

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

EastCoal Inc. (the “**Company**”)
130-889 Harbourside Drive
North Vancouver, BC
Canada V7P 3S1

Item 2: Date of Material Change

December 28, 2012

Item 3: News Release

The news release dated December 28, 2012 was disseminated via Marketwire.

Item 4: Summary of Material Change

The Company announced the commencement of trading on AIM (“**Admission**”) at 8.00 a.m. on December 28, 2012 after a placing of 67,478,501 common shares at a price of £0.1221 per share to institutional investors and certain directors of the Company (the “**Placing**”), together with a concurrent issuance of 10,326,577 common shares of the Company as settlement for a CAD\$2,000,000 loan received by the Company from Salida Capital LP (“**Salida**”) (on behalf of a fund managed by Salida) at a deemed conversion price of £0.1221 per common share. The Placing proceeds, together with the proceeds of the Salida loan which will be converted into common shares and settled concurrently with the Placing, will amount to gross proceeds of £9.5 million. Cenkos Securities plc acted as the Nominated Advisor for the purposes of the Admission and the broker for the Placing.

Item 5: Full Description of Material Change

Item 5.1: Full Description of Material Change

A full description of the material change is set out in the news release dated December 28, 2012 attached here to as Schedule “A”.

Item 5.2: Disclosure for Restructuring Transactions

Not applicable.

Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7: Omitted Information

Not applicable.

Item 8: Executive Officer

Abraham Jonker, President and George Lawton, Chief Financial Officer
(604) 681-8069

Item 9: Date of Report

Dated at Vancouver, BC, this 2nd day of January, 2013.

SCHEDULE "A"

See attached

28 December 2012

EastCoal Inc.

("EastCoal" or "the Company")

Admission to trading on AIM

- Shares commence trading on AIM
- Placing of 67,478,501 common shares of the Company at a price of £0.1221 per Placing Share, together with a concurrent issuance of 10,326,577 common shares of the Company as settlement for a CAD\$2,000,000 loan received by the Company from Salida (on behalf of a fund managed by Salida) at a deemed conversion price of £0.1221 per common share. The Placing proceeds, together with the proceeds of the Salida loan which will be converted into common shares and settled concurrently with the Placing will amount to gross proceeds of £9.5 million.

Assets and Strategy

- Company has 100% interests in the Verticalnaya high grade anthracite mine and the Menzhinsky coking coal mine, in eastern Ukraine
- Strategy to produce 3 million saleable tonnes per annum
- First external player in a region of significant coal reserves
- EastCoal's Board has extensive experience with the markets in London. Three of the Company's directors were either directors or officers of Western Coal Corp., which, prior to its acquisition by Walter Energy (NYSE: WLT, TSX: WLT), was the largest company, by market capitalization, on AIM.

EastCoal Inc. (TSX-V/LSE-AIM: ECX), a mineral development company engaged in the acquisition and development of mineral resource properties, announces the commencement of trading on AIM ("Admission") at 8.00 a.m. today after a placing ("the Placing"). Pursuant to the Placing, the Company has issued 67,478,501 common shares at a price of £0.1221 per share to institutional investors and certain directors of the Company, together with a concurrent issuance of 10,326,577 common shares of the Company as settlement for a CAD\$2,000,000 loan received by the Company from Salida Capital LP ("Salida") (on behalf of a fund managed by Salida) at a deemed conversion price of £0.1221 per common share, and the Placing proceeds, together with the proceeds of the Salida loan which will be converted into common shares and settled concurrently with the Placing will amount to gross proceeds of £9.5 million. Cenkos Securities plc is acting as the Nominated Advisor for the purposes of the Admission and the broker for the Placing.

EastCoal obtained the rights to the Verticalnaya Mine, located in the Donbass Region, in 2009 and is currently advancing the development of this anthracite mine, targeting production in the first quarter of 2013.

In addition, following the Company's acquisition of Inter-Invest Coal LLC in 2012, EastCoal is developing and increasing production from the Menzhinsky Coal Mine. This is an operating underground metallurgical coal mine also located on the Eastern side of Ukraine. Together with the New Wash Plant at the Menzhinsky Mine, production is expected to increase from approximately 6,000 tonnes per month currently, to 26,000 tonnes per month during 2013.

The Company's objective is to increase total production from the current level to approximately three million saleable coal tonnes per annum.

Summary of Reserves and Resources

Mine	Reserves (Mt)		Resources (Mt)		Total
	Proved	Probable	Measured	Indicated	
Verticalnaya	5.6	21.3	57.3	33.6	90.9
Menzhinsky seams	4.6	2.2	6.3	34.5	40.8
Menzhinsky waste tip	-	0.6	-	0.7	0.7
Total	10.2	24.1	63.6	68.8	132.4

JORC Reserves and Resources Statement as at 1 December 2012

John Byrne, Chairman of EastCoal Inc. said: "Coal production from the Donbass basin in eastern Ukraine historically produced approximately 70% of the Russian Empire's coal rising to 200mtpa in the 1970s. Since this period the region has seen a decline in investment to the extent that Ukraine has had to import up to 11mt of coal per annum. In 2009 EastCoal recognized the opportunity created by privatisation and restructuring initiatives from the Ukrainian Government resulting in the Company becoming the first external player in a region of significant coal reserves. The Company has acquired and is developing two near term producing projects to meet the growing domestic and export demands for both the power and steel industries."

Abraham Jonker, Director & President of EastCoal Inc., commented: "I am pleased to announce commencement of trading of the Company's shares on AIM. This decision was largely driven by increased investor interest from the United Kingdom. I am confident that the experienced management team that we have assembled, combined with the highly attractive project fundamentals would render our projects an extremely exciting opportunity for investors."

For more information please contact:

EastCoal Inc.

Abraham Jonker, President

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George Lawton, CFO

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Placing and Admission Statistics

Placing Price	12.21 Pence CAD\$ 0.194 ¹
Number of existing Common Shares in issue Prior to the Placing and concurrent Salida loan conversion and settlement ²	247,763,839
Number of Placing shares being issued Pursuant to the Placing	67,478,501
Number of common shares being issued concurrent to the Placing in accordance with the shares for debt settlement	10,326,577
Number of Common Shares in issue following Placing and admission	325,568,917
Percentage of the enlarged issued share capital being Placed and issued pursuant to the shares for debt settlement ²	23.90 Per cent
Estimated Gross Proceeds of the Placing and concurrent Salida loan conversion and settlement	£9.5 million CAD\$15 million ³
Estimated net Proceeds of the Placing receivable by the Company and concurrent Salida loan conversion and settlement	£7.7 million CAD\$12.2 million
Market Capitalisation immediately following completion of the Placing and concurrent Salida loan conversion and settlement	£39.7 million CAD\$63.0 million ³
AIM 'ticker'	ECX
ISIN	CA2761651074

¹ Applying the exchange rate of £1.00 : CAD \$1.5862 stated by Bank of Canada at www.bankofcanada.ca as at noon on 10 December 2012 in Canada.

² Assuming there are no changes to the issued share capital of the Company between the date of this document and the date of admission becoming effective.

³ Based on the Company's share price of CAD\$ 0.215 as at 10 December 2012 and assuming there are no changes to the issued share capital of the Company between the date of this document and the date of admission becoming effective.

Overview of the Company

EastCoal Inc. is a mineral development company registered in British Columbia and engaged in the acquisition and development of mineral resource properties. Since 2009, the Company has been focused on the development of coal mining interests in Ukraine.

East Coal Company LLC, a 100%-owned subsidiary of EastCoal Inc., obtained the rights to the Verticalnaya Mine and is currently advancing the development of this anthracite mine, targeting production in the first quarter of 2013. In addition, following the Company's acquisition of Inter-Invest Coal LLC ("Inter-Invest") in the second quarter of 2012, EastCoal is developing and increasing production from the Menzhinsky Mine. This is an operating underground metallurgical coal mine also located on the Eastern side of Ukraine. With the addition of the New Wash Plant at the Menzhinsky Mine, production is expected to increase from approximately 6,000 tonnes per month currently, to 26,000 tonnes per month during 2013.

The Company's objective is to increase total production from the current level to approximately three million saleable coal tonnes per annum.

The Company's principal assets include the Verticalnaya and Menzhinsky Mines:

Verticalnaya Mine

EastCoal obtained the rights to the Verticalnaya Mine in 2009 from the Ukrainian Government. It had been an operating coal mine until 1998 when production ceased and the mine was placed in care and maintenance. The quality of its coal seams is well defined by the results of various drilling programmes and previous extraction work. EastCoal's development strategy is to develop two seams, H¹¹ and H¹¹_B from two new surface drifts at Verticalnaya North Project ("VNP"), which will provide the mine with its early production and cash flow. At the same time the Company will rehabilitate the existing mine infrastructure to provide access to the H⁸ seam. The rehabilitation process will include dewatering and recovery of certain roadways in the mine and investment in certain infrastructure upgrades.

In October 2010, following a period of planning, permitting, and detailed improvements, the Company commenced construction of the VNP, developing the main access drifts and initial gate road access for coal production from the first longwall panel, East 1. East 1 will be 150 metres in length and will be extracted at a working height of 1.1 metres. It is planned to commence production from East 1 in the first quarter of 2013. To date, more than 2,000 meters of drift and roadway development has been completed at VNP.

Production from the H⁸ seam via the existing mine is scheduled to commence in 2018. The Verticalnaya mine and VNP is projected to produce in aggregate approximately 2.3 million tonnes per annum of saleable high quality anthracite for local and export markets when fully ramped up by 2019 continuing at approximately that level until 2023, and thereafter reducing over time until the end of the current mine plan in 2029.

Menzhinsky Mine

Since 1998, the Menzhinsky Mine has been in limited operation and currently produces approximately 6,000 tonnes per month of coking coal.

The Company acquired Inter-Invest, the company leasing the Menzhinsky Mine, on 31 May 2012 following a private placement in the UK and Canada which raised aggregate gross proceeds of approximately CAD\$17.01 million. Net proceeds from the private placing have been used, inter alia, to complete construction of the 350 tonne per hour New Wash Plant which commenced commissioning and production in October 2012.

The New Wash Plant is currently focused on processing coal from the Company's existing waste tip. The initial processing of waste from Waste Tip No. 4 has shown a 10 per cent. coal content and initial analysis indicates that reprocessing the tip is economically viable.

The Company expects to increase total production from Menzhinsky from the current level of approximately 6,000 tonnes per month to 26,000 tonnes per month during 2013.

As the underground mining is developed, and further longwalls are introduced, the planned tonnage is projected to increase year on year to reach the design capacity run of mine tonnage of one million tonnes per year.

Key Strengths

The Company's business and operations require specialised skills and knowledge in the areas of geology, drilling, logistical planning and implementation of extraction programmes, treasury and accounting. The Company has these abilities through its management, consultants and contractors. The Board has extensive experience in successfully developing mines and has a strong knowledge of the region. To date, the Company has been successful in hiring and retaining employees and consultants with the required skills and believes it will continue to be able to do so as it seeks to develop each of the Verticalnaya Mine and the Menzhinsky Mine.

Skills needed for financing activities, which will be critical to the implementation of the Company's strategy, are available through the Board and management. The composition of the Board has changed in the past two years, bringing significant experience in the financing of coal projects as well as technical and management skills in developing coal projects.

Directors

John Byrne (63), Executive Chairman and Chief Executive Officer

Mr. Byrne joined the Company as a Director and Executive Chairman on 27 July 2010. He has more than 35 years experience in the resource industry as an investor and resource business developer. Mr. Byrne has had extensive involvement in the resources industry in Australia, Canada and South Africa with a particular focus on financing new and established resource projects.

Mr. Byrne served as the chairman of the board of Western Coal Corp. (WTN: TSX) until 31 May 2010 and as a Director of that company from June 2001 to 31 May 2010. He has been an executive chairman of Deepgreen Minerals Corporation Limited since 30 March 2007 and serves as executive chairman of Wasabi Energy Ltd (WAS: AIM).

Abraham Jonker (44), Director and President

Mr. Jonker was the chief financial officer of Western Coal Corp. (WTN: TSX) for just under two years until its acquisition by Walter Energy Inc (WLT: TSX) in 2011. He is a member of the Board of Directors of Firestone Diamonds plc (FDI: AIM), Canada Coal Inc, where he is also CEO and President, (CCI: TSXV) and Mandalay Resources Corporation (MND: TSX), where Mr Jonker is also the non-executive chairman of the board. Mr. Jonker has almost 20 years of accounting and corporate finance experience primarily in the mining industry. Mr. Jonker is a Chartered Accountant registered in South Africa (South African Institute of Chartered Accountants – SAICA) and England and Wales (Institute of Chartered Accountants of England and Wales – ICAEW). Mr. Jonker holds a Masters Degree in South African and International Tax from the Rand Afrikaans University. Mr. Jonker became the President of EastCoal Inc. on 1 March 2012.

Colin Stocks (70), Director and Technical Director

Mr. Stocks has over 35 years of management experience with British Coal, during which time he attained the position of colliery manager. Upon leaving British Coal he became a consultant mining engineer working for several consultancy companies on projects in the UK, Spain, India, China, USA, Egypt and Ukraine. These included a long term assignment as the team leader of a EU funded project to assist the Ukrainian Government in their coal industry re-structuring programme. Thereafter, Mr. Stocks was associate consultant mining engineer with IMC Group Consulting, then senior mining engineer with Cambrian Mining plc (CBM: AIM) and Coal International plc (now Western Coal Corp. (WTN: TSX)). He assisted these companies expand their mining business in both the EU and Eastern Europe and also worked with Xtract Energy plc (XTR: LSE), an associate of Cambrian Mining plc and Coal International plc. During the same period he also undertook the duties of senior mining engineer for Ukraine Coal Limited. Prior to joining the Board Mr. Stocks worked with East Coal on pre-feasibility studies and the preparation of documentation for obtaining the rights to Verticalnaya Mine. Mr. Stocks has been employed as an independent consultant mining engineer to the Company since October 2008 and became the Company's Technical Director and a member of the Board in 2009.

John Conlon (72), Non-Executive Director

Mr. Conlon has been involved in the mining industry since 1972, as an owner of a mining equipment supply company. Since 1980, he has been part owner of a mining contracting company focusing on mine development and in 1995 he formed a company engaged in the business of repair and manufacturing of mining equipment. He serves or has served as a director of several companies including Cambrian Mining plc (CBM: AIM) (now Western Canadian Coal Corp.), Mandalay Resources Corp. (MND: TSX), Coal International plc, Xtract Energy plc (XTR: LSE), and Western Canadian Coal Corp. (WTN: TSX), including being part of that company's audit committee from 2002 to 2009.

Gregory Cameron (39), Non-Executive Director

Gregory M. Cameron brings 14 years of deal experience focused on small and mid capitalisation companies in North America and abroad. Mr. Cameron has held senior positions in investment banking at Canaccord Capital (SVP Investment Banking), MGI Securities (Founder) and Macquarie Capital Markets Canada formerly Orion Securities (SVP Investment Banking). During his 12 year career in banking, Mr. Cameron has worked on a significant number of equity, debt, merger and acquisitions and restructurings. Currently, Mr. Cameron is the President of Colby Capital Limited, a private Merchant Bank in Toronto, Canada. Mr. Cameron is the former Chairman and a current director of Cub Energy Inc. an oil and gas company focused on developing significant oil and gas reserves in Ukraine, and a board member of Voyageur Oil and Gas Corporation, an oil and gas exploration company with significant assets in Tunisia. Mr. Cameron is a graduate of Saint Mary's University in Halifax, Nova Scotia, Canada with a bachelor of commerce in finance and accounting and holds numerous financial industry designations.

Frank Moxon (46), Non-Executive Director

Frank Moxon is an experienced corporate financier specialising in natural resources. Now practising through his own firm, Hoyt Moxon, he was previously head of corporate finance and head of natural resources at Williams de Broë at the time it was acquired by Evolution Securities. He was, until August 2012, senior independent non-executive Director of Cove Energy plc (COV: AIM) and is currently chairman of Silvermere Energy plc (SLME: AIM) and Imperial Minerals plc (IMMP: ISDX), and a non-executive director of Whetstone Minerals Ltd (WMI: TSX-V) and the Chartered Institute for Securities & Investment. He is a fellow of the Institute of Materials, Minerals and Mining.

Senior Management and Operational Team

George Lawton, Chief Financial officer

Mr. Lawton is a chartered accountant with extensive experience at CFO and VP Finance level providing strategic, financial and operating leadership to public companies in the mining, aerospace, entertainment, and business services industries. Mr. Lawton has been a consultant with the Company since May 2011, becoming CFO in April 2012. Prior to this, Mr. Lawton was the senior vice president of operational finance for Uranium One Inc.

Hendrik Dietrichsen, General Counsel

Mr. Dietrichsen is a lawyer with more than 30 years' experience as a legal practitioner and advising at senior management and board level within private and public listed companies, both local and international. He has also held various positions at board level. He has been a consultant with the Company since June 2012.

Reasons for the Placing, Admission and Use of Proceeds

The Directors believe that Admission will be an important step in the Group's development and will provide a platform from which to grow the business in the future. Admission is expected to provide additional liquidity for investors in the Company's shares and will enable the Group to attract, retain and incentivise its Directors and key employees through the operation of the Share Option Schemes.

In addition, Admission will potentially provide the Group with access to further capital in the future, should the Directors identify new acquisition opportunities which meet the Group's strategic objectives. The Company has adopted a mining plan designed to increase production at its mines. The fulfilment of that plan will require the Group to secure further external funding (in addition to the Placing Proceeds) as the mines are developed and production is increased. Such funds would be needed in order to finance further capital expenditure, for example, additional longwalls and improved processing facilities as production increases.

The Directors intend to introduce continued improvements and efficiencies to current mining practices in order to enhance the cash generative activities at the Menzhinsky Mine. The Directors will focus on optimising return from the New Wash Plant over the near term and will only commence construction of the Verticalnaya longwall once they are satisfied that the wash plant is operating sustainably at a satisfactory level.

Further investment in capital expenditure for the development of additional longwalls will be made only once the Directors are satisfied sufficient funds are available. In the event that the no further funds are available then aspects of the current mining plan would be deferred until such time as cash reserves were built up from the washing operations at Waste Tip No. 4 to fund additional plant on the terms then available.

The Placing proceeds and the proceeds of the Salida loan to be satisfied with the concurrent shares for debt settlement will be utilised as follows:

- Capital Expenditure CAD\$5.9 million;
- Repayment of debenture CAD\$1.5 million;
- Working capital CAD\$4.8 million; and
- Transaction fees CAD\$2.9 million.

Qualified Person

Mr. Colin Stocks AMIMinE, IEng, is a Qualified Person in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*. Mr. Stocks has read and approved the contents of this news release.

Forward Looking Statements

This announcement includes "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements

of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules for Companies.

Definitions

“EastCoal” or the “Company”	EastCoal Inc. a company incorporated in British Columbia with incorporation number BC0318912 and having its registered office at 20th floor, 250 Howe street Vancouver, British Columbia
“East Coal Company”	East Coal Company LLC, a company incorporated in Ukraine
“Inter-Invest”	Inter-Invest Coal LLC, a company incorporated in Ukraine
“Menzhinsky Mine”	an underground coal mine, located in Lugansk oblast (province) on the eastern side of Ukraine, (sometimes known as the Maria Glubokaya mine)
“New Wash Plant”	the new wash plant installed at the Menzhinsky mine
“Verticalnaya Mine”	a coal mine located in the Dolzhano-Revenetskiy region of Donbass
“VNP”	the Verticalnaya North Project, an early production project at the Verticalnaya Mine