



UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS

For the three and nine months ended September 30, 2020



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

	September 30, 2020	December 31, 2019
ASSETS		
Current		
Cash	\$ 3	\$ 10
Other receivables	7	5
TOTAL ASSETS	\$ 10	\$ 15
LIABILITIES		
Current		
Trade and other payables	\$ 69	\$ 283
Borrowings (Note 3)	-	200
TOTAL LIABILITIES	69	483
EQUITY		
Share capital (Note 4)	90,646	90,134
Contributed surplus	9,969	9,969
Deficit	(100,674)	(100,571)
TOTAL EQUITY	(59)	(468)
TOTAL LIABILITIES AND EQUITY	\$ 10	\$ 15

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, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Expenses				
Technical consulting fees	-	-	(28)	-
General and administrative expenses	(9)	(3)	(58)	(28)
	(9)	(3)	(86)	(28)
Finance expense	(-)	(11)	(17)	(34)
Net interest (expense) income	(-)	(11)	(17)	(34)
Comprehensive loss for the period	\$ (9)	\$ (14)	\$ (103)	\$ (62)
Net loss per common share				
Basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding				
Basic and diluted	19,017,915	11,440,384	14,122,941	11,440,384

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, 2019	11,440,384	\$ 90,134	\$ 9,969	\$ (100,481)	\$ (378)
Net income for the period	-	-	-	(62)	(62)
Balance – September 30, 2019	11,440,384	\$ 90,134	\$ 9,969	\$ (100,543)	\$ (440)
Balance – January 1, 2020	11,440,384	\$ 90,134	\$ 9,969	\$ (100,571)	\$ (468)
Net income for the period	-	-	-	(103)	(103)
Share issue	7,577,531	512	-	-	512
Balance – September 30, 2020	19,017,915	\$ 90,646	\$ 9,969	\$ (100,674)	\$ (59)

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, 2020	September 30, 2019
OPERATING ACTIVITIES		
Loss for the period	\$ (103)	\$ (62)
Add items not affecting cash		
Non-cash interest expense	17	34
Changes in non-cash working capital balances related to operations		
Trade and other receivables	(2)	(2)
Trade and other payables	81	(14)
Cash used in by operating activities	(7)	(16)
Net increase (decrease) in cash for the period	(7)	(16)
Cash and cash equivalents, beginning of period	10	26
Cash and cash equivalents, end of period	\$ 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 \$100,673,760 at September 30, 2020. For the nine-month period ended September 30, 2020 the Company used cash in operating activities totalling \$6,587. The Company had cash of \$3,060 and a working capital deficit of \$58,529 at September 30, 2020. 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. Although the directors believe that the Company should be able to secure future funding 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

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, 2020. 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 30, 2020.

3 Borrowings

On June 25, 2020 the Company issued an aggregate of 7,577,531 Common Shares at a deemed 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.

4 Share capital

The Company has unlimited authorized common shares with no par value. Total common shares issued and outstanding as at September 30, 2020 numbered 19,017,915.

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

5 Related party transactions

As at September 30, 2020, \$23,044 was payable to a director and officer for expenses paid on behalf of the Company which is included in trade and other payables. All borrowings payable to directors of the Company were settled on June 25, 2020 when the balance owing was converted to equity. No interest payable to directors was accrued during the three-month period ended September 30, 2020 (September 30, 2019 - \$11,000).