

EastCoal Inc. Closes C\$7.7 Million Private Placement

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VANCOUVER, BRITISH COLUMBIA -- (Marketwired - June 7, 2013) - [EastCoal Inc.](#) (TSX VENTURE:ECX) (AIM:ECX) (the "Company" or "EastCoal") is pleased to announce the closing of its previously announced brokered private placement (the "Placing") of 351,900,000 common shares (the "Placing Shares") of the Company, primarily with existing and new institutional investors, at a price of C\$0.02 (equivalent to approximately 1.28 pence) (the "Placing Price") per Placing Share and, separate to the Placing, certain directors have subscribed (the "Directors' Subscription") for an aggregate of 33,100,000 common shares (the "Director Shares") at a price of C\$0.02 (equivalent to approximately 1.28 pence) per Director Share (the Placing and the Directors' Subscription together being the "Fundraising"). The aggregate gross proceeds of the Fundraising are C\$7.7 million (equivalent to approximately £4.93 million).

In connection with the Fundraising, an application was made for the admission of the Placing Shares and the Director Shares to trading on AIM (the "Admission") and dealings commenced on AIM this morning in the United Kingdom.

The Placing Shares and the Director Shares, to be issued in connection with the Fundraising, will be subject to the resale restrictions contained in the Corporate Finance Manual of the TSX Venture Exchange (the "TSX-V"), which will expire on October 8, 2013. Certain of the Director Shares will also be subject to the resale restrictions set out in Canadian securities laws, which will also expire on October 8, 2013.

Use of Proceeds

The board of directors of the Company (the "Board") intends that the net proceeds of the Fundraising will be used by the Company to consolidate the Group's working capital position, fund capital expenditures and repay certain outstanding indebtedness.

Specifically, the Board intends to use the net proceeds of the Fundraising of approximately C\$6.35 million, as follows:

- approximately C\$1.76 million on capital expenditure and development costs at Verticalnaya in preparation for the ramp-up to 11,000 tonnes, including the face kit; and a further C\$3.1 million to fund operating losses until this operation is cash flow positive; and
- approximately C\$1.49 million in general working capital (including approximately C\$360k repayment of corporate creditors and C\$350k repayment of a previously announced short term loan with a related party Salida Capital International Corp.).

General

As compensation for the services they rendered in connection with the Fundraising (excluding with respect to the purchase of Director Shares by John Byrne and John Conlon, directors of the Company and related parties, as previously announced), the broker, Cenkos Securities Plc, received a cash commission of £640,491.90 and a fee of £50,000.

Cenkos Securities Plc subscribed for 50,000,000 Placing Shares in the Placing at the Placing. The Placing Shares and the Director Shares have not been qualified for sale in the province of British Columbia, Canada and may not be offered or sold in the province of British Columbia, Canada, directly or indirectly, on behalf of the Company.

The Placing Shares and the Director Shares have not been and will not be registered under the U.S.

Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy the Placing Shares and the Director Shares in the province of British Columbia, Canada, the United States or in any jurisdiction in which such offer, sale or solicitation would be unlawful.

For the purposes of establishing the pound sterling exchange rate, the Company has used the Bank of Canada exchange rate for Canadian dollars and pounds sterling published on www.bankofcanada.ca at 12 noon on May 24, 2013 which was C\$1.5613 : £1.00.

This press release contains projections and forward-looking information that involve various risks and uncertainties regarding future events. Such forward-looking information can include without limitation statements based on current expectations involving a number of risks and uncertainties and are not guarantees of future performance. There are numerous risks and uncertainties that could cause actual results to differ materially from those expressed in the forward looking information. These and all subsequent written and oral forward-looking information are based on estimates and opinions on the dates they are made and are expressly qualified in their entirety by this notice. Except as required by law, EastCoal assumes no obligation to update forward-looking information should circumstances or management's estimates or opinions change.

Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accepts responsibility for the adequacy or accuracy of this release.

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