Colonial Coal Announces Combined Results of Recent Preliminary Economic Assessments for Its Flatbed and Huguenot Projects

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VANCOUVER, Jan. 08, 2019 - Colonial Coal International Corp. (TSX-V: CAD) (the “Company” or “Colonial Coal”). David Austin, Colonial Coal’s President and CEO, is pleased to announce that on December 21, 2018, the Company filed on SEDAR a Technical Report, in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Properties (“NI 43-101”) requirements, detailing the results of the recently completed Preliminary Economic Assessment (“PEA”) for the Gordon Creek Project (“Gordon Creek”) that forms part of the Company’s 100% owned Flatbed metallurgical coal property located approximately 27 kilometres south-southeast of Tumbler Ridge in northeast British Columbia. Highlights of the Gordon Creek PEA Technical Report were previously reported by Colonial Coal in a news release dated November 12, 2018.

The PEA for the Gordon Creek Project is the second such study to be completed for Colonial Coal’s coking and metallurgical coal projects during 2018; the first being that for the Huguenot coking coal Project (“Huguenot”), previously reported by Colonial Coal in a news release dated July 10, 2018. Selected highlights from the PEA’s of both Projects are re-presented below. For additional information, the reader is directed to the news releases stated above and the PEA Technical Reports filed on SEDAR on December 21, 2018 and August 2, 2018 for the Gordon Creek and Huguenot Projects, respectively.

Gordon Creek Project PEA

The Gordon Creek Project PEA Technical Report was prepared by Stantec Consulting Services Inc. (“Stantec”). In summary, Stantec used previously reported (November 27, 2017 and January 16, 2018 and by way of corresponding NI 43-101 Technical Report filings) metallurgical coal resources (reported by Norwest Corporation (“Norwest”)), developed a conceptual mine plan to exploit the coal resources using underground mining methods and prepared scoping-level cost estimates and economic analyses. In the highlights presented below, all costs are in US dollars; where Canadian dollar equivalents are provided, they have been converted using an exchange rate of US$1.00 equals CAD$1.30.

The Gordon Creek PEA is preliminary in nature and includes Inferred mineral resources that are considered to be too geologically speculative to be subject to economic considerations that would enable them to be categorized as mineral reserves. There is no certainty that the forecast results stated in the Gordon Creek PEA will be realized.

Coal Price/Tonne	NPV (millions) at Varying Discount Rates with IRR 5 %	7.5 %	10 %	IRR (%)
US$160.5	$ 1,081	$ 691	$ 446	24.4 %
CAD$208.7	$ 1,405	$ 898	$ 579	24.4 %

- The Gordon Creek Project has an indicative after-tax (and royalty) net present value (“NPV”) of US$691 million (CAD$898 million) using a 7.5% discount rate, and an internal rate of return (“IRR”) of 24.4%, based on a weighted average coking coal price of US$164.8 per tonne and a premium pulverized coal injection coal price of US$140.5 per tonne.
- The Gordon Creek PEA is based on a conceptual underground mine plan that targets 111.6 million run-of-mine (“ROM”) tonnes of resource, with a yield of 51%, producing 57.4 million tonnes of clean coal over a mine life of 30 years.

- Geological modeling and resource estimation of the Gordon Creek deposit have identified an Inferred coal resource of 298 million tonnes.

- In full mine operation, projected clean coal production ranges from 1.6 million tonnes per annum (“Mt/a”) to 2.6 Mt/a, and averages approximately 1.9 Mt/a.

- The pre-production capital cost for the underground mine is estimated at US$300 million (CAD$391 million), with additional sustaining capital of US$406 million (CAD$528 million) over the life-of-mine (“LOM”). The proposed payback of initial capital is estimated to be within three years from the start of coal production.

- The Gordon Creek project’s total cash operating cost is estimated at US$80.91 (CAD$105.19) per clean coal tonne. This includes direct mine site costs of US$41.16 per tonne, offsite costs (transportation and port charges) of US$25.42 per tonne and indirect costs of US$14.33 per tonne.

Huguenot Project PEA

The Huguenot Project PEA Technical Report, was prepared by Norwest now Stantec Consulting Services Inc. (“Stantec”). In summary, Stantec used previously reported (September 24, 2013 and by way of corresponding NI 43-101 Technical Report filings) coking coal resources and conceptual mine plans taken from a PEA prepared by Norwest, to exploit the coal resources using a combination of open pit and underground mining methods. The 2013 study was up-dated by preparing current scoping-level cost estimates and economic analyses. In the highlights presented below, all costs are in US dollars; where Canadian dollar equivalents are provided, they have been converted using an exchange rate of US$1.00 equals CAD$1.30.

The Huguenot PEA is preliminary in nature and includes Inferred mineral resources that are considered to be too geologically speculative to be subject to economic considerations that would enable them to be categorized as mineral reserves. There is no certainty that the forecast results stated in the Huguenot PEA will be realized.

Coal Price/Tonne	NPV (millions) at Varying Discount Rates with IRR			
	5 %	7.5 %	10 %	IRR (%)
US$172	$ 1,669	$ 1,166	$ 831	33 %
CAD$224	$ 2,170	$ 1,516	$ 1,080	33 %

- The Huguenot Project has an indicative after-tax (and royalty) NPV of US$1,166 million (CAD$1,516 million) using a 7.5% discount rate, and an IRR of 33%, based on a coking coal price of US$172.0 per tonne.

- The Huguenot PEA is based on conceptual open pit and underground mine plans that target 122.3 million ROM tonnes of resource, with a yield of 73%, producing 89.3 million tonnes of clean coal over a mine life of 31 years.

- The conceptual open pit mine plan targets 56 million ROM tonnes of resource at an average stripping ratio of 8.6 :1 (bank cubic metres :ROM tonnes) while the conceptual underground mine plan targets an additional 66 million ROM tonnes of resource. The open pit operates during Years 1 - 14 while the underground mine would operate during Years 3 - 31, with both the open pit and underground mine operating simultaneously during Years 3 - 14.

- Measured and Indicated coal resources total 277.7 million tonnes (132.0 million tonnes surface plus 145.7 million tonnes underground). Inferred resources total an additional 119.2 million tonnes (0.5 million tonnes of surface plus 118.7 million tonnes underground).

- In full mine operation, projected clean coal production from combined surface and underground mining operations ranges from 1.4 Mt/a to 5.9 Mt/a, and averages approximately 3.0 Mt/a.

- The pre-production capital cost for the proposed surface and underground mine is estimated at US$661 million (CAD$859 million), with additional sustaining capital of US$178 million (CAD$231 million) over the LOM. The proposed payback of initial capital is estimated within 5 years from start-up of operations.

- The Huguenot Project’s total cash operating cost is estimated at US$106.96 (CAD$139.05) per clean coal tonne. This includes direct mine site costs of US$67.20 per tonne, offsite costs (transportation and port charges) of US$28.30 per tonne and indirect costs of US$11.46 per tonne.

Mr. Austin stated: “During the past six months Colonial Coal has completed PEA studies for each of its 100%-owned Huguenot and Flatbed Projects which are located in northeastern British Columbia. The completion of the PEA for the Gordon Creek Project represents a significant milestone in the advancement of this Project and the updated PEA for Huguenot supports, at a PEA level of confidence, that Project’s potential to become a stand-alone mine development”.

This news release has been reviewed by each of Derek Loveday, P.Geo. (for the Gordon Creek PEA), and Warren Evenson, CPG. (for the Huguenot PEA), of Stantec, Professional Geologists and Qualified Persons as defined in NI 43-101.

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

About Colonial Coal International Corp.

Colonial Coal is a publicly traded coal corporation in British Columbia that focuses primarily on coking coal projects. 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 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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