



Management Discussion and Analysis

For the Three and Nine Months Ended September 30, 2018

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 and nine months ended September 30, 2018 and should be read in conjunction with the accompanying unaudited interim condensed consolidated financial statements and notes thereto for the three and September months ended September 30, 2018 (“Financial Statements”) which is available on SEDAR at www.sedar.com. The MD&A is current as at November 29, 2018, 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.

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 has further extended the repayment date until May 31, 2016. 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.

2 Results of Operations

<i>In thousands of Canadian dollars unless otherwise noted</i>	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Expenses				
General and administrative expenses	(3)	(11)	(43)	(50)
Interest expense	(10)	(9)	(31)	(27)
Income (loss) for the period	\$ (13)	\$ (20)	\$ (74)	\$ (77)

General and administrative expenses for the nine month period ended September, 2018 were lower than the equivalent period in 2017 due to a reversal of disputed professional fees previously accrued. 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 quarter under review comprised \$10,000 interest accrued on the secured director's loan which increased compared to \$9,000 in the same period in 2017 as a result of compounding.

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	2017	2016	2015
Total revenue – discontinued operations	\$ -	\$ -	\$ -
Income (loss) from continuing operations	\$ (99)	\$ (98)	\$ (116)
Basic and diluted income (loss) per share – continuing operations	\$ (0.00)	\$ (0.00)	\$ (0.00)
Basic and diluted income (loss) per share – discontinued operations	\$ -	\$ -	\$ -
Comprehensive income (loss)	\$ (99)	\$ (98)	\$ (116)
Total assets	\$ 101	\$ 4	\$ 17
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	2018			2017			2016	
Amounts	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Comprehensive (loss) income	(13)	(20)	(41)	(22)	(20)	(30)	(27)	(37)
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	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-

5 Liquidity and Capital Resources

The Company has experienced recurring operating losses and has accumulated a deficit of \$100,460,000 at September 30, 2018. For the nine month period ended September 30, 2018 the Company incurred a loss of \$74,000 and used net cash in operating activities totalling \$71,000. The Company had cash and cash equivalents of \$29,000 and a working capital deficit of \$357,000 at September 30, 2018. 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.

6 Transactions with Related Parties

As at September 30, 2018, \$371,000 (December 31, 2017 – \$341,000) was payable to a director and officer of which \$200,000 (December 31, 2017 - \$200,000) is included in borrowings and \$171,000 (December 31, 2017 – \$141,000) in accounts payable and accrued liabilities. Interest of \$31,000 relating to the outstanding balance was accrued in the nine months ended September 30, 2017 (September 30, 2018 – \$27,000) and is included in the total amount payable to the director.

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.

7 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, 2017 audited consolidated financial statements.

8 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.

9 Outstanding Share data as at November 29, 2018:

a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	11,440,384

b) Summary of options outstanding:

nil

10 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 September 30, 2018.

11 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, 2017, which are available on SEDAR at www.sedar.com.