



UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS

For the three and six months ended June 30, 2021



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(all tabular amounts in thousands of Canadian dollars)

	June 30, 2021	December 31, 2020
ASSETS		
Current		
Cash	\$ 3	\$ 3
Other receivables	8	7
TOTAL ASSETS	\$ 11	\$ 10
LIABILITIES		
Current		
Trade and other payables	\$ 90	\$ 69
TOTAL LIABILITIES	90	69
EQUITY		
Share capital (Note 3)	90,646	90,646
Contributed surplus	9,969	9,969
Deficit	(100,694)	(100,674)
TOTAL EQUITY	(79)	(59)
TOTAL LIABILITIES AND EQUITY	\$ 11	\$ 10

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 six months ended	
	June, 2021	June 30, 2020	June, 2021	June 30, 2020
Expenses				
Technical consulting fees	-	31	-	(28)
General and administrative expenses	(16)	(37)	(20)	(49)
	(16)	(6)	(20)	(77)
Finance expense	-	(4)	-	(17)
Net interest (expense) income	-	(4)	-	(17)
Comprehensive loss for the period	\$ (16)	\$ (10)	\$ (20)	\$ (94)
Net loss per common share				
Basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding				
Basic and diluted	19,017,915	11,856,732	19,017,915	11,648,558

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, 2020	11,440,384	\$ 90,134	\$ 9,969	\$ (100,571)	\$ (468)
Net income for the period	-	-	-	(94)	(94)
Share issue	7,577,531	512	-	-	512
Balance – June 30, 2020	19,017,915	\$ 90,646	\$ 9,969	\$ (100,665)	\$ (50)
Balance – January 1, 2021	19,017,915	\$ 90,646	\$ 9,969	\$ (100,674)	\$ (59)
Net income for the period	-	-	-	(20)	(20)
Balance – June 30, 2021	19,017,915	\$ 90,646	\$ 9,969	\$ (100,694)	\$ (79)

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 six months ended	
	June 30, 2021	June 30, 2020
OPERATING ACTIVITIES		
Loss for the period	\$ (20)	\$ (94)
Add items not affecting cash		
Non-cash interest expense	-	17
Changes in non-cash working capital balances related to operations		
Trade and other receivables	(1)	(2)
Trade and other payables	21	72
Cash used in by operating activities	-	(7)
Net increase (decrease) in cash for the period	-	(7)
Cash and cash equivalents, beginning of period	3	10
Cash and cash equivalents, end of period	\$ 3	\$ 3

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 \$100,694,236 at June 30, 2021. For the six-month period ended June 30, 2021 the Company used cash in operating activities totalling \$76. The Company had cash of \$2,966 and a working capital deficit of \$79,006 at June 30, 2021. 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 fundraising 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 August 26, 2021.

3 Share capital

The Company has unlimited authorized common shares with no par value. Total common shares issued and outstanding as at June 30, 2021 numbered 19,017,915.

4 Related party transactions

As at June 30, 2021, a total of \$51,388 was payable to a director and an officer for expenses paid on behalf of the Company which is included in trade and other payables.

5 Subsequent events

5.1 Private Placement

On August 12, 2021 the Company announced that it proposes to proceed with 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 \$500,000. Each Unit will be comprised of one common share (a "Share") in the share capital of the Company and one share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to acquire one additional Share at a price of \$0.165 for a period of twelve months from the closing date. The Company plans to allocate the gross proceeds of the Private placement to general working capital.

Pursuant to the Private Placement, the Company anticipates that Kings Chapel International Limited, a participant in the proposed Private Placement, could hold more than 20% of the Company's outstanding Shares assuming exercise of the Warrants. The Company has scheduled an annual and special meeting of its shareholders to be held on September 20, 2021 and will at such meeting request that the disinterested shareholders of the Company approve Kings Chapel as a possible new control person of the Company. Kings Chapel will not be allowed to exercise a portion of the Warrants prior to such approval.

The Private Placement is subject to receipt of TSX Venture Exchange ("TSXV") approval. All securities issued pursuant to the Private Placement will be subject to a hold period of four months and one day from the date of issuance, in accordance with applicable securities legislation.

5.2 Appointment of new director

On August 12, 2021 the Company announced that Mr. Julian Treger, a person closely associated with Kings Chapel, has, subject to completion of the Private Placement, agreed to join the Company's Board of Directors (the "Board") as Non-Executive Director. Mr Treger is currently the Chief Executive Officer of Anglo Pacific Group Plc. During his tenure at Anglo Pacific Group, he has made \$450m of acquisitions, transforming the business from a coal-based royalty business to a battery focused streamer, whilst increasing income from £3m in 2013 to close to £60m in 2019 pre-covid. Mr Treger also serves as non-executive chairman of Audley Capital Advisors llp, an investment advisory firm focused on natural resources which has a long track record of transforming and unlocking considerable value in the commodities extraction space, notably at Western Coal Corp which it restructured pre bankruptcy and oversaw the sale a few years later at a value of \$3.3b, and at Mantos Copper, acquired from Anglo American for \$300m in 2015 and now worth well over \$1b. In addition, Mr. Treger holds external non-executive directorships with Mantos Copper S.A., Broadwell Capital and BSL plc. He has a BA from Harvard College and an MBA from Harvard Business School.

5.3 Change of name to CoTec Holdings Corp.

On August 12, 2021 the Company announced its intention to, subject to TSXV approval, change its name from EastCoal Inc. to CoTec Holdings Corp.

On August 25, 2021 the Company announced that effective August 27, 2021 it will change its name from EastCoal Inc. to CoTec Holdings Corp. and would commence trading on the NEX Board of the TSXV under the trading symbol "CTH.H".