

NEWS BULLETIN

FROM:



RE: **ECC Capital Corporation**
2600 East Coast Highway
Suite 250
Corona Del Mar, CA 92625

OTC: ECRO.PK

For Further Information:

AT THE COMPANY:

Investor Relations

investorrelations@ecccapital.com

ECC Capital Corporation Provides Business Update

CORONA DEL MAR, Calif, April 9th, 2024 —

ECC Capital Corporation (OTC: [ECRO.PK](#)) (“ECC Capital” or the “Company”), specialty finance and asset management company, announces that PhenixFIN Corporation (NASDAQ: PFX) (“PhenixFIN”) has made an investment directly in ECC Capital. PhenixFIN has acquired 84,000,000 newly issued shares, representing approximately 44% of the outstanding shares of ECC Capital, for \$0.05 per share.

As part of the aforementioned transaction with PhenixFIN, ECC Capital acquired from PhenixFIN 100% of the membership units of Kemmerer Holdings, LLC (“Kemmerer”) and indirectly acquired its wholly-owned subsidiary, Kemmerer Operations, LLC. Kemmerer Operations, LLC, located in Kemmerer, Wyoming, runs an open pit mine that produces sub-bituminous coal for electrical generation and industrial uses.

Additionally, PhenixFIN provided senior secured seller take-back debt financing to ECC Capital as consideration for ECC Capital’s acquisition of Kemmerer. The debt service on this note is intended to be made using Kemmerer Operations, LLC’s cashflow. The note matures December 31, 2031, without regard to cash flows and is secured by certain assets of ECC Capital.

In connection with the transaction, Steve Holder, PhenixFIN and the Company have entered into an investor rights agreement, pursuant to which the Board will have three directors, one designated by PhenixFIN, one designated by Mr. Holder and the remaining director mutually agreed upon by PhenixFIN and Mr. Holder. PhenixFIN and Mr. Holder agree to vote their shares of stock of the Company consistent with such provisions. In addition, the agreement requires unanimous board of director approval for certain major transactions. The Company’s Bylaws were also amended to, among other matters, incorporate by reference the investor rights agreement and its terms.

ECC Capital also announces that Roque Santi and David Lorber will join Steve Holder on the Company’s three-person Board of Directors. Further, Mr. Holder has retired from his position as CEO of the Company and Mr. Kevin Cloyd will be maintaining his role as President.

While ECC Capital believes that the investment from PhenixFIN and the acquisition of Kemmerer Holdings, LLC will be accretive to its shareholders, it cannot guarantee this investment will be profitable due to a variety of factors, including, without limitation natural resource availability, demand for sub-bituminous coal, environmental challenges, natural disasters, regulatory changes, access to capital, cost of transportation and delivery of the product, labor union negotiations, employee recruitment and availability, ECC Capital’s ability

to service its debt and other such factors.

ECC Capital will continue its efforts to seek capital, explore other strategic alternatives and business opportunities. These initiatives may include, but are not limited to, the sale of certain assets, seeking investments to support new business opportunities, and partnering to increase top-line revenues. There are no assurances that these efforts will be successful.

Quotation on the Pink Sheets and Stock Ownership Limitation

ECC Capital's common stock is currently quoted on the Pink Sheets under the symbol "ECRO.PK." However, ECC Capital does not control whether its stock is quoted on the Pink Sheets and therefore cannot guarantee there will be a market to trade the common stock. Further, ECC Capital does not anticipate applying for listing on any stock exchange or quotation on any electronic trading system in the near future. Since January 7, 2008, ECC Capital's charter has prohibited stockholders, other than persons for whom an ownership limit waiver exists, which includes Steve Holder, PhenixFIN and Howard Amster and David Lorber, from owning more than 2.5% of its common stock directly and indirectly. ECC Capital's Charter has other restrictions on ownership and transfer which should be reviewed. Stockholders whose ownership percentage of ECC Capital's common stock exceeded the reduced ownership limit on January 6, 2008, but was less than or equal to the existing 5.6% ownership limit in effect prior to January 6, 2008, were grandfathered and, therefore, permitted to continue owning ECC Capital's stock at their ownership percentage as of January 6, 2008. However, if those shareholders subsequently reduced or reduce their ownership percentage of ECC Capital's common stock, their maximum ownership limit will be reduced accordingly until their limit is equal to the 2.5% common stock ownership limit. Currently, there are 190,523,300 shares of ECC Capital common stock outstanding. The 2.5% common stock ownership limitation includes direct and indirect ownership. As PhenixFIN owns 44% of ECC Capital's common stock, the owners of PhenixFIN common shares will indirectly own ECC Capital common shares. Any person that owns greater than 5% of PhenixFIN common shares directly and or a combination of direct or indirect ownership of great than 2.5% of ECC Capital shares must seek an advance waiver from ECC Capital's Board of Directors. Additionally, ECC Capital may not provide disclosures or financial statements in the future which would likely result in ECC Capital being disqualified from the Pink Limited Information Tier on the OTC Exchange.

Forward-Looking Statements

This release may contain "forward-looking statements," which reflect the Company's current views with respect to, among other things, its operations and financial performance. You can identify these statements by the use of words such as "outlook," "anticipation," "potential," "continue," "may," "seek," "approximately," "predict," "believe," "expect," "plan," "intend," "estimate," "preparing" and similar expressions or the negative versions of these words or comparable words, as well as future or conditional verbs such as "will," "should," "would" and "could." These forward-looking statements are based on current available operating, financial, economic and other information, and are not guarantees of future performance and are subject to risks, uncertainties and assumptions which are difficult to predict. Therefore, current plans, anticipated actions, financial results, as well as the anticipated development of the industry, may differ materially from what is expressed or forecasted in any forward-looking statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statement to reflect future events or circumstances, except as required by applicable law.

The information contained in this release is not meant to be an indication that ECC Capital will make similar information available in the future, and ECC Capital does not undertake any obligation to, nor does it give any assurance that it will, provide timely periodic disclosures or any future public disclosure.

About PhenixFin

PhenixFIN Corporation (NASDAQ: PFX) is an internally managed, closed-end, business development company ("BDC"). The experienced team is focused on current income generation coupled with capital appreciation with a focus on net asset value ("NAV") accretion to drive total shareholder returns. PhenixFIN has a broad network of relationships and deep expertise in originating, structuring, executing and managing credit and equity investments. PhenixFIN's investment portfolio generally consists of senior secured first lien loans, senior secured second lien loans, and equity.