

This is the 3rd affidavit
of Abraham Jonker in this case
and was made on 26 / 02 / 2014

No. B131400
Estate No. 11-1806986
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

IN THE MATTER OF THE PROPOSAL OF
EASTCOAL INC.

AFFIDAVIT

I, **ABRAHAM JONKER**, of Suite 605, 1166 Alberni Street, Vancouver, British Columbia, Chartered Accountant, **SWEAR THAT:**

1. I am the President, acting Chief Financial Officer and a director of EastCoal Inc. (the "**Company**"), and as such have personal knowledge of the facts and matters hereinafter deposed to by me save and except where stated to be made upon information and belief and where so stated I verily believe the same to be true.
2. I am authorized to make this affidavit on behalf of the Company.

Corporate Overview

3. The Company is a publicly listed company, on both the AIM and the TSX Venture Exchange, which developed and operated coal mining interests in the Ukraine.
4. At the commencement of these proceedings, the Company indirectly owned interests in two mines through various subsidiaries. However, pursuant to two sale transactions, both approved by the Court on January 16, 2014 (the "**Sale Transactions**"), the Company sold substantially all of its assets.
5. The Company has now completed the Sale Transactions and is in receipt of substantially all of the sale proceeds. The Company intends to distribute the sale proceeds to its creditors in accordance with a proposal to be prepared, as detailed below.

l.j.




Next Steps in Restructuring Process

6. Although substantially all of the Company's tangible assets have been sold, there is still value in the Company as a listed entity with significant tax losses. As a result, the final step in this restructuring process is for the Company to attempt to conclude a transaction which generates some additional value for creditors and shareholders.
7. Since January 16, 2014, when the Company last applied for an extension of these proposal proceedings, the Company has continued its discussions with various parties that have expressed an interest in acquiring a substantial stake in the Company as a publicly listed vehicle. Currently, the Company is in discussions with two parties regarding such a transaction. In addition, the directors of the Company are considering making an offer with respect to a similar transaction, which may include the conversion of some or all of the secured debt currently owed to me, if a sufficient offer is not made by any outside party.
8. Any such transaction would require the Company to "clean up" its existing debts. Accordingly, the transaction would be conditional on completing a successful proposal to compromise and settle all of the Company's existing liabilities.
9. However, the Company requires additional time to conclude these negotiations and is therefore seeking a further extension of these proposal proceedings. If an extension is granted, I anticipate the Company would be in a position to select a transaction by the end of the first week of March, with a Proposal to creditors being made a shortly thereafter.
10. If the Company is able to complete such an additional transaction, it would likely result in the Company being able to make a better proposal to creditors than a straight distribution of proceeds from the Sale Transactions. Such a proposal would, in my view, represent a better outcome for creditors than a bankruptcy.
11. The Company will have sufficient cash on hand to carry it through this process.
12. The Company has undertaken this process in good faith and is proceeding with due diligence.
13. The Company and its management have been fully co-operative with the Deloitte Restructuring Inc, proposal trustee in this matter (the "Trustee"), and have kept the Trustee apprised of the Company's negotiations throughout this process. The Company is working with the Trustee to achieve as favourable an outcome as possible for all of the creditors.

g.O.


14. I am unaware of any creditor who would be materially prejudiced by an extension of the existing time for filing a proposal. If the extension is not granted, I anticipate that the Company will be unable to file a proposal by March 3, 2014 and will thereafter be deemed to have made an assignment into bankruptcy.

SWORN BEFORE ME at Cape Town, South Africa, on 24/02/2014.


A Commissioner for taking Affidavits within South Africa


ABRAHAM JONKER

GASAN OMAR
ADVOCATE OF THE SUPREME COURT
REPUBLIC OF SOUTH AFRICA
COMMISSIONER OF OATHS

TEL No: 0833994222

ADDRESS:

167 Haywood Road
Lansdowne
7780