Colonial Coal International Corp.: WatCo Commences Litigation Respecting Watson Island

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VANCOUVER, BRITISH COLUMBIA -- (Marketwired - Mar 27, 2014) - Colonial Coal International Corp. (TSX VENTURE:CAD) (the "Corporation" or "Colonial Coal") announces that its wholly-owned subsidiary, Watson Island Development Corporation ("WatCo"), has retained McMillan LLP to advance litigation in the British Columbia Supreme Court against the City of Prince Rupert (the "City") to enforce WatCo's rights in connection with the acquisition of Watson Island.

A Certificate of Pending litigation has also been filed to prevent the land from being sold to others while the litigation is outstanding.

WatCo has been working to purchase Watson Island for the last several years and has been paying the City between $75,000 and $90,000 per month under the terms of an Exclusivity Agreement.

In furtherance of the Exclusivity Agreement, the City accepted a conditional offer to purchase for $5 million in 2012 which provided for a definitive agreement to be entered into upon settlement of claims by Sun Wave Forest Products Ltd. relating to the title to Watson Island and certain asset located thereon.

The City settled with Sun Wave in August, 2013 and the parties subsequently negotiated until February of this year to settle the terms of a definitive agreement.

WatCo eventually accepted all of the terms of the definitive agreement proposed by City and the City then advised that it would not proceed with the sale of Watson Island to WatCo.

WatCo Director and Company President, David Austin, stated that he was extremely disappointed at the sudden change in direction by the City's Mayor and Council, precipitating the need for WatCo to commence litigation. "WatCo continues to be committed to the people of Prince Rupert, and to the purchase of Watson Island and the significant remediation and redevelopment work required to ensure that this important local asset is productive again and contributing to local employment and the tax base in Prince Rupert," said Austin, noting that, "We did not take the step of commencing litigation lightly, but we decided we needed to do so to protect our right to complete this transaction."

WatCo Chief Executive Officer, Perry Braun, noted that "WatCo has paid in good faith millions of dollars to the City over the past two years and now we must take legal steps to protect our shareholder's interests."

WatCo was originally formed by a unique collaboration of the Lax Kw'alaams and Metlakatla First Nations with the Corporation to purchase the former Skeena Cellulose pulp mill lands near Prince Rupert, B.C., and redevelop the property on Watson Island into a seaport terminal and industrial park.

About Colonial Coal International Corp.

Colonial Coal is a publicly traded pure-play coking coal corporation in British Columbia. The northeast Coal Block of British Columbia, within which our Corporation'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 Corporation's website www.ccoal.ca or by viewing the Corporation'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 Corporation 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 CORPORATION 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 CORPORATION 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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