursuant to various loan agreements between the Company (as lender) and Inter-Invest as (borrower). Inter-Invest holds the assets relating to the Menzhinsky mine and was placed into administration on November 25, 2013.

On January 16, 2014 the Supreme Court of British Columbia issued a court order approving the Company's application for the sale of East Coal Company, Ukraine Energy and Inter-Invest. The sale of the Company's subsidiaries was completed on February 26, 2014.

The Company filed a proposal (the "Proposal") with the Office of the Superintendent of Bankruptcy on April 10, 2014. The Resolution approving the Proposal pursuant to the BIA was approved by the requisite majority of creditors at the meeting of creditors held on April 22, 2014.

On May 20, 2014, the Proposal Trustee and the Company were granted an order from the Supreme Court of British Columbia approving the Proposal and the associated transactions identified below (the "Transactions").

In connection with the implementation of the Proposal, the Company effected a share consolidation (the "Consolidation") of its issued and outstanding common shares (the "Common Shares"). The Consolidation was on a ratio of ten (10) pre-consolidation Common Shares to one (1) post-consolidation Common Share.

In connection with the implementation of the Proposal the Company also entered into conditional share subscription agreements with a group of investors which were subject to the completion of the Proposal. Such investors acquired, on a private placement basis, approximately a 95% (or 148,800,000 common shares on a post-consolidated basis) of the Company's issued and outstanding share capital at a subscription price of Cdn\$0.005 per share for total aggregate proceeds of \$744,000.

A portion of the proceeds from the private placement, being \$450,000, were used to fund a payment to proven unsecured creditors in accordance with the terms of the Proposal. As agreed with the Company's sole secured creditor, the Company's indebtedness to such creditor was extended until May 31, 2015 subject to certain loan conversion rights being granted to the creditor. The secured creditor further extended the repayment date until May 31, 2017. The remaining proceeds from the private placement were used to fund the Company's working capital requirements.

On September 16, 2015 the Company announced that it intended to complete a non-brokered private placement financing for aggregate gross proceeds of up to \$3.38 million (the "Offering") and complete a change of business from resource issuer to investment issuer (the "COB"), subject to regulatory and Exchange approval.

EastCoal entered into a non-binding memorandum of understanding dated August 24, 2015 (the "MOU") with Maritime Iron Inc. ("Maritime Iron"). Maritime Iron is an arm's length development stage company building a facility in New Brunswick to upgrade iron ore stock shipped by boat to "merchant pig iron". Pig iron is used as feed for steel making in electric arc furnaces. Maritime Iron is in the process of completing a feasibility level study and related processes prior to commencing the building of the relevant facilities. Maritime Iron is incorporated in Ontario with offices at 60 Marycroft Avenue, Suite 1, Vaughn, Ontario, L4L 5Y5.

It was proposed that the proceeds of the Offering would be applied to a portfolio investment in Maritime Iron Inc. (“Maritime Iron”) and working capital, whereby EastCoal would complete a change of business from resource issuers and continue as an investment issuer. Pursuant to the MOU, the Company would acquire an aggregate ownership of 26% of the issued and outstanding common shares of Maritime Iron for \$4,000,000 of which up to \$3,000,000 will be a subscription for shares of Maritime Iron (the “Cash Investment”) and a further \$1,000,000 will be a share acquisition from existing Maritime Iron shareholders (the “Share Acquisition”). It was proposed that the Cash Investment would be funded from the Offering and the Share Acquisition would be completed by issuing 5,917,160 EastCoal shares at a deemed value of CAD\$0.169 per share for a total value of \$1.0 million to existing Maritime Iron shareholders who agree to exchange Maritime Iron shares for shares of EastCoal.

The MOU provided EastCoal with a period of exclusivity to complete due diligence and definitive documentation until December 22, 2015. In addition, EastCoal had the right to complete a further investment in Maritime Iron and complete a merger with Maritime Iron pending negotiation of terms, additional definitive documentation and satisfactory progress on the development of the business of Maritime Iron.

The private placement, COB and share consolidation were subject to regulatory and Exchange approval and all necessary shareholder approvals. As a result, the Company requested that the trading of its stock be halted until such approvals have been obtained and all necessary Exchange and regulatory steps have been taken.

On May 2, 2016 the Company announced that it had been unable to complete the proposed Maritime Iron transaction as outlined in our earlier announcements which would have been a change of business and as a result, the Company applied to NEX and the TSX-V to lift its trading halt. Trading in the securities of the Company has since resumed.

The Company continues to actively seek new investment opportunities.

1.1 Management Changes

There were no management changes in 2016.

The Board of Directors currently comprises Mr. John Conlon, Non-Executive Chairman, Mr. Hendrik Dietrichsen, President, Chief Executive Officer, and Corporate Secretary and Mr. Abraham (“Braam”) Jonker.

1.2 Results of Operations

<i>In thousands of Canadian dollars unless otherwise noted</i>	2016	2015
Expenses		
General and administrative expenses	(68)	(92)
Interest expense	(30)	(24)
Income (loss) for the year	\$ (98)	\$ (116)

General and administrative expenses were lower year on year, reflecting a continued reduction in the Company's cost base following the disposal of its operating assets and its de-listing from the AIM in 2014. Ongoing general and administrative expenses in the absence of corporate activity are expected to be circa \$60,000 to \$80,000 per annum.

Interest expense for the year ended December 31, 2016 comprised \$29,987 interest accrued on the secured director's loan. This expense increased in 2016 compared to the prior year as the interest calculation commenced being calculated on a compound basis on June 1, 2016.

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	2016	2015	2014
Total revenue – discontinued operations	\$ -	\$ -	\$ -
Income (loss) from continuing operations	\$ (98)	\$ (116)	\$ 1,830
Basic and diluted income (loss) per share – continuing operations	\$ (0.00)	\$ (0.00)	\$ 0.02
Basic and diluted income (loss) per share – discontinued operations	\$ -	\$ -	\$ 0.35
Comprehensive income (loss)	\$ (98)	\$ (116)	\$ 29,900
Total assets	\$ 4	\$ 17	\$ 110
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:

Amounts	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Comprehensive (loss) income	(37)	(17)	(29)	(15)	(23)	(35)	(37)	(21)
Basic and diluted income (loss) per share – continuing operations	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
Basic and diluted income (loss) per share – discontinued operations	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-

4 Liquidity and Capital Resources

The Company has experienced recurring operating losses and has accumulated a deficit of \$100,286,569 at December 31, 2016. For the year ended December 31, 2016 the Company derived revenue of \$nil and used cash in operating activities totalling \$10,061. The Company had cash of \$2,833 and a working capital deficit of \$383,634 at December 31, 2016. 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 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.

5 Transactions with Related Parties

During the year ended December 31 the Company paid or accrued:

<i>In thousands of Canadian dollars unless otherwise noted</i>	2016	2015
Interest accrued to a director	29,987	24,000

As at December 31, 2016, \$304,157 was payable to a director and officer of which \$200,000 is included in borrowings and \$104,157 in accounts payable and accrued liabilities. Interest of \$29,987 relating to the outstanding balance was accrued in the year ended December 31, 2016 and is included in the total amount payable to the director.

Additional short term loans were provided to the Company in the year ended December 31, 2016 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 December 31, 2016 the Company owed \$30,714 to Abraham (Braam) Jonker, \$4,000 to John Conlon, \$2,000 to Tom English and \$1,313 to Damien 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 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, 2016 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. In particular, statements regarding the Company’s restructuring efforts are or involve forward - looking statements. 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 1, 2017:

a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	156,080,471

b) Summary of options outstanding:

Security	Number	Exercise Price	Expiry Date
Options	1,500	65.00	January 19, 2017
Options	25,000	41.00	May 31, 2017
	26,500		

9 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 purpose 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.

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, 2016, which are available on the Company's website at www.eastcoal.ca or on SEDAR at www.sedar.com.