Colonial Coal International Corp.: Update on the Company's Watson Island Project

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VANCOUVER, BRITISH COLUMBIA -- (Marketwired - Sept. 3, 2013) - Colonial Coal International Corp. (TSX VENTURE:CAD) (the "Company" or "Colonial Coal").

David Austin, Colonial Coal's President and CEO, is pleased to report that the City of Prince Rupert has recently issued the following news release which provides for an update on the Company's Watson Island Project:

CITY OF PRINCE RUPERT
NEWS RELEASE
August 29th, 2013

The City of Prince Rupert has settled out of court with Sun Wave Forest Products Ltd. all the litigation pending and any future claims on the City of Prince Rupert.

This settlement involves the dismissal of three separate claims and subsequent appeals made against the City of Prince Rupert by Sun Wave Forest Products Ltd. This litigation has taken many years and hundreds of thousands of dollars to adjudicate. The legal and other expenses have been paid by Watson Island Development Corporation (WatCo) to support the City as part of their agreement for sale for Watson Island.

Although the settlement is confidential the City of Prince Rupert will not pay Sun Wave Forest Products Ltd. any City money and will work to decommission the mill over the next 24 to 30 months. The City now has clear title to the old pulp mill site and can work toward completing a sales agreement with WatCo. (a consortium of local First Nations and Colonial Coal International Corp.). WatCo intends to repurpose the mill as a private multi modal port using the land and docking facilities to service the coming industrial activity in the Prince Rupert region. An overall environmental remediation plan will be sought from the Province of British Columbia and the site will be remediated as the mill site is decommissioned.

"This is excellent news" said Prince Rupert Mayor Jack Mussallem, "the private sector can now move on with repurposing Watson Island resulting in numerous jobs, while the mill is decommissioned. Congratulations are in order for our new City Manager, Robert Long, who has taken on this complicated file and found a workable solution that is good for Prince Rupert."

City Manager, Robert Long commented, "I would like to thank Mayor and Council for their patience and the trust they have placed with the staff to end this long legal dispute."

The City will, in conjunction with other parties, make arrangements to decommission the pulp mill and sell the equipment and scrap metal on site. As part of the sales agreement with WatCo it is anticipated, given the constant inquiries, that the private sector is keen to obtain a contract to decommission the pulp mill."

The Company will continue to keep its shareholders and public apprised of all material events and facts that arise as it continues to develop its Watson Island Project in conjunction with its First Nations partners and the City of Prince Rupert.

About Colonial Coal International Corp.

Colonial is a publicly traded pure-play coking coal company in British Columbia. The northeast Coal Block of British Columbia, within which our Company's projects are located, hosts a number of proven deposits and has been the subject of M&A activities by Xstrata, Walter Energy, Anglo-American and others.

Additional information can be found on the Company's website www.ccoal.ca or by viewing the Company's filings at www.sedar.com.

Forward-Looking Information

Information set forth in this news release may involve forward-looking statements. Forward-looking *statements are statements that relate to future, not past, events. In this context, forward-looking statements often address a company's expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: risks associated with marketing and sale of securities; the need for additional financing; reliance on key personnel; the potential for conflicts of interest among certain officers or directors with certain other projects; and the volatility of common share price and volume. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and except as required by law, the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.*

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS NEWS RELEASE REPRESENTS THE EXPECTATIONS OF THE COMPANY AS OF THE DATE OF THIS NEWS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE THE COMPANY MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE SECURITIES LEGISLATION.

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