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Prospectus

For an issue of 37,500,000 ordinary shares to be offered for subscription at 40 cents each to raise \$15,000,000

Developing
Export Thermal Coal Projects
in the USA



This document is important and it should be read in its entirety. If you are in any doubt as to the contents of this document, you should consult your sharebroker, solicitor, professional advisor, banker or accountant. The securities offered by this Prospectus are considered to be speculative. This issue is not underwritten.

Important Notice



This replacement Prospectus is dated 18 October 2011 and was lodged with the Australian Securities and Investments Commission ("ASIC") on 18 October 2011. Neither ASIC nor Australian Securities Exchange ("ASX") nor any of their respective officers and employees take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 18 November 2012. No Shares will be allotted or issued on the basis of this Prospectus after its expiry date. County Coal Limited ("County Coal") will apply to the ASX for admission to the Official List and quotation of the Shares on the ASX within 7 days after the date of this Prospectus.

Note to Applicants

The Offer contained in this Prospectus does not take into account the investment objectives, financial situation and particular needs of the investors. Investment in the Shares offered in this Prospectus should be considered speculative. County Coal's future revenues will depend on County Coal having a successful coal exploration and development program leading to production.

Prospective investors should read this Prospectus carefully and in its entirety. In particular, in considering the prospects of County Coal, it is important that investors consider the risk factors that could affect the financial performance of County Coal. Investors should carefully consider these factors in light of their particular investment objectives, financial circumstances and investment needs (including financial and taxation issues) and seek appropriate professional advice from their accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest. Some of the risk factors that should be considered by prospective investors are set out in Section 8 "Investment risks".

Disclaimer

No person named in this Prospectus, nor any other person, guarantees the performance of County Coal, the repayment of capital or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by County Coal or the Directors.

Electronic Prospectus

This Prospectus will be available in electronic and hard copy form.

It is available during the Offer Period on County Coal's website at www.countycoal.com or in hard copy free of charge by contacting the Share Registry on (02) 9290 9600.

The Offer pursuant to an electronic Prospectus is only available to persons receiving the electronic Prospectus within Australia.

No person (including County Coal) may pass on an Application Form to another person unless it is attached to or accompanies a complete and unaltered version of this Prospectus. The Shares to which this Prospectus relates will only be issued on receipt of the Application Form attached to or accompanying this Prospectus in its paper copy form or as downloaded in its entirety from www.countycoal.com.

Jurisdiction

The offer of securities under this Prospectus does not constitute a public offer in any jurisdiction other than Australia. This Prospectus does not constitute an offer or invitation in any place in which, or to any person whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares in any jurisdiction outside Australia. In particular, the securities have not been, and will not be, registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, a US Person (as defined in regulations under the US Securities Act) except under an exemption from the registration requirements of the US Securities Act and applicable US State securities laws or in a transaction not subject to such registration requirements. The distribution of this Prospectus outside Australia may be restricted by law and any person who comes into possession of this Prospectus outside Australia should seek advice and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In this document, a reference to the US Securities Act means the United States Securities Act of 1933, as amended, and a reference to a US person means a US person as defined in the US Securities Act.

Exposure period

The Corporations Act prohibits County Coal from accepting applications or issuing Shares in the 7 day period after the lodgment of the Prospectus with ASIC. This period may be extended by ASIC by up to a further 7 days. This replacement Prospectus is not subject to any additional exposure period due to ASIC Class Order 00/169. This period is an Exposure Period to enable the Prospectus to be examined by market participants prior to the raising of funds. That examination may result in the identification of deficiencies in the Prospectus. In those circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

The Prospectus (without the Application Form) will be made generally available during the Exposure Period on County Coal's website at www.countycoal.com. Free copies will also be provided on request by contacting the Share Registry on (02) 9290 9600.

Privacy

The Application Form accompanying this Prospectus requires you to provide information that may be personal information for the purposes of the Privacy Act 1988 (Cth). County Coal (and the Share Registry on their behalf) may collect, hold and use that personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and to carry out appropriate administration. Tax and company law also requires some information to be collected in connection with your Application. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

Your personal information may be provided to County Coal's agents and service providers on the basis that they deal with such information in accordance with County Coal's privacy policy. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the shareholder registry;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analyzing County Coal's shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by (or on behalf of) County Coal. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664

Website: www.boardroomlimited.com.au

Financial amounts

Money as expressed in this Prospectus is in Australian dollars unless otherwise indicated.

Glossary

Certain words and abbreviations used in this Prospectus have defined meanings. The definitions are in Section 10 "Glossary".

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Summary of the offer

Details of the Offer

| | |
|--|--------------|
| Number of Shares offered under the Offer | 37,500,000 |
| Offer Price per Share | \$0.40 |
| Amount to be raised under the Offer | \$15,000,000 |
| Total number of Shares on issue on completion of the Offer | 93,675,004 |
| Implied market capitalisation of County Coal at the Offer Price on completion of the Offer | \$37,470,002 |

Important Dates

| | |
|---|--------------------------------------|
| Date of Prospectus and Lodgement with ASIC | 18 October 2011 |
| Offer opens | 9.00am (Sydney time) 19 October 2011 |
| Offer closes | 5.00pm (Sydney time) 28 October 2011 |
| Expected allotment date | 3 November 2011 |
| Expected dispatch of shareholding statements | 8 November 2011 |
| Trading of Shares expected to commence on ASX | 11 November 2011 |

These dates are indicative only and may change. County Coal has the right to close the Offer early or extend the Closing Date to accept late Applications, either generally or in particular cases, or vary any other date and time, in each case without prior notice. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

How to apply for Shares

Applications to subscribe for Shares can only be made by completing and lodging an Application Form contained in this Prospectus. Details on how to apply for shares are set out in Section 2 "The Offer".

If you have any queries regarding this Offer please call the Company Secretary on (02) 9251 3007 or the Share Registry on (02) 9290 9600 between 9.00am and 5.00pm (Sydney time), Monday to Friday.



Dear Investors

On behalf of the Board of County Coal Limited, I have great pleasure in inviting you to take part in the Offer of Shares set out in this Prospectus.

County Coal Limited is an international coal exploration and development company, concentrating on export thermal coal projects in the USA.

County Coal has acquired two thermal coal projects in the well-known thermal coal producing area, the Powder River Basin, in Wyoming, USA.

We are initially focusing on proving up the coal resources of our coal projects, with a view to commencing production as soon as possible. County Coal has recently carried out a core drilling and definition program on its two thermal projects to upgrade the tonnage and status of its project resources.

County Coal's strategy is to seek appropriate thermal coal resources and projects with export potential, located close to infrastructure, and with good logistics.

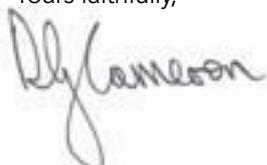
Funds raised under this Prospectus will be used for further exploration and development of the Company's properties, as well as for identification, assessment and acquisition of further suitable thermal coal resources and projects in the US.

County has a well-seasoned and highly credentialed coal exploration and development team with an extensive background in coal mining, mine development and mining acquisitions, and it is our intention to become a major producer of US thermal coal for the Asian markets.

An investment in County Coal should be regarded as highly speculative. Before investing, you should read the entire Prospectus and in particular you should carefully consider the risks referred to in Section 8 "Investment risks". Investors should consider the merits of seeking independent investment advice.

On behalf of the Board of County Coal Limited, I commend this investment to you and look forward to welcoming you as a shareholder.

Yours faithfully,



Robert G. Cameron
Chairman

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- Projects located in USA with low sovereign risk
- Low sulphur thermal coal
- 642 million tonnes total JORC Coal Resource, being
 - 74 million tonnes JORC Inferred Coal Resource,
 - 258 million tonnes JORC Indicated Coal Resource, and
 - 310 million tonnes JORC Measured Coal Resource (of which 89 million tonnes relate to a property under option)
- Proposed open-cut projects with low mining costs
- Contract mining operations planned to minimize capital expenditure
- Close to existing infrastructure and logistics
- Very experienced Board and Mining Advisory Panel
- Further coal resources under option and strategically located tenements with potential for additional adjoining resources
- Aim to build Company resource base to more than 1 billion tonnes export thermal coal in first 24 months
- Sales orientated to growing Asian export markets

Investors should note that these Investment Highlights must not be considered in isolation, and must be balanced by a consideration of the risks (see page 94 and following). An investment in the Company should be regarded as speculative.

1. Executive Summary

Company Background

County Coal is an unlisted Australian public company that was incorporated on 4 February 2011, and commenced formal operations in February 2011.

County Coal is a coal exploration and development company engaged in the acquisition and development of thermal coal resources and projects in the USA. In particular County Coal invests in thermal coal resources and projects, with export potential in proven quality coal producing regions. County Coal looks for strategically located resources, which are close to necessary infrastructure, with good logistics to maximise project end-values and profitability. County Coal is seeking to establish early production revenue streams from its current coal properties and future projects.

Projects

To date County Coal has acquired two coal projects and holds a number of options over other properties in the Powder River Basin in Wyoming, USA. The Company has recently carried out exploratory drilling and core sampling on its two projects at Shell Creek and Miller in Johnson County and Campbell County respectively. Following the listing of the Company, County Coal will carry out additional core drilling and definition work to further upgrade the tonnages and status of its current project resources, and seek to bring both projects to JORC Measured Coal Resource status and subsequently JORC Proved Coal Reserve status as soon as possible. County Coal also continues to assess and evaluate new project opportunities and intends, subject to favourable commercial and technical evaluation, to participate in new projects as appropriate.

Overview of the Offer

Investors are invited to subscribe for 37,500,000 Shares at a price of 40 cents per Share under the Offer. The Offer will raise \$15,000,000.

Shares

The Shares are to be issued as new fully paid Ordinary Shares in the capital of County Coal. The Shares will rank equally with all other existing issued Ordinary Shares. A summary of the rights attaching to the Shares is set out in Section 9 "Additional information".

| | |
|--|---------------------|
| Amount to be raised | \$15,000,000 |
| Offer Price per Share | 40 cents |
| Number of new Shares being offered under this Prospectus | 37,500,000 |
| Number of Existing Shares at the time of issue of the Prospectus | 56,175,004 |
| Total number of Shares following the issue and allotment of Shares on completion of the Offer | 93,675,004 |

Assuming all the Shares offered under this Prospectus are issued to persons other than existing Shareholders of County Coal prior to the Offer closing, after the Offer holders of Existing Shares will hold approximately 60% of County Coal's issued capital and investors obtaining Shares under this Prospectus will hold approximately 40% of the issued capital. Following the Offer, Mr Marcus Boland will control 20.28% of the Company. See page 100 for further details.

Export, production and aggregation

County Coal's focus is to define a JORC Measured Coal Resource base of a minimum of 1 billion tonnes of export thermal coal within 2 years of ASX listing. County Coal intends to do this by both proving up its current coal resource holdings and also acquiring further coal resources and projects both in the Powder River Basin and other suitable coalfields in the USA. County Coal aims to upgrade the JORC Indicated Coal Resource at Shell Creek to JORC Measured Coal Resource status as soon as possible, with an initial production goal of 5 million tonnes per annum. The Company also aims to upgrade the JORC Measured Coal Resource at Miller to JORC Proved Coal Reserve status as soon as possible, with an initial production goal of 5 million tonnes per annum.

Contract mining

In the event that a reserve of sufficient quality is identified in order to make commercial mining operations economically feasible, County Coal intends to pursue contract mining operations, thereby minimising capital expenditure and development expenses. The Company will continue to focus on drilling up its own properties, until its full potential resources are upgraded to JORC Proved Coal Reserve status, and carry out all necessary environmental studies, before applying for necessary mining permits.

Further production opportunities

County Coal will also be seeking further thermal coal production opportunities in established coal mining areas in North America that have existing transport and necessary infrastructure. County Coal will focus on established coal regions, with coal projects that have resources that have export quality thermal coal and specifications to suit potential buyers in the Asian markets.

Logistics

County Coal has already undertaken preliminary work in relation to the transport of coal to Asian export markets. If a JORC Proved Coal Reserve is defined, County Coal intends to negotiate transport arrangements with the existing rail network operators, which have railway networks close to County Coal's two projects. Some capital expenditure will be required and County Coal will seek to obtain finance, whether by way of an equity capital raising, a joint venture, project finance or a strategic relationship with an off-take partner. There are a number of coal export terminals already operating in the USA and Canada and potentially new ones planned.

Experienced team

The Board and the Mining Advisory Board have extensive experience and background in coal mining and coal exploration, production and acquisitions. Further details on the Board and the Mining Advisory Panel are contained in Section 6 "Directors, Mining Advisory Panel and Corporate Governance".

Capital raising

County Coal is now seeking to raise a further \$15 million from a sufficient number of investors to enable it to apply for admission to the ASX and for the quotation of County Coal's Shares on the ASX.

The Company intends to allocate approximately \$7 million to the acquisition of projects, approximately \$2.3 million to drilling and work programs, \$2.3 million to overheads, with approximately \$3.4 million to be used as working capital. See page 93 for the detailed allocation of the offer proceeds.

Executive Summary

Coal Resources

A summary of County Coal's coal resources and projects and the scheduled work program are contained in the following tables. Further information on the nature of County Coal's interests is contained in Section 9 "Additional information".

| Prospect | JORC Inferred Coal Resource | JORC Indicated Coal Resource | JORC Measured Coal Resource | Total JORC Coal Resource |
|---------------------------------|-----------------------------|------------------------------|-----------------------------|---------------------------|
| Shell Creek Coal Project | 74 million tonnes | 258 million tonnes | - | 332 million tonnes |
| Miller Coal Project | - | - | 310 million tonnes* | 310 million tonnes* |
| Total JORC Coal Resource | 74 million tonnes | 258 million tonnes | 310 million tonnes | 642 million tonnes |

Note: Based on Independent Geologist's Report, Aqua Terra Consultants Inc., October 2011.

* 89 million tonnes of the Miller Coal Project resources relate to one of the Miller properties currently held under option by the Company.

Investment risks

Investors should note that an investment in the Company should be considered as speculative and regard should be had to the considerable risk involved in exploration and commercialisation of the Company's projects.

These key risks include:

- the expertise of Directors and members of the Mining Advisory Panel may become unavailable to the Company
- the Company's exploration activities may be unsuccessful in identifying an economically feasible JORC Proved Coal Reserve to commercialise, or the Company's attempts to commercialise any such JORC Proved Coal Reserve may be unsuccessful
- the Company may be unable to raise sufficient capital to commercialise the projects
- the Company may not be able to negotiate access to rail and port facilities on commercially viable terms, or at all
- the price of coal for the export market may decline
- the Company may not be able to obtain the necessary environmental or regulatory approvals to commence or continue mining operations

See page 94 and following for a more detailed discussion of these and other risks.

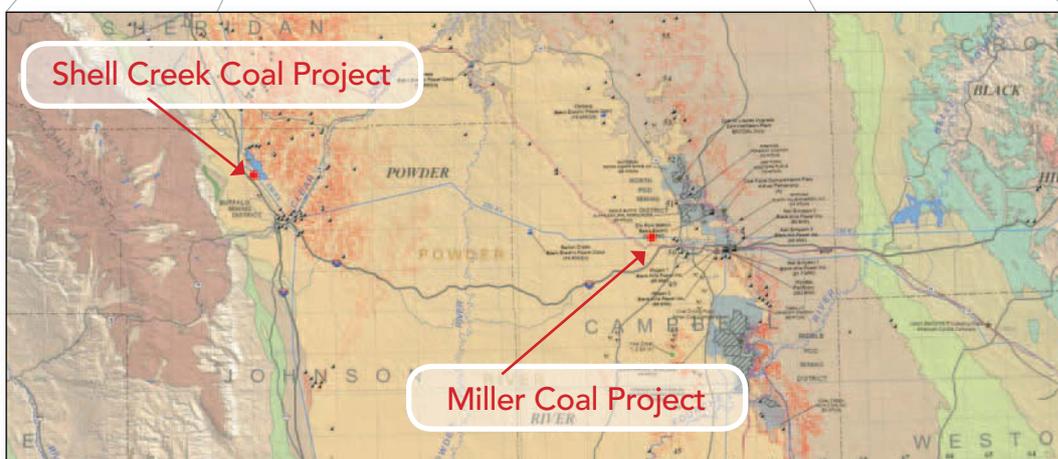
Project details

County Coal is committed to the following projects:

| Coal Project | Location - Wyoming USA | Working Interest |
|--------------|---|------------------|
| Shell Creek | Johnson County, Buffalo, Powder River Basin | 100%* |
| Miller | Campbell County, Gillette, Powder River Basin | 100%* |

*Interest is held by County Coal's 100% owned US subsidiary County Coal Company LLC.

Map of the United States of America - location of the two mines as indicated.



Source: "Coal Map of Wyoming", Series 93, Wyoming State Geological Survey 2009

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Executive Summary

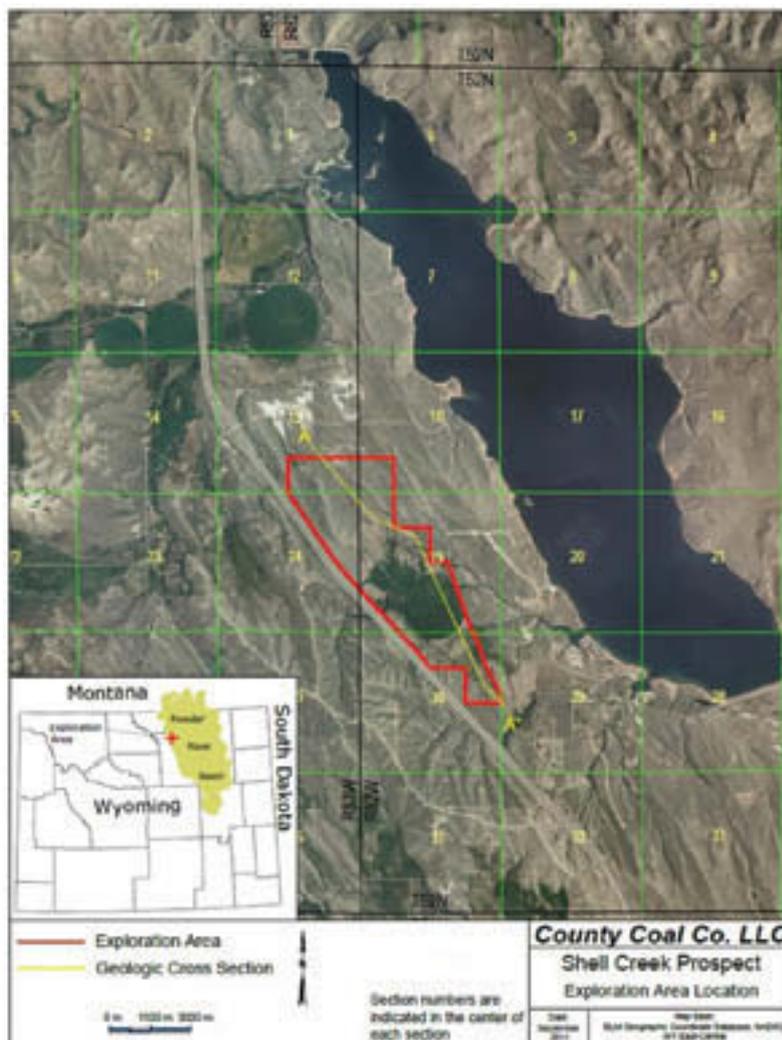
Shell Creek Prospect

Shell Creek Coal Project – Powder River Basin, Wyoming, USA

The Shell Creek Coal Project, located in Johnson County near Buffalo, in the western region of the Powder River Basin in Wyoming, is an export thermal coal development project. Recent core and definition drilling has upgraded the JORC Coal Resource at Shell Creek to a total tonnage of 332 million tonnes, with 258 million tonnes of JORC Indicated Coal Resource and 74 million tonnes of JORC Inferred Coal Resource. The Company will undertake further core and definition drilling after listing to further upgrade the deposit to achieve JORC Proved Coal Reserve status as soon as possible to enable the completion of a detailed mine plan and feasibility. The Company's objective is to develop the property and commence open-cut production with a view to exporting the low sulphur thermal coal to the Asian markets within 3-5 years.

The Lake De Smet Coal bed, which is the main seam of the Shell Creek Coal Project area, is reputed to be the second thickest coal seam in the world. County Coal believes the coal can be mined economically and efficiently based on an open-cut (cast) contract mining operation, and the area will be further evaluated by additional geophysical logging, core and definition drilling and possibly seismic survey.

Deeper resource potential may exist that may be tested at a later date.

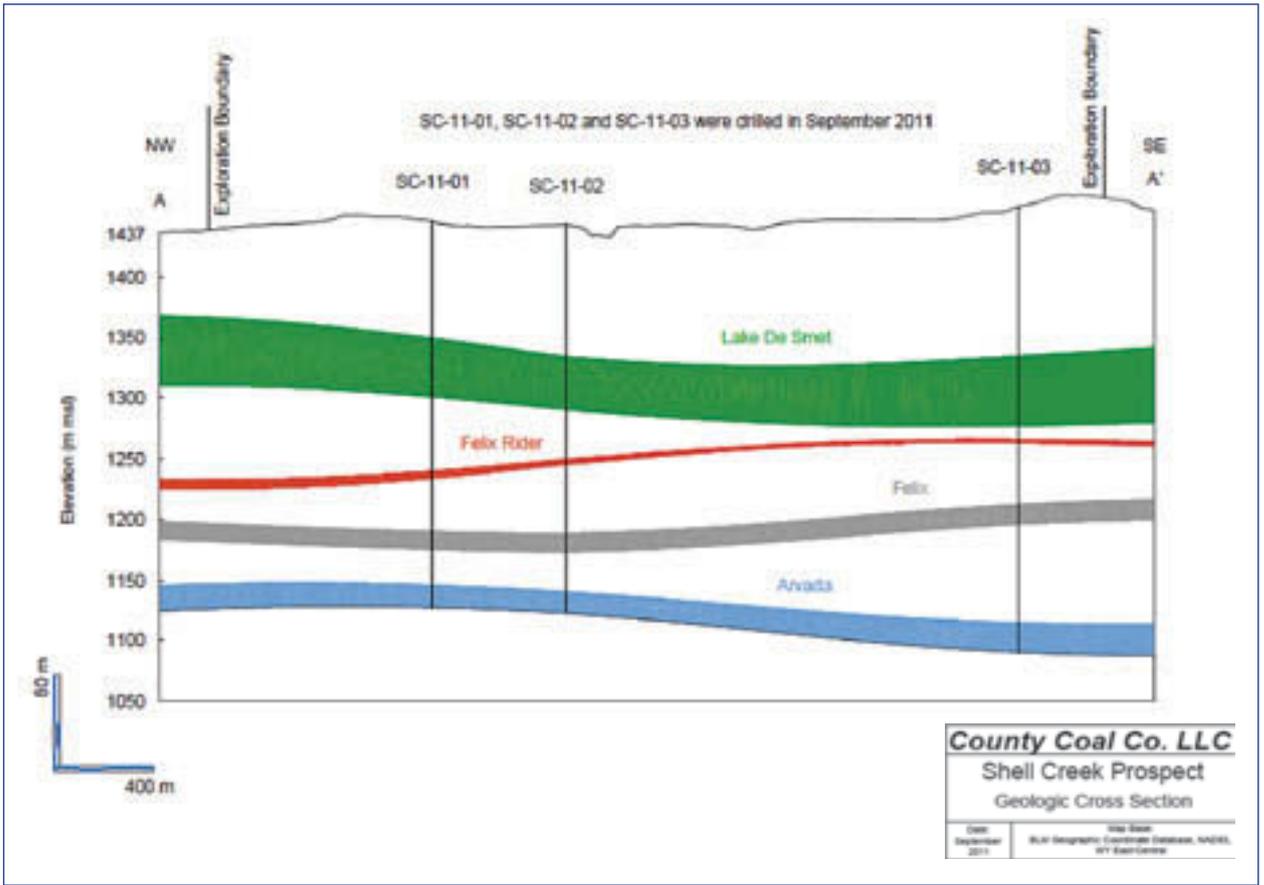


A relatively low overburden and average stripping ratio of approximately 3.5:1 also support the Company's development plans for Shell Creek.

County Coal Company LLC has acquired 100% of the coal and minerals rights covering the targeted project resource.

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Shell Creek Project Area, Wyoming, USA.

Executive Summary

Miller Lease - Exploration Area Location

Miller Coal Project – Powder River Basin, Wyoming, USA

The Miller Coal Project, located in Campbell County near Gillette, in the eastern region of the Powder River Basin in Wyoming, is an export thermal coal development project. The vendor of the Miller Coal Project is Miller & Associates LLC, a company associated with Mr David Miller (who became a director of the Company on 29 April 2011). Further details of the Miller Lease are available on Page 101. Although Mr Miller was not a related party of the Company at the time of execution of the Miller Lease. Mr Miller became a related party upon becoming a director and all future dealings of the Company with Mr Miller (and his associated entities) will be conducted in accordance with Chapter 2E of the Corporations Act and, upon admission to the Official List of the ASX, Chapter 10 of the ASX Listing Rules. Recent core and definition drilling has upgraded the resource to a total tonnage of 310 million tonnes of JORC Measured Coal Resource. The three project seams, Felix, Smith and Anderson, amount to approximately 25-30 metres total thickness, at a depth of approximately 100-300 metres below the surface. The project could support a shallow underground or deep open cut operation. Both of these scenarios are to be examined in the pre-feasibility stage. County Coal will seek to prove-up the resource to a JORC Proved Coal Reserve status and develop the property to commence production as soon as possible, with a view to exporting the low sulphur thermal coal to the Asian markets.

The Miller Coal Project areas were previously drilled for coal bed methane (“CBM”) and logged to provide a profile of the underlying seams and their thicknesses.

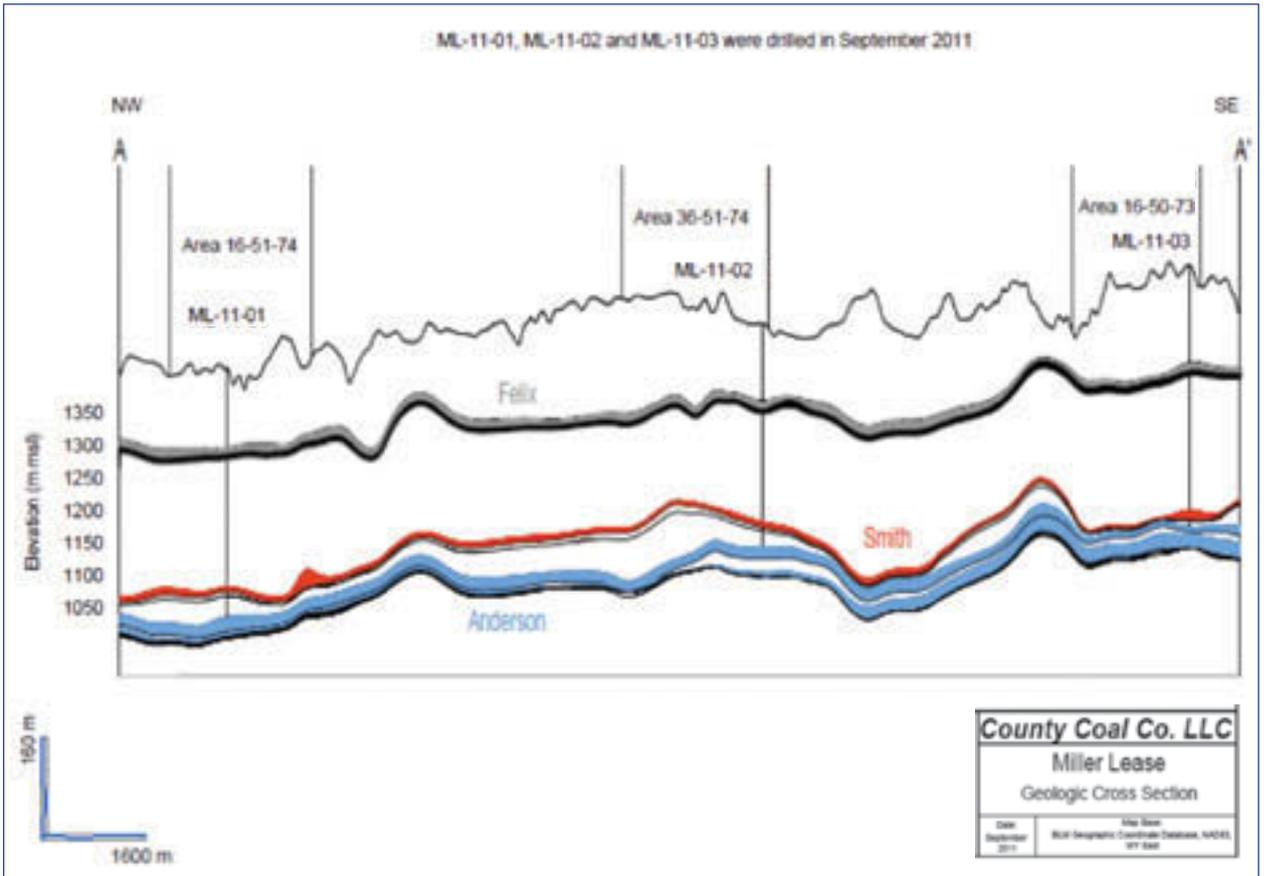


Recent core and definition drilling and geophysical logging both confirmed and upgraded the available data on the resource. County Coal Company LLC has acquired the coal rights covering the targeted project resource held in two State lease sections, and holds an option over a third State lease in the targeted project area at Miller.

Both areas have potential for expansion, with further coal resources contiguous to and immediately surrounding County Coal’s existing projects. Further information in respect of current projects is contained in the Independent Geologist’s Report contained in Section 4 “Independent Geologist’s Report” and in the summaries of the underlying contractual arrangements in Section 9 “Additional information”.

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Miller Project Area, Wyoming, USA.

Executive Summary

General Geological Information – The Company's Projects

Shell Creek

As indicated above, the Shell Creek Coal Project has gentle average dipping seams (7%) lying approximately 100-300 metres below the surface, with a low strip ratio averaging approximately 3.5:1. The Shell Creek Coal Project contains a total JORC Indicated and Inferred Coal Resource of 332 million tonnes of low sulphur thermal coal and the seams have a collective thickness of approximately 100 metres. The Shell Creek Coal Project will be an open cast (cut) contract mining operation utilising dragline and/or truck and shovel mining and benches, similar to many of the coal operations in Gillette.

Miller Seams

Felix, Smith and Anderson seams that make up the Miller Coal Project, amount to approximately 25-30 metres thickness, lying between 100-300 metres below the surface. The Miller Coal Project contains a total JORC Measured Coal Resource of 310 million tonnes of low sulphur thermal coal contained in three State lease sections totalling 1,920 acres, (including one section of 640 acres currently under option) located between the Company's two State lease areas in the Miller Coal Project. The Miller Coal Project is capable of integration into a larger export coal project, with potential to increase both resource size and output scale through acquisition of surrounding Federal coal leases. The Miller Coal Project is located approximately 2kms from major rail infrastructure and 24kms from central Gillette.

Other Prospects

In June 2011 County Coal acquired an option to purchase 90 acres of land at Shell Creek that is adjacent to the Shell Creek Coal Project area. The Company has until December 2011 to exercise the option and it is the current intention of the Company to exercise this option. County Coal believes the property contains further thermal coal resources that are contiguous and consistent with the current known seams of the Shell Creek Coal Project area, given its proximate location to the project resources and understanding of the local geology of the project area, as a result of the Company's recent drilling program. Further information in respect of this option is contained in Section 9 "Additional Information".

In September 2011 County Coal acquired an option to purchase 104.1 acres of land at Shell Creek that is adjacent to the Shell Creek Coal Project area. The Company has until March 2012 to exercise the option and it is the current intention of the Company to exercise this option. County Coal believes the property contains further thermal coal resources that are contiguous and consistent with the current known seams of the Shell Creek Coal Project area, given its proximate location and understood local geology, as a result of the Company's recent drilling program. Further information in respect of this option is contained in Section 9 "Additional Information".

Strategic indicative work program

| Project | Year | Month | Work program |
|--------------------------|------|-------|---|
| Shell Creek Coal Project | 2011 | Sept. | Core and definition drilling - Completed |
| | | Sept. | Geophysical logging, bulk sampling – Completed |
| | | Sept. | Resource status update - Completed |
| | | Nov. | Stage 2 Core and Definition Drilling Program – Resource Upgrade |
| | 2012 | May | Commence environmental field studies program |
| Miller Coal Project | 2011 | Sept. | Core and definition drilling – Completed |
| | | Sept. | Geophysical logging, bulk sampling – Completed |
| | | Sept. | Resource status update - Completed |
| | 2012 | Feb. | Stage 2 Core and Definition Drilling Program – Resource Upgrade |
| | | Sept. | Commence environmental field studies program |

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Executive Summary

Powder River Basin, Wyoming, USA

The Powder River Basin is a geological coal-bearing region in northeast Wyoming and southeast Montana, and 120 miles (190 km) east to west and 200 miles (320 km) north to south. The region supplies about 40 per cent of the coal production and 50 per cent of the thermal coal requirements of the USA.

It is the single largest source of coal mined in the USA, and contains one of the largest deposits of coal in the world. Because of the Powder River Basin, Wyoming has been the top coal-producing state in the USA since 1988.



Drill core coal sample - Shell Creek, August 2011.

In 2010, the Powder River Basin alone produced approximately 375 million tonnes of thermal coal, more than twice the production of second-place West Virginia, and more than the entire Appalachian region. The Black Thunder Coal Mine is the most productive coal mine in the USA and in 2010 this single mine produced over 104.5 million tonnes of coal. The region is also a major producer of natural gas, through coal-bed methane extraction.

Presently there are 12 operating mines in the Powder River Basin. Electric draglines and truck/shovel operations are the predominant mining method utilised in the Powder River Basin.

Because Powder River coal has such a low sulphur content, it is in demand for use by electric power companies all over the USA, particularly due to the increasingly stringent requirements of the Clean Air Act.

The Directors also believe that it has significant potential in export markets, where low sulphur coals are highly sought after.

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Source: Wyoming State Geological Survey website, 2011
<http://www.wsgs.uwyo.edu/coalweb/wyomingcoal/mines.aspx>

Potential for regional consolidation

The potential exists to acquire and consolidate smaller operations and further coal resource areas through strategic acquisitions, amalgamations and joint ventures over time.

The central Gillette area has 12 operations, with some 56,000 acres of contiguous thermal coal bearing leases.

The Powder River Basin is the second largest coalfield in the USA at 12,000 square miles and holds the largest in-situ coal resources in the contiguous USA.

Additional coal projects and resources

County Coal is currently seeking and assessing further potential thermal coal resources and project opportunities.

In particular County Coal will continue to seek suitable thermal coal project opportunities in the USA, with a view to increasing its export thermal coal reserve base for increased potential production of export thermal coal to the Asian markets.

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Executive Summary

Risks

Investors should be aware that an investment in the Company should be considered speculative, and there can be no assurance that the Company will be successful in either in its exploration activities, or commercialisation of the Company's projects. There are risks associated with any investment in the stock market, and there are also risks specific to an investment in this Company. Both types of risk are outlined in Section 8 "Investment risks" and investors should carefully consider whether an investment in the Company suits their risk profile before making an investment decision.

Options

There are currently 7.2 million existing options on issue. Details of these options are contained in Section 9 "Additional information".

Further, County Coal may in its discretion, establish a senior executive option or share scheme should it become appropriate to do so, although such a scheme would involve the issue of securities no greater than 5% of the capital of County Coal.



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2. The Offer



How to apply

This Offer is open to all Australian resident retail and institutional investors. The Offer opens at 9.00am (Sydney time) on 19 October 2011 and closes at 5.00pm (Sydney time) on 28 October 2011.

County Coal reserves the right to vary the dates of the Offer without prior notice, as set out in the "Summary of the Offer".

Applications for Shares must be made and will only be accepted on the Application Form accompanying and forming part of this Prospectus in its paper copy form. Application Forms must be completed in accordance with the instructions to Applicants. Detailed instructions on how to complete the Application Form are set out on the reverse of the Application Form.

Applications must be for a minimum of 5,000 Shares, representing a minimum investment of \$2,000. Applicants requiring additional Shares must apply for Shares in multiples of 500 Shares (equivalent to \$200) thereafter.

Applications must be accompanied by payment in Australian currency of \$0.40 for each Share applied for. Payment must be by way of cheque or bank draft drawn on and payable on an Australian bank and should be made payable to "County Coal Limited – Share Application Account" and crossed "Not Negotiable".

County Coal will not accept an Application Form electronically. Completed Application Forms and Application monies must be returned prior to the Closing Date to the Share Registry at either of the addresses below:

Mailing address:

County Coal Limited
C/- Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Hand delivery address:

County Coal Limited
C/- Boardroom Pty Limited
Level 7
207 Kent Street
SYDNEY NSW 2000

No brokerage or stamp duty is payable by applicants. However, County Coal may pay a fee in relation to any successful application to any holders of an Australian financial services licence in respect of Applications bearing the stamp of such holders.

The amount payable on application will not vary during the period of the Offer and no further amount is payable on allotment of the Shares.

Applicants with queries on how to complete the Application Form or who require additional copies of the Prospectus should telephone the Company Secretary or Share Registry or visit County Coal's website:

www.countycoal.com.

The Offer



Minimum subscriptions

The minimum subscription sought under the Offer is \$15,000,000. No Shares under the Prospectus will be allotted or issued until the minimum subscription has been received. If the minimum subscription condition is not satisfied within four months after the date of this Prospectus, County Coal will either: (a) repay the Application monies to the Applicants (without interest); (b) give Applicants a supplementary prospectus or replacement prospectus and allow them one month to withdraw their Application and be repaid their Application monies; or (c) issue the Shares and give Applicants a supplementary prospectus or replacement prospectus and allow them one month to withdraw their Application and be repaid their Application monies.

Allocation of Shares

Applications for Shares may be accepted in full, accepted for any lesser number, or rejected by County Coal. County Coal reserves absolute discretion regarding the basis of allocation of Shares to Applicants. County Coal will hold money received with an Application for Shares on trust in a separate bank account until Shares are allotted (or, where applicable, the money is returned to Applicants). If any Application is rejected in whole or in part (or Application money otherwise needs to be returned to an Applicant), the whole or the relevant part of the Application money will be repaid, without interest, as soon as practicable. The subscription account will be established and kept by County Coal on behalf of the Applicants.

No oversubscriptions will be accepted.

Stock exchange listing

Application to the ASX for admission of County Coal to the Official List and for permission for the Shares to be admitted to quotation on the ASX will be made not later than seven days after the date of this Prospectus.

If application is not made within that seven days, or if the Shares are not admitted to quotation within three months after the date of this Prospectus, then:

- in respect of any Shares which have been issued pursuant to an Application, the issue will be void and all Application monies will be refunded by County Coal (without interest) as soon as practicable; and
- in respect of Applications which have not resulted in an issue of Shares, County Coal will either: (a) repay the Application monies to the Applicants (without interest); (b) give Applicants a supplementary prospectus or replacement prospectus and allow them one month to withdraw their Application and be repaid their Application monies; or (c) issue the Shares and give Applicants a supplementary prospectus or replacement prospectus and allow them one month to withdraw their Application and be repaid their Application monies.

If the ASX admits County Coal to the Official List, that fact is not to be taken in any way as an indication of the merits of County Coal, or of the Shares now offered for subscription or sale. The ASX takes no responsibility for the contents of this Prospectus. Official quotation of Shares, if granted, will commence as soon as practicable after the issue of initial shareholding statements to successful Applicants.

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Underwriting

The Offer is not underwritten.

CHESS

County Coal will apply for the Shares to participate in CHESS and, in accordance with the ASX Listing Rules and the ASTC Settlement Rules, will maintain an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. CHESS is an automated transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become CHESS approved securities, holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. A CHESS participant, or a person sponsored by a CHESS participant, will have their Shares registered on the CHESS sub-register.

All other Shares will be registered on the issuer sponsored sub-register.

Following settlement, Shareholders will be sent an Initial Holding Statement that sets out the number of Shares that have been allocated to them. This Holding Statement will also provide details of a shareholder's Holder Identification Number ("HIN") or, where applicable, the shareholder Reference Number ("SRN") of issuer sponsored holders.

Shareholders will subsequently receive statements showing any changes to their holding of Shares. Certificates will not be issued.

Foreign offerees

This Prospectus does not constitute an offer in any place in which or any person to whom, it would not be lawful to make the Offer. It is the responsibility of any foreign Applicant to ensure compliance with all laws of any country relevant to his or her Application. A return of a completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained. The Offer is only available to persons receiving this Prospectus (electronically or otherwise) within Australia.

Enquiries

For enquiries in relation to this Prospectus, including how to complete the Application Form or how to acquire additional copies of this Prospectus please contact the Company Secretary, the Share Registry or visit County Coal's website www.countycoal.com.

This Prospectus provides information for potential investors in County Coal and should be read in its entirety. If after reading the Prospectus you have any enquiries about any aspect of an investment in County Coal please contact your stockbroker, accountant, independent financial adviser, or other professional adviser.

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The Offer

Since commencing formal operations in February 2011, County Coal Limited has focused on evaluating, securing, and acquiring its initial thermal coal resource projects in the Powder River Basin in Wyoming, USA.

Corporate objective and strategy

County Coal is an Australian based thermal coal exploration and development company, with two thermal coal projects located in the Powder River Basin in Wyoming, USA.

County Coal's principal objective is to become a successful export thermal coal producer and aggregator in America's number one coal producing region, the Powder River Basin of Wyoming.

County Coal's strategy is to leverage its industry experience and contacts, together with its sizeable and strategically located resources, to enable off take production and export sales of County Coal's low sulphur thermal coal to the Asian markets.

The Shell Creek Coal Project comprises 332 million tonnes of low sulphur thermal coal, contained within multiple seams with a collective thickness of approximately 100 metres, between 100 – 300 metres depth, and a stripping ratio of approximately 3.5:1.

County Coal intends to continue to progressively upgrade the deposit to a JORC Measured Coal Resource status and subsequently to a JORC Proved Coal Reserve status. Given the relative small area of the deposit and large thickness of the seams, the Company believes a JORC Measured Coal Resource can be achieved rapidly with the planned core drilling programs. County Coal will carry out its second core and definition drilling program on the Shell Creek property commencing in November. It is the intention of County Coal to develop an open-cut contract mining operation at Shell Creek, producing an initial 5 million tonnes of export thermal coal per annum, scaling up from there over the life of the mine.

The Miller Coal Project comprises three State lease sections totalling 1,920 acres located approximately 24 kilometres north-west of Gillette. The leases contain a combined JORC Measured Coal Resource of 310 million tonnes of thermal coal, contained within three seams with a combined thickness of 25-30 metres, at a depth of 100-300 metres below the surface. The coal is low sulphur, low ash, sub-bituminous thermal coal, suitable for export to the Asian markets.

County Coal plans to export their thermal coal to the energy markets of Asia, and will negotiate access to the local BNSF railways and North American west coast ports for shipping to Asia.

County Coal is assessing additional coal resources and project opportunities in the Powder River Basin region, with an aim of achieving a minimum JORC Proved Coal Reserve of 1 billion tonnes of export thermal coal over the next 2 years and producer status within 3-5 years.

3. Company overview



Corporate objective and strategy continued

County Coal will also continue to evaluate new opportunities in established coal producing regions of the US with sufficient export thermal coal quality, infrastructure and logistics to enable and support its plans for increased coal export production and supply opportunities. Over time, County Coal plans to invest, subject to satisfactory commercial and technical evaluation, in further thermal coal resources and projects, where appropriate, to help achieve its corporate objectives of maximising its thermal coal reserve base and export production.

County Coal's investment strategy allows for investment in an increasing number of export quality thermal coal projects over time, with a variety of operators, preferably open-cut, thereby spreading the investment risk and production asset base of the Company. This business model has the advantage of reducing capital expenditure and development costs over the long term, whilst increasing the size and value of the Company's coal resources over time, and minimising project generation and development costs.

The investments targeted by County Coal will focus on established export quality thermal coal resources and producing regions in the USA and elsewhere, with highly developed infrastructure and access to transport and logistics to facilitate coal sales to the export markets in Asia. The USA coal industry is mature, with negligible sovereign risk, and well-defined legal and commercial practices that facilitate mining and investment.

| Stage | Program | Estimated Timeline |
|-------|---|----------------------------------|
| 1 | JORC Coal Resource Status Upgrade | September 2011 - Completed |
| 2 | Commence Stage 2 Core and Definition Drilling Program | November 2011 |
| 3 | Commence Environmental Field Studies | May 2012 |
| 4 | Commence Mine Permitting and Logistics | May 2014 |
| 5 | Off-take Arrangements and Project Financing Finalised | December 2014 |
| 6 | Contract Mining Commencement | September 2015 |
| 7 | Market Strategy | Commenced and Ongoing, 2011-2015 |

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Company overview

County Coal intends to develop its two thermal coal projects in a staged process as follows:

Stage 1 - Establish a significant JORC Coal Resource

County Coal has completed the first stage of its initial priority being to undertake core and definition drilling on both properties to establish a substantial JORC Coal Resource.

Stage 2 – Stage 2 Core and Definition Drilling Program

A second stage core and definition drilling program will be conducted on both the properties to further upgrade the JORC Coal Resource tonnages and status.

Stage 3 - Environmental Field Studies

Upon establishing a JORC Measured Coal Resource, environmental field studies will commence, and be carried out to ensure compliance with all necessary environmental legislation and operating requirements relating to coal mining in Wyoming.

Stage 4 - Mine Permitting and Logistics

Once environmental field studies are completed, all permits required for mining of the project areas will be enacted to achieve requisite mining approval status, including a mine plan and a rehabilitation plan.

Stage 5 - Off-take Arrangements and Project Financing

Negotiations for off-take agreements with export customers will be finalised, together with railway and port logistics, and project finance arrangements.

County Coal has undertaken preliminary work in relation to investigating the options available to it to source the necessary capital to move from the “establishing a significant JORC Coal Resource” stage through to development and production. At this time, the options include raising capital (either debt or equity or a combination thereof) from existing Shareholders, a general public offering, a private placement and entering into a joint venture with a strategic partner. As of the date of this Prospectus, it is impossible to be certain which option County Coal will undertake, with the ultimate decision depending on the circumstances at the time when necessary capital is required.

Stage 6 - Contract Mining

It is intended that a local contract mining company will be contracted to do all the open cut mining required. This will save on capital expenditure, and leverage from the experience and efficiency of local contracting groups in Wyoming.

County Coal intentions continued

Stage 7 - Market Strategy

County Coal's marketing strategy is focused on exporting low sulphur thermal coal for use on its own or as a blending component. The shortfall in supply globally is being 'exacerbated' by the problems in the nuclear industry, and the substantial increase in energy demand in India and China, due to increasing population and an improvement in the standard of living in these countries.

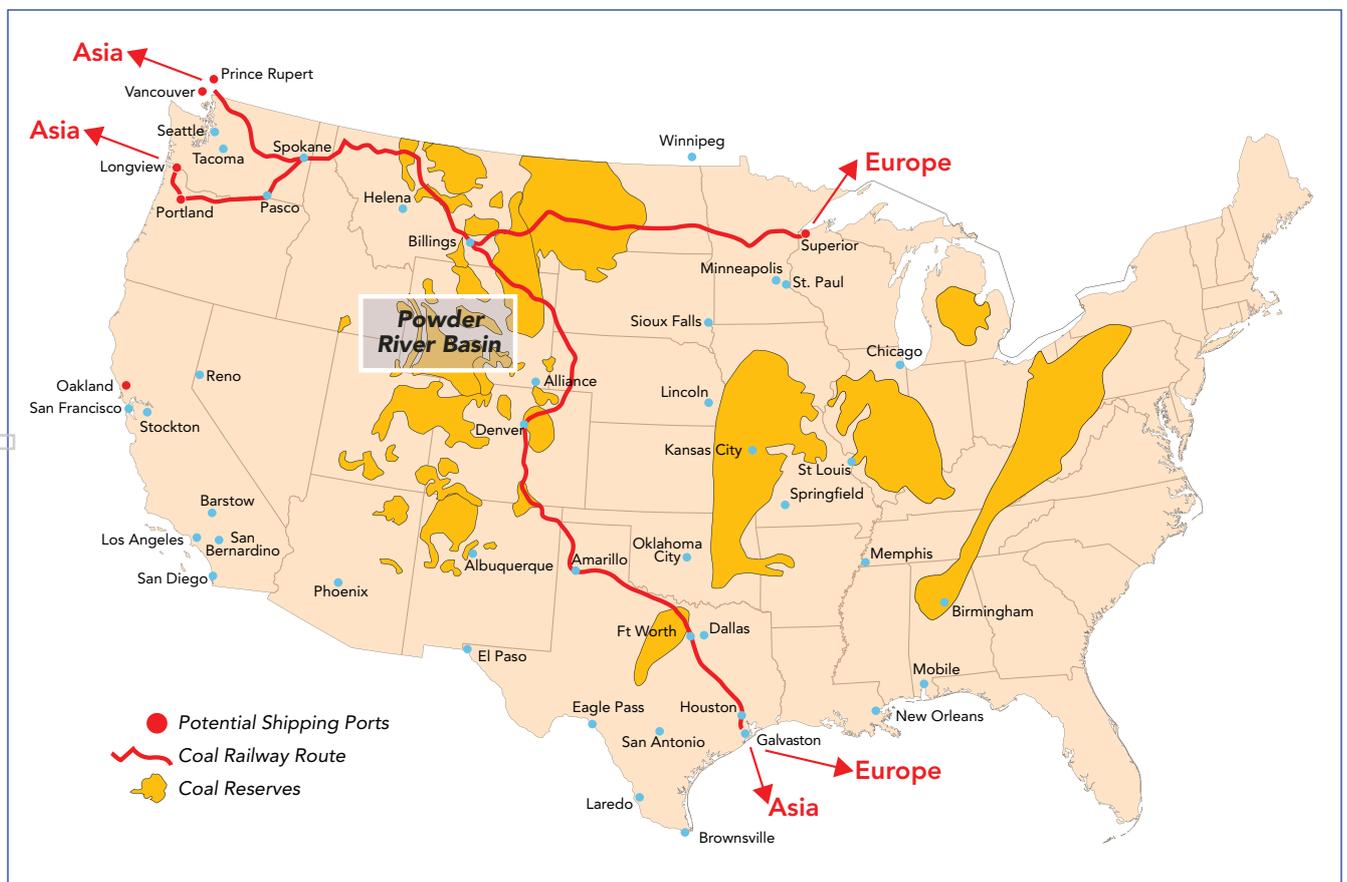
Export markets have a much higher thermal coal price than current domestic US markets but require a higher quality coal specification than US domestic requirements, which the Powder River Basin can meet. The thick seams of coal in this region mean that mining is generally economical, and the existence of extensive open-access railway infrastructure in North America eliminates major infrastructure issues found elsewhere.

Based on drilling carried out to date, it is anticipated that coal produced from the Shell Creek and Miller projects can meet export specifications, with the Miller project's coal potentially not requiring washing.

Coal is regarded as one of the cheapest sources of generating power, and is commonly used as base load power as it is not affected by climatic or other factors.

Coal logistics map – USA

The Map below represents the relevant potential coal railway, shipping ports and logistics routes for County Coal's current projects.



Source: BNSF website, 2011

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Company overview

Stage 1 - Shell Creek Drilling Program, August 2011



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Stage 1 - Miller Drilling Program, September 2011



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4. Independent Geologist's Report

Independent Geologist's Report

Shell Creek Prospect *and* Miller Lease

Powder River Basin, Wyoming

Prepared for

County Coal Company, LLC

Prepared by

**Aqua Terra Consultants, Inc.
2624 Heartland Drive
Sheridan, Wyoming**

October 2011

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Independent Geologist's Report

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|  |  |
| <p align="center"><u>Certificate of Geologist</u></p> <p align="center"><i>I, Steven J. Stresky, hereby certify that this report was prepared by myself or under my direct supervision and that it is correct to the best of my knowledge and belief</i></p> | <p align="center"><u>Certificate of Geologist</u></p> <p align="center"><i>I, Paul J. Gerlach, hereby certify that this report was reviewed by myself and that it correctly represents information described to the best of my knowledge and belief</i></p> |

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1 INTRODUCTION

This report summarizes an independent geologic evaluation of two coal explorations in the Powder River Basin of Wyoming, U.S.A. The Exploration Areas relative to the Pacific Northwest are shown in a generalized location map in Figure 1. The Exploration Areas are defined by parcels of land with coal owned or leased by the company, as well as surface ownership where access to development is allowed or will be negotiated. The Shell Creek Prospect Exploration Area is located near the western margin of the basin (Figure 2), and the Miller Lease is located near the eastern margin (Figure 8).

2 METHODOLOGY

Several sources of information were obtained to evaluate the geology of the Exploration Areas:

- Site-specific drilling data obtained by County Coal Company, LLC in 2011
- drilling data cataloged in a database maintained by the Wyoming Oil and Gas Conservation Commission
- published papers by the United States Geological Survey and the Wyoming State Geological Survey
- coal-quality data from the U.S. Department of Energy

2.1 Field Methods

Site-specific drilling was conducted in August and September 2011 at both prospects to characterize the occurrence and quality of selected coal seams within the Exploration Areas. At Shell Creek Prospect, limited drilling data were available within the Exploration Area, requiring exploration to determine the coal resource in accordance with the Joint Ore Reserves Committee (JORC) Code¹⁸, the standards for reporting mineral resources to the public in Australasia. At Miller Lease, drilling had been previously conducted for coal-bed natural gas (CBNG) development, adequate for determining coal resources in terms of occurrence and tonnage, but coal quality data are not available. The focus at Miller Lease was accordingly to obtain coal quality information by exploration drilling, again to characterize the coal resource in accordance with JORC Code.

Drilling at Shell Creek Prospect consisted of:

- Pilot-hole drilling for general identification of stratigraphy
- Geophysical logging for detailed stratigraphic and coal delineation
- A second, adjacent hole for collecting coal-quality core samples from selected coal seams identified from geophysical logging
- Laboratory analyses of core samples from selected seams for coal quality

Drilling at Miller Lease consisted of:

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- Drilling for general identification of stratigraphy
- Where possible, geophysical logging for detailed stratigraphic and coal delineation
- Laboratory analyses of samples from selected seams for coal quality

Exploration at both areas utilized mud-rotary drilling, using polymer and bentonite muds as drilling fluids with a drilling bit yielding a 15-centimeter boring. Coal samples were obtained with a 13-centimeter, split-barrel coring system yielding a core 8 centimeters in diameter and 4.6 meters long. Coring was not possible for the deeper seams at Miller Lease due highly-fractured coal resulting from nearby CBNG operations (coals are pressure-fractured to recover gas). Chip samples were instead collected from these seams. Both core and chip samples were double-bagged in air-tight sample bags for laboratory shipment. Core samples were divided into 3-meter increments starting at the top of each seam, and included any remainder at the bottom, resulting in sample intervals for the bottom of the seams less than 3 meters. The 3-meter increments collectively represent continuous sampling throughout the entire seam, and include the entire thickness penetrated.

Samples were shipped to SGS North America for proximate analysis (heating value, sulfur, ash and moisture), specific gravity and sodium. The samples were ground to a 20-mesh size and prepared and analyzed in accordance with the respective ASTM protocol for each analyte as follows:

| | |
|----------------------------|------------------|
| % Moisture | ASTM D 3302 |
| % Ash | ASTM D 3174/5142 |
| % Volatile Matter | ASTM D 5142 |
| % Fixed Carbon | ASTM D 3172 |
| Gross Calorific Value | ASTM D 5865 |
| % Sulfur | ASTM D 4239 |
| Sodium Oxide | ASTM D 4326 |
| Specific Gravity, Apparent | SGS Method |

The geophysical log suite included natural gamma, gamma-gamma (density), resistivity, and caliper, collectively used for affirmative identification of coal seams and for determining coal density where sampling was not conducted. Geophysical data were recorded at 3-centimeter intervals. Geophysical logging was not possible at two of the three borings at Miller Lease due to unstable hole conditions. Drilling logs depicting the coal seams and geophysical logs are contained in Appendix A.

At Shell Creek Prospect, samples were not obtained from all of the seams among the borings. Geophysical logging was instead conducted to affirmatively identify the coals and determine density for resource estimates. To verify the log densities for accuracy, densities obtained from the geophysical logs were compared to laboratory densities, which reveal a one-to-one correlation between laboratory and geophysical-log densities. Densities from the geophysical logs were then used for

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resource estimates. The basis for correlating laboratory and geophysical densities is presented in Appendix B.

2.2 Resource Estimate Methods

Resource estimates were completed with the Carlson Geology software package run under the AutoCAD drafting / geographic information system. Surfaces for the coal tops and bottoms were contoured using the method appropriate for the data density. At Shell Creek Prospect, kriging yields a surface best representing a natural stratum system for the relatively sparse data, similar to spline-fitting a surface through known data points. A 5-meter grid was used to generate the surfaces. The resulting surfaces exhibit a realistic depiction of the coal seams (shown in cross section in Figure 7) compared to a simple linear interpolation. At Miller Lease, where relatively many data fill the Exploration Area, the inverse-distance method was used on a 25-meter grid to generate the surfaces. The gridded surfaces were then used to generate isopachs (coal thicknesses), which are contoured at 1-meter intervals for Shell Creek Prospect, and at 2-meter intervals for Miller Lease.

The isopachs form the basis for estimating coal volumes, based on the gridded surface data for the top and bottom of each coal seam. The software generates the coal volume for each coal seam, which is converted to tonnage based on site-specific densities determined from laboratory analyses, or, where laboratory data are unavailable, from geophysical logging.

As discussed below, the resource estimate for the upper seam at Shell Creek Prospect was adjusted based on a cutoff value for ash content. The adjustment uses a data weight for each sample interval, based on interval thickness, and is applied proportionally to the resource estimate for the seam. Laboratory data for this seam were correspondingly excluded from the tabulation of results, but are included graphically for ash content in the drilling logs in Appendix A.

3 SHELL CREEK PROSPECT

The Shell Creek Prospect comprises 665 acres of land in northern Johnson County, Wyoming, adjacent to and west of Lake De Smet in Sections 18, 19 and 30, Township 52 North, Range 82 West, and Sections 13 and 24, Township 52 North, Range 83 West (Figure 2). The Exploration Area is adjacent to and east of Interstate 90.

3.1 Geology

3.1.1 Regional Geology

The Exploration Area is located at the western margin of the Powder River Basin, a broad structural and physiographic feature bounded by the Big Horn Mountains to the west, the Black Hills of eastern Wyoming and western South Dakota to the east,

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and uplifts in southeast Montana and south-central Wyoming to the north and south. The basin has an asymmetrical, "check-mark" shape, exhibiting steep dips of rocks flanking the nearby Big Horn Mountains that flatten abruptly to the east a few kilometers from the mountains. The basin formation has affected geologic structure as well as depositional environments that have varied considerably throughout the formation of the basin. Structural relief of the basin, from the highest point in the Big Horn Mountains to the deepest point in the basin south of the Exploration Area, exceeds 9,000 meters.

Coal seams of interest in the vicinity of the Shell Creek Prospect are part of the Eocene-age Wasatch Formation, which dominates the landscape in the Powder River Basin. This formation thickens from east to west, owing its deposition mostly from Eocene highlands in eastern Wyoming, but with local influxes from the rising Big Horn Mountains. The thickest Wasatch deposits occur within and south of the Exploration Area¹, corresponding to the area of greatest basin subsidence during Wasatch deposition.

The Exploration Area is located in the Powder River Coal Field of the Northern Great Plains Province². Up to nine coal seams persistent and thick enough to be mineable are present in the Wasatch Formation, the thickest of which, the Lake De Smet Coal Bed, occurs in the Upper Wasatch Coal Zone³ in the vicinity of the Exploration Area. Several coal seams coalesce westward toward the basin margin to form the Lake De Smet Coal Bed, likely in response to basin subsidence and structural development of the Big Horn Mountains during the Eocene Epoch. The bed and shallower coal seams are burned in many areas, creating not only the obvious red buttes and outcrops of scoria (rock burned by underlying coal), but also Lake De Smet itself, a feature created by collapse of inter-coal deposits where the coal has burned. This bed is presumably the thickest coal seam in the United States (ranging from 30 to 80 meters thick), and extends for at least 24 kilometers along the basin margin, ranging in width from less than one kilometer to more than three kilometers. Because of its location along the basin margin, formation of the Lake De Smet Coal Bed occurred in a highly dynamic depositional environment, influenced by basin-margin subsidence, nearby tectonism of the Big Horn Mountain Uplift, and deposition of local deposits from the mountains, all of which occurred in sporadic fashion during the Eocene Epoch.

A basin-wide study⁷ using data from older investigations and more-recent, coal-bed natural gas development identifies six other seams in addition to the three that comprise the Lake De Smet Coal Bed. The Felix Coal Zone is comprised of the Felix Rider, Upper Felix and Felix seams, and the Lower Wasatch Coal Zone is comprised of the Arvada Seam and an unnamed coal near the base of the Wasatch stratigraphic sequence. Based on the basin-wide study, all of these seams exhibit continuity in the western portion of the Powder River Basin, with local variations in

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extent along the margin near the Big Horn Mountains. A generalized stratigraphic column for the region is included with Appendix A.

3.1.2 Local Geology

The local coal province is referred to as the Buffalo Coal Field. Early investigations in the 1950s⁴ focused on what is now referred to as the Lake De Smet Coal Bed, and propose two seams coalescing to form the Healy Seam, reference to which has persisted until the late 2000s. Subsequent investigations in the 1970s and 1980s⁵ identify five coal seams that form the Lake De Smet Coal Bed (from youngest to oldest the Walters, Healy, Cameron, Murray and Ucross seams). Although recent studies by the United States Geological Survey⁶ still identify the Healy bed, the Wyoming State Geological Survey³ identifies three seams (Buffalo Cameron, Murray and Ucross), and either includes the Healy Seam as the top portion of the Buffalo Cameron Seam or correlates it with the Ulm Seam, which occurs in the upper portion of the coal sequences within, north and east of the Exploration Area. The Walters Seam is excluded as a thin, upper seam possibly correlatable to other, higher seams in the area. This report adopts the nomenclature of the Wyoming State Geological Survey, and identifies the Buffalo Cameron, Murray and Ucross seams as the most shallow seams of interest, collectively referred to as the Lake De Smet Coal Bed where the seams are coalesced.

The local occurrence as separate seams and where the Lake De Smet Coal Bed occurs as a single unit of coalesced seams has not been historically conclusive. The three borings drilled in the Exploration Area in 2011 each encountered a fully coalesced seam, with separation of the three seams as thin (less than a meter) partings evident in the geophysical logs (Appendix A). For purposes of this resource evaluation, the Lake De Smet Coal Bed is treated as a single seam.

Three other Wasatch coals occur in the area, and are present in the Exploration Area. The Felix Rider, Felix and Arvada seams occur respectively below the Lake De Smet Coal Bed. There is currently no evidence to support the occurrence of the unnamed coal below the Arvada Seam, although the Wyoming Geological Survey⁷ extrapolates the unnamed coal through the area as a thin seam near the margin of its occurrence. A geologic cross section through the Exploration Area and the borings drilled in 2011 is shown in Figure 7, and depicts the four coal seams of interest.

Carbonaceous shales and siltstones most commonly separate the coals, with less frequent occurrences of sands. Coarse-grained deposits shed from the Big Horn Mountains during sporadic intervals of uplift may locally interfinger with the coals and shales. Shales above the Lake De Smet Coal Bed grade downward into the coal, increasing in carbonaceous content and frequency of coal stringers, and reveal a gradational contact between the overburden and coal. A more abrupt contact with the interburden occurs at the bottom of the Lake De Smet. Based both on coring

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and geophysical logging, abrupt contacts are evident at the tops and bottoms of the other three seams except for the bottom of the Arvada, which exhibits a gradational contact.

The basin-wide study⁷ using data from older investigations and more-recent, coal-bed natural gas development, interpolates coal thicknesses (isopachs) through the area. Based on this study, the Lake De Smet Seam is about 40 meters thick in the Exploration Area, and thickens to the northwest. This isopach agrees well with an existing water well located about 600 meters east of the Exploration Area, in Section 19, where 43 meters of what is assumed to be the Lake De Smet Seam were penetrated.

The isopachs from the basin-wide study predict a coal thickness of the Lake De Smet Seam that may be underestimated in the Exploration Area. Based on the drilling results of this evaluation and the water well in Section 19, coal thicknesses exceed those cited in the basin-wide study, which is based on extrapolating data into the Exploration Area where coal geometries are highly variable because of the proximity to the basin margin, and its correspondingly dynamic depositional environments.

3.2 Coal Resources

3.2.1 Coal Resources

Resources calculations for the Shell Creek Prospect are based on the three borings drilled within the Exploration Area, yielding *indicated* coal resources (as specified in the JORC Code, a resource based on a confident interpretation of the geologic framework and an assumption of coal continuity based on widely-spaced explorations). Coal isopachs are shown in Figures 3 through 6 for each of the seams, modeled with a spatial trend analysis across the Exploration Area. Indicated resources in Table 1 include tonnage estimated from site-specific densities obtained from laboratory analyses and geophysical logging. Included in Table 1 are depth ranges to the top of each coal seam. For appropriate resource estimates and considerations of coal washing within the Lake De Smet and Arvada seams, the resource estimates are only for coal exhibiting an ash content of less than 40 percent. Based on laboratory analyses for samples from the Lake De Smet, Felix Rider and Felix seams, coal with an ash content of greater than 40 percent occurs only in the Lake De Smet Seam (laboratory data are not available for the Arvada Seam), but is inferred to occur in the Arvada Seam based on geophysical similarity between the Lake De Smet and Arvada seams.

3.2.2 Coal Quality

Coal quality based on samples obtained from the 2011 drill holes is summarized in Table 2. Averages for laboratory analyses are cited based on core samples collected from each boring.

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| Table 1 Shell Creek Prospect | | |
|---|-----------------------------|------------------------|
| Indicated Resources | | |
| Seam | million tonnes ^a | Depth to Top Range (m) |
| Lake De Smet | 177 ^b | 91 – 149 |
| Felix Rider | 22 ^c | 177 – 246 |
| Felix | 59 ^c | 231 – 298 |
| Inferred Resources ^d | | |
| Arvada | 74 ^{e f} | 291 – 369 |
| | | |
| Total | 332 | |
| ^a Cited to the nearest million tonnes. ^b Based on densities from coring in all three borings. Coal with ash content greater than 40 percent is excluded in the resource estimate for the Lake De Smet Seam. ^c Based on densities from coring in two of the three borings. ^d Resources for the Arvada Seam are inferred because the seam is identified only with drilling observations and geophysical logging. Coring and laboratory analyses were not conducted for the Arvada Seam. ^e Based on geophysical densities in all three borings. ^f The resource estimate for the Arvada Seam is based on geophysical similarity between the Lake De Smet and Arvada seams. The same proportion of coal excluded for the Lake De Smet Seam (based on ash content greater than 40 percent) is used to estimate the resource for the Arvada Seam. | | |

3.3 Consideration for Coal Washing

Coal washing may be considered to remove ash-forming minerals and other impurities from the mined coal. It is recommended that a coal-washing study (float/sink analysis) be conducted for Shell Creek Prospect to evaluate the viability of this process. A laboratory study using additional core samples would be appropriate to accomplish this study, which should be achievable with a follow-up second stage drilling program.

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Table 2
Shell Creek Prospect
Coal Quality

Independent Geologist's Report

Lake De Smet
Proximate Analysis

| | As Received | | Dry | | MAF | |
|---------------------------------------|---------------|---------|---------------|---------|---------------|---------|
| | Range | Average | Range | Average | Range | Average |
| Heating Value (kcal/kg) | 2,547 - 4,383 | 3,356 | 3,233 - 6,037 | 4,411 | 6,241 - 7,019 | 6,656 |
| Sulfur (%) | 0.2 - 1.8 | 0.8 | 0.2 - 2.3 | 1.0 | | |
| Ash (%) | 8.8 - 39.7 | 26.1 | 12.2 - 49.3 | 33.9 | | |
| Moisture (%) | 19.6 - 27.9 | 23.6 | | | | |
| Volatile Matter (%) | 23.7 - 30.6 | 26.7 | 29.5 - 41.1 | 35.0 | | |
| Fixed Carbon (%) | 16.6 - 34.0 | 23.6 | 21.0 - 46.8 | 31.0 | | |
| Sodium and Density (Specific Gravity) | | | | | | |
| Sodium (%) | | | 0.6 - 2.5 | 1.2 | | |
| Density (g/cm ³) | 1.35 - 1.63 | 1.49 | | | | |

Felix Rider
Proximate Analysis

| | As Received | | Dry | | MAF | |
|---------------------------------------|---------------|---------|---------------|---------|---------------|---------|
| | Range | Average | Range | Average | Range | Average |
| Heating Value (kcal/kg) | 3,293 - 3,953 | 3,508 | 4,261 - 5,368 | 4,657 | 6,784 - 6,930 | 6,836 |
| Sulfur (%) | 1.2 - 1.6 | 1.5 | 1.6 - 2.0 | 1.9 | | |
| Ash (%) | 16.6 - 28.7 | 24.1 | 22.5 - 37.2 | 31.9 | | |
| Moisture (%) | 22.7 - 26.4 | 24.6 | | | | |
| Volatile Matter (%) | 26.0 - 28.1 | 26.8 | 34.4 - 38.2 | 35.5 | | |
| Fixed Carbon (%) | 21.7 - 28.9 | 24.5 | 28.1 - 39.3 | 32.5 | | |
| Sodium and Density (Specific Gravity) | | | | | | |
| Sodium (%) | | | 0.8 - 1.5 | 1.1 | | |
| Density (g/cm ³) | 1.39 - 1.50 | 1.46 | | | | |

Felix
Proximate Analysis

| | As Received | | Dry | | MAF | |
|---------------------------------------|---------------|---------|---------------|---------|---------------|---------|
| | Range | Average | Range | Average | Range | Average |
| Heating Value (kcal/kg) | 3,405 - 4,608 | 4,121 | 4,388 - 6,303 | 5,504 | 6,730 - 7,102 | 6,974 |
| Sulfur (%) | 0.5 - 1.3 | 0.9 | 0.7 - 1.8 | 1.3 | | |
| Ash (%) | 7.3 - 27.0 | 16.1 | 10.1 - 34.8 | 21.2 | | |
| Moisture (%) | 22.4 - 26.9 | 24.9 | | | | |
| Volatile Matter (%) | 26.8 - 31.2 | 29.3 | 34.6 - 42.3 | 39.1 | | |
| Fixed Carbon (%) | 23.8 - 34.8 | 29.7 | 30.6 - 47.6 | 39.7 | | |
| Sodium and Density (Specific Gravity) | | | | | | |
| Sodium (%) | | | 0.9 - 2.9 | 1.6 | | |
| Density (g/cm ³) | 1.32 - 1.50 | 1.39 | | | | |

- 1 Averages are interval-weighted among all core samples for each seam.
- 2 Heating values are cited to the nearest kcal/kg. Other proximate analyses and sodium are cited to 0.1 units.
Density is cited to 0.01 g/cm³.
- 3 MAF is moisture and ash free.
- 4 Samples exhibiting >40% ash are excluded from this summary. Coal with >40% ash occurs only in the Lake De Smet Seam.
- 5 Density for the Arvada Seam ranges from 1.30 to 2.11, and averages 1.58 based on geophysical logs.

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4 MILLER LEASE

The Miller Lease comprises three sections of land, nominally 640 acres apiece, in west-central Campbell County, Wyoming, each separated by about five kilometers. The lease is comprised of Sections 16 and 36, Township 51 North, Range 74 West, and Section 16, Township 50 North, Range 73 West (Figure 8). The Exploration Area is designated from northwest to southeast by the three sections that comprise the Exploration Area, by township and range as Area 16-51-74, Area 36-51-74, and Area 16-50-73. The Exploration Area is roughly 24 kilometers west-northwest of Gillette, Wyoming.

4.1 Geology

4.1.1 Regional Geology

The Miller Lease is located toward the eastern margin of the Powder River Basin, where several regional coal beds outcrop, supplying numerous surface coal mines that span north-to-south more than 160 kilometers along the coal outcrop. This part of the basin, being on the east side of the "check mark" that forms the asymmetry of the basin, exhibits shallow dips of rocks sloping gently toward the axis of the basin roughly 160 kilometers to the west. Sedimentary inputs are from the Black Hills highlands to the east, dominated by low-energy depositional environments that produced organic-rich deposits later formed into numerous coal beds. Regional structure is defined mostly by gentle dip into the basin, although regional, basement lineaments trending roughly southwest to northeast form a broad basement arch southeast of the Exploration Area.

Coal seams of interest in the vicinity of the Miller Lease span the Eocene-age Wasatch and Paleocene Fort Union formations. The Wasatch Formation dominates the landscape in the area, but outcrops to the east, revealing Fort Union rocks to the east that are generally indistinguishable from the overlying Wasatch deposits. Both formations thicken from east to west toward the western side of the basin, where the thickest deposits occur near the basin axis¹.

The Miller Lease is located in the Powder River Coal Field of the Northern Great Plains Province². At least six coal seams persistent and thick enough to be mineable are present, with additional seams deep in the basin that are generally unexplored. Coal seam splits are common, with considerable variation in interburden thickness. These splits are the result of depositional changes where a low-energy, lacustrine environment conducive to organic-dominated deposition transitions to an environment with more clastic inputs from meandering streams and shifting deltas. These changes may be due to regional structural influences, or may result from depositional processes, although the processes are debatable³. A generalized stratigraphic column for the region is included with Appendix A.

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4.1.2 Local Geology

The local coal province is referred to as the Powder River Coal Field (coincident with the regional designation of the same name), and the coal zones comprising the coals of interest are referred to, from top to bottom, as the Felix (Wasatch), Wyodak Rider (Fort Union) and Upper Wyodak (Fort Union) coal zones³. Numerous investigations throughout the twentieth century have coined and utilized various nomenclatures to designate individual coal seams, conflicts among which still persist to date. This report adopts the nomenclature of the Wyoming State Geological Survey³, and identifies the coals of interest, from top to bottom, as the Felix Seam of the Felix Coal Zone, the Smith Seam of the Wyodak Rider Coal Zone, and the Anderson Seam of the Upper Wyodak Coal Zone.

Each of the seams locally splits into two seams, creating the Upper Felix and Felix seams, the Smith and Lower Smith seams, and the Anderson and Lower Anderson seams. Carbonaceous shales and siltstones most commonly separate the coal splits, as well as the main coal seams. Lenticular, discontinuous sands infrequently occur between the main seams, but increase upward in the Wasatch, as higher-energy depositional environments became more frequent and spatially persistent through time.

Local structure is due mostly to shallow dips to the west, on the order of a few degrees¹⁷. A northwest-southeast-trending fault is mapped in Area 16-51-74, exhibiting down-thrown motion on the southwest side of the fault. The occurrence of this fault, however, is not evident from drilling data. Anticlinal and monoclonal structure occurs locally, and is evident in the vicinity of the Exploration Area. A geologic cross section through the Exploration Area and the borings drilled in 2011 is shown in Figure 12, and depicts the three coal seams of interest.

4.2 Coal Resources

4.2.1 Coal Resources

Resource calculations for the Miller Lease evaluation are based on site-specific borings that adequately cover the Exploration Area to yield *measured* resources (as specified in the JORC Code, a resource based on exploration data spaced close enough to confirm geologic continuity). The borings include the exploration conducted by County Coal Company, LLC in 2011 as well as prior CBNG drilling. Included in Table 3 are depth ranges to each coal seam.

Coal isopachs generated from the drilling data are shown in Figures 9, 10 and 11 respectively for the Felix, Smith and Anderson seams. Because splits of the individual seams do not occur everywhere within the Exploration Area, and because the interburden between the coal splits is relatively thin, the isopachs represent the total coal thicknesses of the three individual seams. Resources are summarized in Table 3 based on the drilling data, and include tonnage based on site-specific coal

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densities obtained from laboratory analyses from the drilling program conducted in September 2011.

4.2.2 Coal Quality

Coal quality based on samples obtained from the 2011 drill holes is summarized in Table 4. Both ranges and averages are included that are based on laboratory analyses of core samples.

| Table 3 Miller Lease Measured Resources | | | | |
|--|----------------|------------|----------|------------------------|
| Seam | Area | | | Depth to Top Range (m) |
| | 16-51-74 | 36-51-74 * | 16-50-73 | |
| | million tonnes | | | |
| Felix | 31 | 24 | 30 | 26 – 126 |
| Smith | 21 | 18 | 10 | 161 – 293 |
| Anderson | 58 | 47 | 71 | 183 – 316 |
| Total per Area | 110 | 89 | 111 | |
| Total | 310 | | | |
| 1 Resources are calculated from drilling data specific to each area, and are cited to the nearest million tonnes. 2 Resources are based on site-specific coal densities obtained during drilling in September 2011. 3 Where seams split, the resources includes the combined thicknesses, but excludes the interburden. * The coal lease for Area 36-51-74 is currently held by the company under option. | | | | |

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**Table 4
Miller Lease
Coal Quality**

Felix
Proximate Analysis

| | As Received | | Dry | | MAF | |
|---------------------------------------|---------------|---------|---------------|---------|---------------|---------|
| | Range | Average | Range | Average | Range | Average |
| Heating Value (kcal/kg) | 2,844 - 4,448 | 4,223 | 3,802 - 6,468 | 6,048 | 6,741 - 7,358 | 7,225 |
| Sulfur (%) | 0.7 - 1.5 | 1.0 | 1.0 - 2.2 | 1.4 | | |
| Ash (%) | 7.4 - 32.6 | 11.6 | 10.9 - 43.6 | 16.4 | | |
| Moisture (%) | 25.2 - 32.1 | 30.0 | | | | |
| Volatile Matter (%) | 24.5 - 30.8 | 29.2 | 32.8 - 44.4 | 41.7 | | |
| Fixed Carbon (%) | 17.7 - 30.9 | 29.2 | 23.7 - 45.4 | 41.8 | | |
| Sodium and Density (Specific Gravity) | | | | | | |
| Sodium (%) | | | 0.5 - 1.7 | 1.3 | | |
| Density (g/cm ³) | 1.29 - 1.51 | 1.33 | | | | |

Smith
Proximate Analysis

| | As Received | | Dry | | MAF | |
|---------------------------------------|---------------|---------|---------------|---------|---------------|---------|
| | Range | Average | Range | Average | Range | Average |
| Heating Value (kcal/kg) | 2,674 - 4,775 | 3,546 | 6,037 - 6,773 | 6,396 | 6,898 - 7,189 | 7,055 |
| Sulfur (%) | 0.2 - 0.4 | 0.2 | 0.3 - 0.6 | 0.4 | | |
| Ash (%) | 3.3 - 7.1 | 5.0 | 5.8 - 12.5 | 9.4 | | |
| Moisture (%) | 28.0 - 56.7 | 44.9 | | | | |
| Volatile Matter (%) | 18.2 - 30.6 | 22.5 | 39.1 - 42.5 | 40.9 | | |
| Fixed Carbon (%) | 20.3 - 36.3 | 27.6 | 46.5 - 54.4 | 49.7 | | |
| Sodium and Density (Specific Gravity) | | | | | | |
| Sodium (%) | | | 1.9 - 3.3 | 2.6 | | |
| Density (g/cm ³) | 1.18 - 1.30 | 1.24 | | | | |

Anderson
Proximate Analysis

| | As Received | | Dry | | MAF | |
|---------------------------------------|---------------|---------|---------------|---------|---------------|---------|
| | Range | Average | Range | Average | Range | Average |
| Heating Value (kcal/kg) | 2,621 - 4,546 | 3,712 | 5,038 - 6,663 | 6,359 | 6,998 - 7,329 | 7,208 |
| Sulfur (%) | 0.2 - 2.6 | 0.6 | 0.3 - 3.7 | 0.9 | | |
| Ash (%) | 3.7 - 20.3 | 7.2 | 8.1 - 28.7 | 11.8 | | |
| Moisture (%) | 29.0 - 58.4 | 41.4 | | | | |
| Volatile Matter (%) | 19.0 - 28.1 | 24.2 | 36.6 - 45.6 | 41.8 | | |
| Fixed Carbon (%) | 18.5 - 33.9 | 27.1 | 34.7 - 49.7 | 46.4 | | |
| Sodium and Density (Specific Gravity) | | | | | | |
| Sodium (%) | | | 0.8 - 3.0 | 2.2 | | |
| Density (g/cm ³) | 1.18 - 1.41 | 1.26 | | | | |

- 1 Averages are interval-weighted among all samples for each seam.
- 2 MAF is moisture and ash free.
- 3 Heating values are cited to the nearest kcal/kg. Other proximate analyses and sodium are cited to 0.1 units. Density is cited to 0.01 g/cm³.
- 4 Proximate, as-received analyses are biased low for the Smith and Anderson seams because of chip samples (increased moisture content). Refer to dry analyses to compare proximate analyses among seams.
- 5 Densities for the Smith and Anderson seams are biased low because of chip samples. Core samples and geophysical-log data were used to determine densities for resource estimates.

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5 COMPETENCE AND RESPONSIBILITY

5.1 Compliance

This report has been prepared by Steven J. Stresky, P.G., and reviewed by Paul J. Gerlach, P.G., for and on behalf of County Coal Company, LLC. Mr. Stresky and Mr. Gerlach are both principles and full-time employees of Aqua Terra Consultants, Inc. (ATC). ATC was founded in 1991 and specializes in coal mine planning.

Mr. Stresky has over 25 years of experience in the geosciences, ranging from oil and gas exploration and water resources development to geologic evaluation and mine planning, and is a Competent Person for coal as defined by the 2004 edition of the JORC (Joint Ore Reserves Committee) Code. He has a B.S. in Geology and Geophysics from the University of Wyoming, and an M.S. in Hydrology from the University of New Hampshire. He is a Licensed Professional Geologist in Wyoming and Washington and a member of the American Institute of Professional Geologists, an organization promulgated by the Australian Stock Exchange as a Recognized Overseas Professional Organization. Mr. Stresky has sufficient experience which is relevant to the coal resource under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the JORC Code.

Mr. Gerlach has more than 35 years of experience in coal mine planning and permitting, including engineering management, hydrologic design, economic evaluation, and water resources development. He has a B.A. in Geology from the Miami University of Ohio, and an M.S. in Geology from the South Dakota School of Mines and Technology. He is a Licensed Professional Geologist in Wyoming.

5.2 Independence

Mr. Stresky, Mr. Gerlach and ATC have no direct or indirect financial interest in County Coal Company, LLC, the properties and geologic prospects of this report or the outcome of the Prospectus, apart from standard contractual arrangements for the preparation of the report and other independent consulting work. In preparing this report, ATC has been paid a fee for consulting time based on standard hourly rates. The present arrangement for services rendered to County Coal Company, LLC does not in any way compromise the independence of ATC with respect to this report.

Drafts of this Independent Geologist's Report have been provided to County Coal Company, LLC but only for the purposes of verifying factual information and reasonable assumptions contained herein.

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Independent Geologist's Report

5.3 Limitations

The Views expressed in this Independent Geologist's Report are solely those of ATC, Mr. Stresky and Mr. Gerlach, unless specifically identified within the report as those of other parties.

5.4 Consents

ATC hereby consents to the inclusion of this Independent Geologist's Report in the Prospectus, to be issued by County Coal Limited on or about October 7, 2011, in both electronic and hard-copy format, in the form and context in which it appears. As of the date of the Independent Geologist's Report indicated with the Professional Geologist Certification above, ATC has not withdrawn its consent.

ATC was only commissioned to prepare the Independent Geologist's Report and has only authorized issue of this Independent Geologist's Report to County Coal Company, LLC, wholly owned by County Coal Limited. It has not been involved in any other part of the Prospectus in which the Independent Geologist's Report is included.

For and behalf of Aqua Terra Consultants, Inc.,

October 3, 2011



Steven J. Stresky, P.G.



Paul J. Gerlach, P.G.

6 REFERENCES

- ¹ Obernyer, S.L., 1979. *Basin-Margin Depositional Environments of the Fort Union and Wasatch Formations in the Buffalo-Lake De Smet Area, Johnson County, Wyoming*, United States Geological Survey Open-File Report 79-712.
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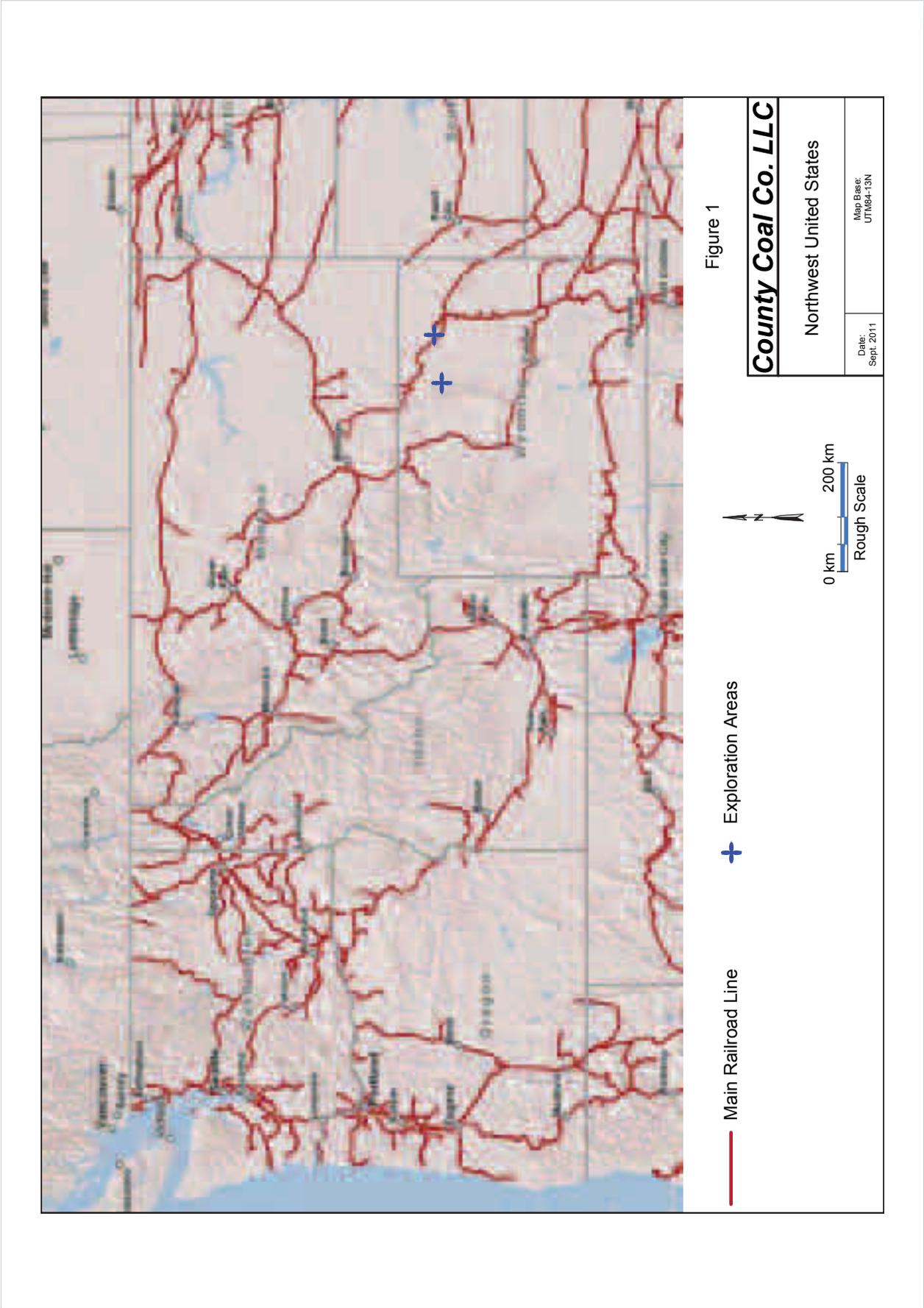
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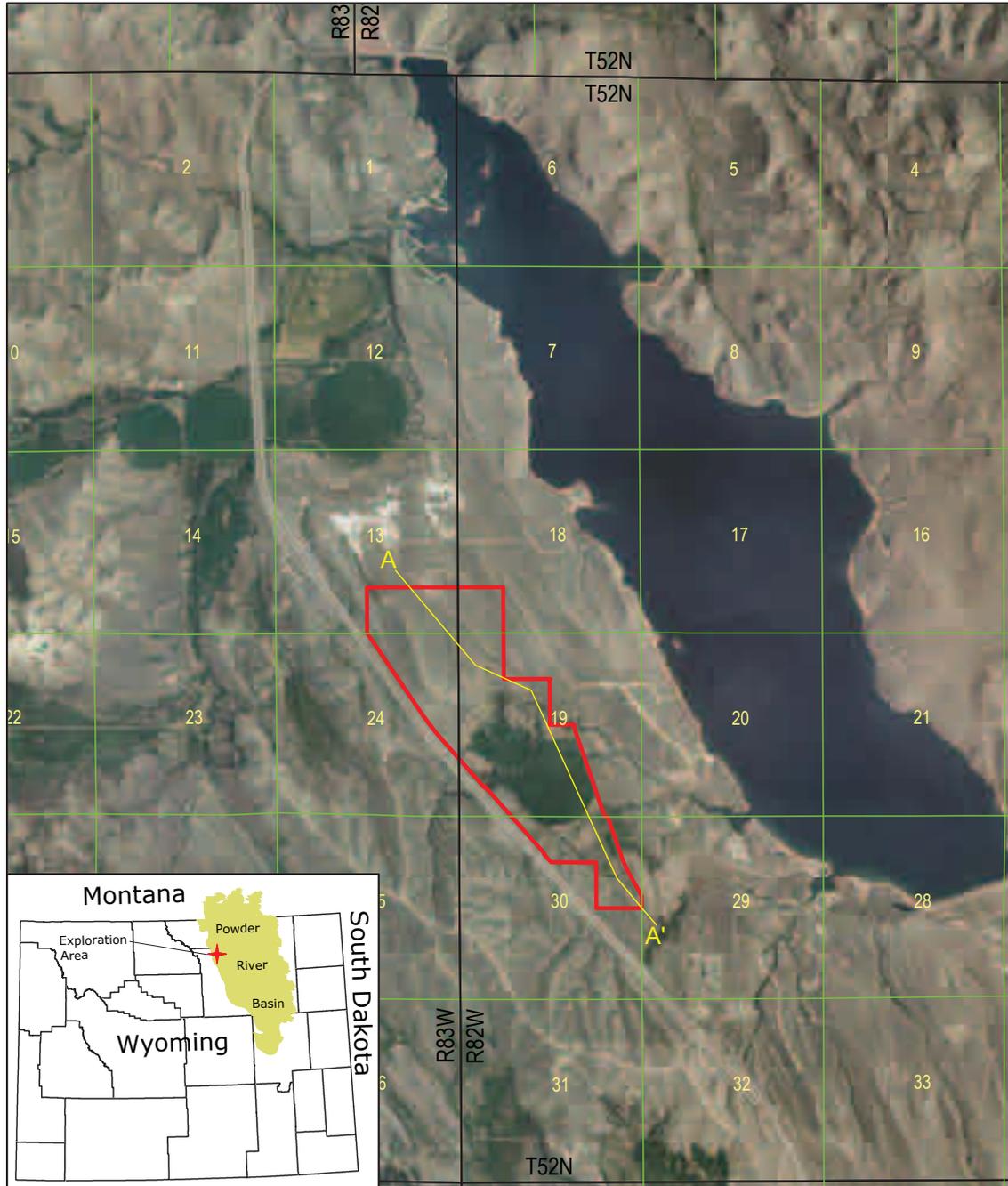
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— Exploration Area
 — Geologic Cross Section

0 m 1500 m 3000 m



Figure 2

Section numbers are indicated in the center of each section

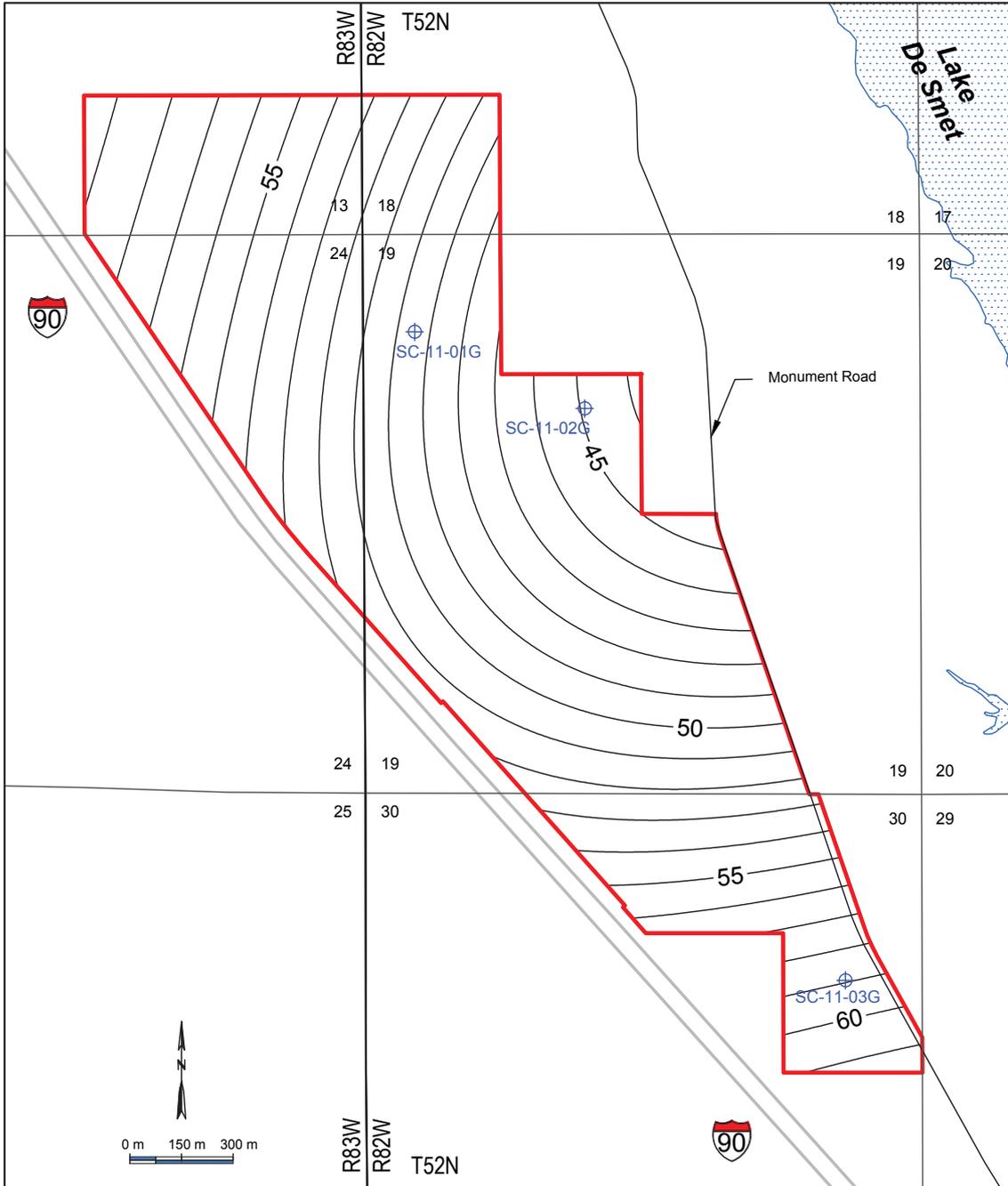
County Coal Co. LLC

Shell Creek Prospect
 Exploration Area Location

Date:
 September
 2011

Map Base:
 BLM Geographic Coordinate Database, NAD83,
 WY East-Central

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| | | | |
|--|---|---|--|
| <p>— Exploration Area</p> <p>— Coal Isopach (meters)</p> | <p>⊕ 2011 Drill Hole</p> <p>Section numbers are indicated in the corner of each section</p> | <p>Figure 3 County Coal Co. LLC</p> | |
| | | <p>Shell Creek Prospect</p> <p>Lake De Smet Coal Isopach</p> | |
| <p>Date: September 2011</p> | | <p>Map Base: BLM Geographic Coordinate Database, NAD83, WY East-Central</p> | |

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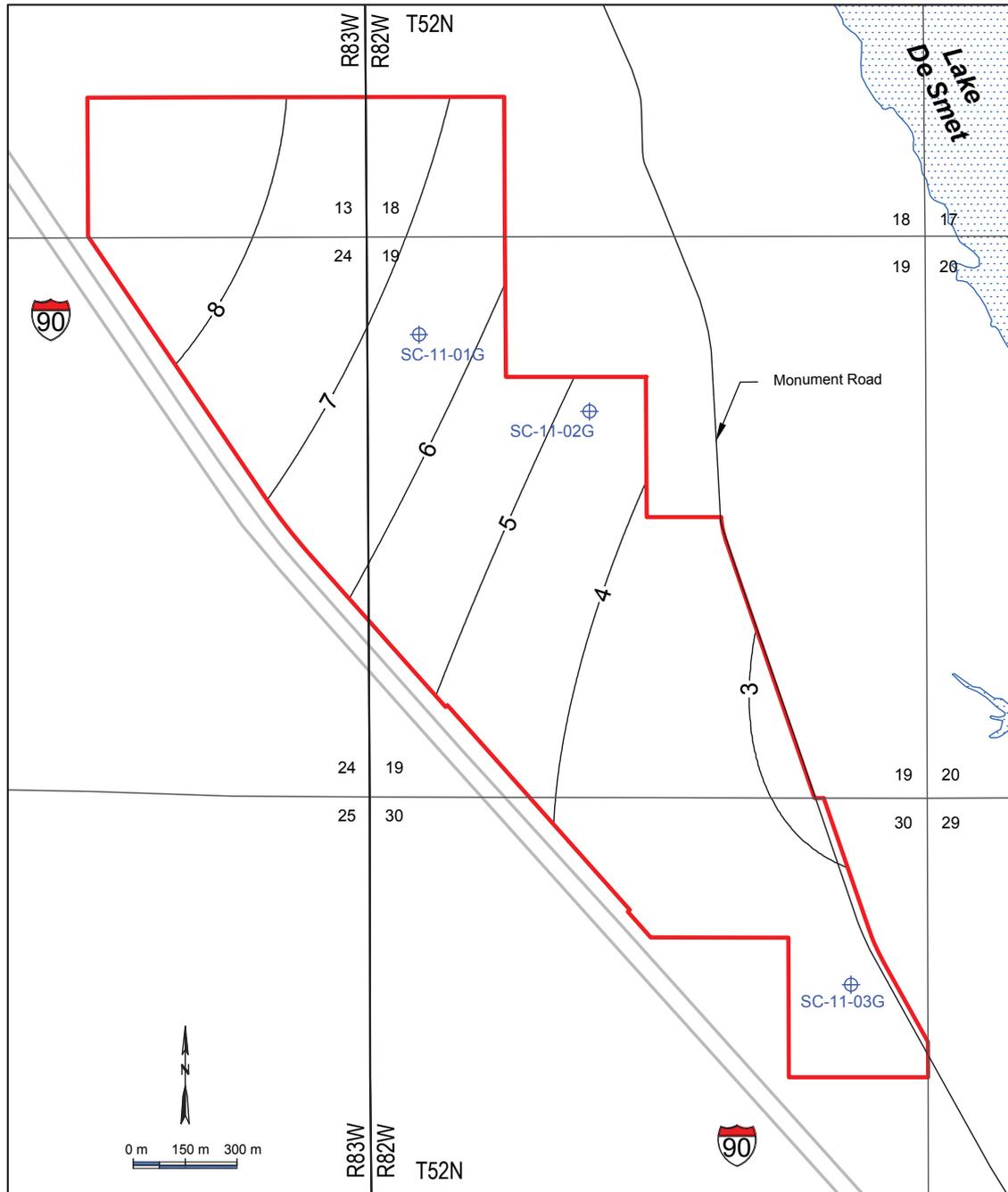
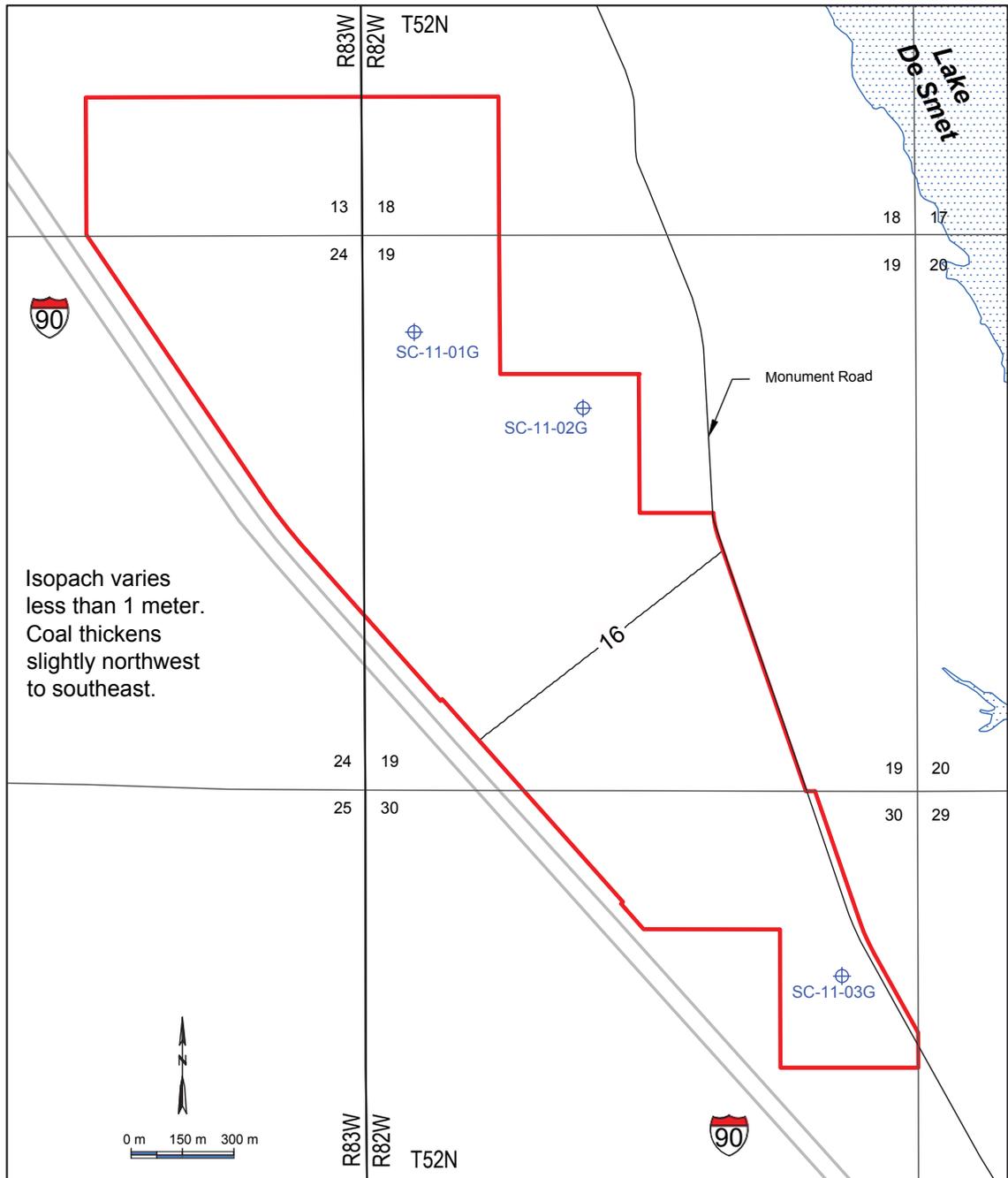


Figure 4 **County Coal Co. LLC**
Shell Creek Prospect
Felix Rider Coal Isopach

— Exploration Area
— Coal Isopach (meters)
⊕ 2011 Drill Hole
 Section numbers are indicated in the corner of each section

| | |
|----------------------|--|
| Date: September 2011 | Map Base: BLM Geographic Coordinate Database, NAD83, WY East-Central |
|----------------------|--|

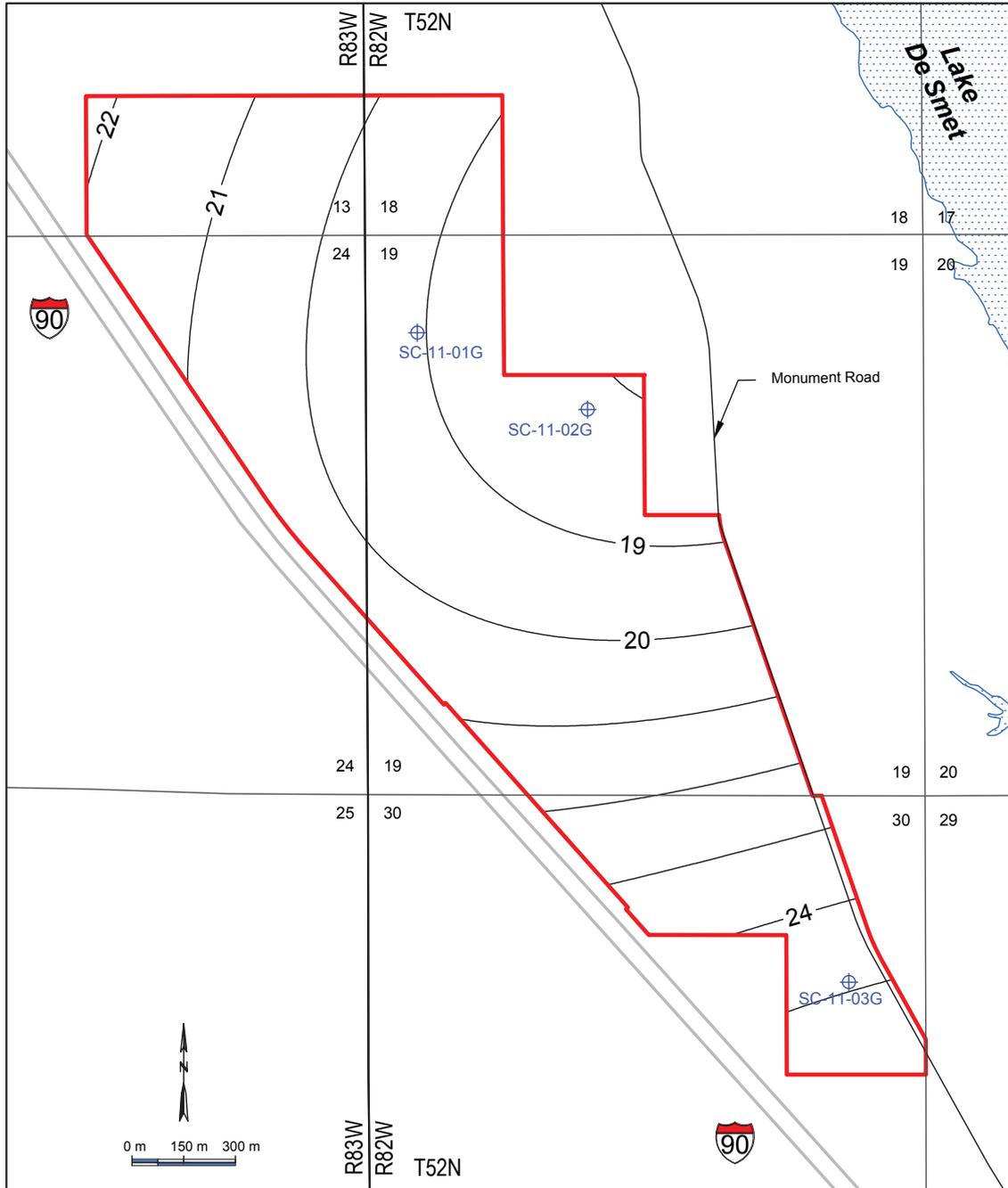
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| | | | |
|--|---|--|---|
| <p>— Exploration Area</p> <p>— Coal Isopach (meters)</p> | <p>⊕ 2011 Drill Hole</p> <p>Section numbers are indicated in the corner of each section</p> | <p>Figure 5</p> <p>County Coal Co. LLC</p> <p>Shell Creek Prospect</p> <p>Felix Coal Isopach</p> | |
| | | <p>Date: September 2011</p> | <p>Map Base: BLM Geographic Coordinate Database, NAD83, WY East-Central</p> |

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— Exploration Area
— Coal Isopach (meters)
⊕ 2011 Drill Hole
 Section numbers are indicated in the corner of each section

Figure 6

| | |
|----------------------------|--|
| County Coal Co. LLC | |
| Shell Creek Prospect | |
| Arvada Coal Isopach | |
| Date: September 2011 | Map Base: BLM Geographic Coordinate Database, NAD83, WY East-Central |

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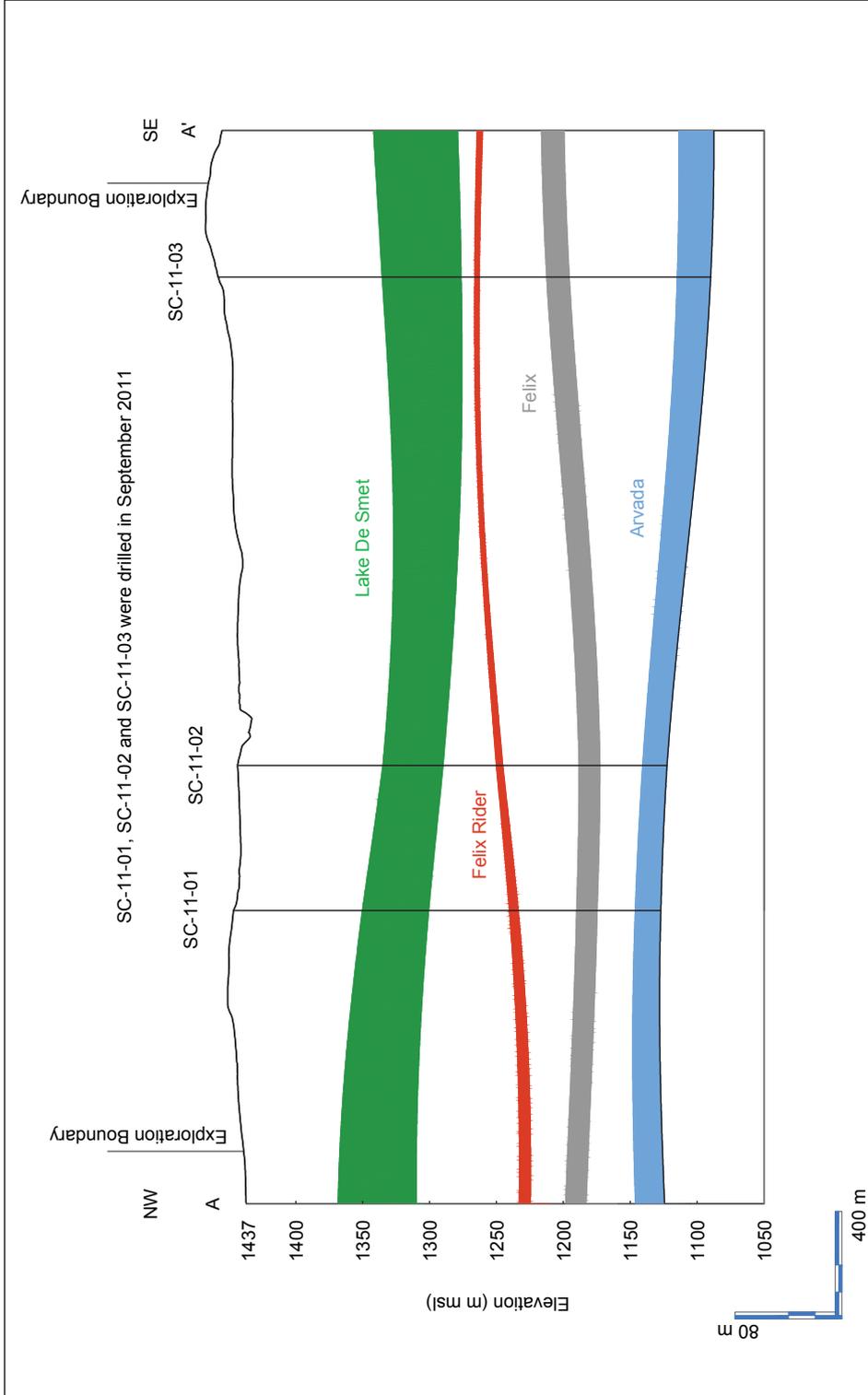


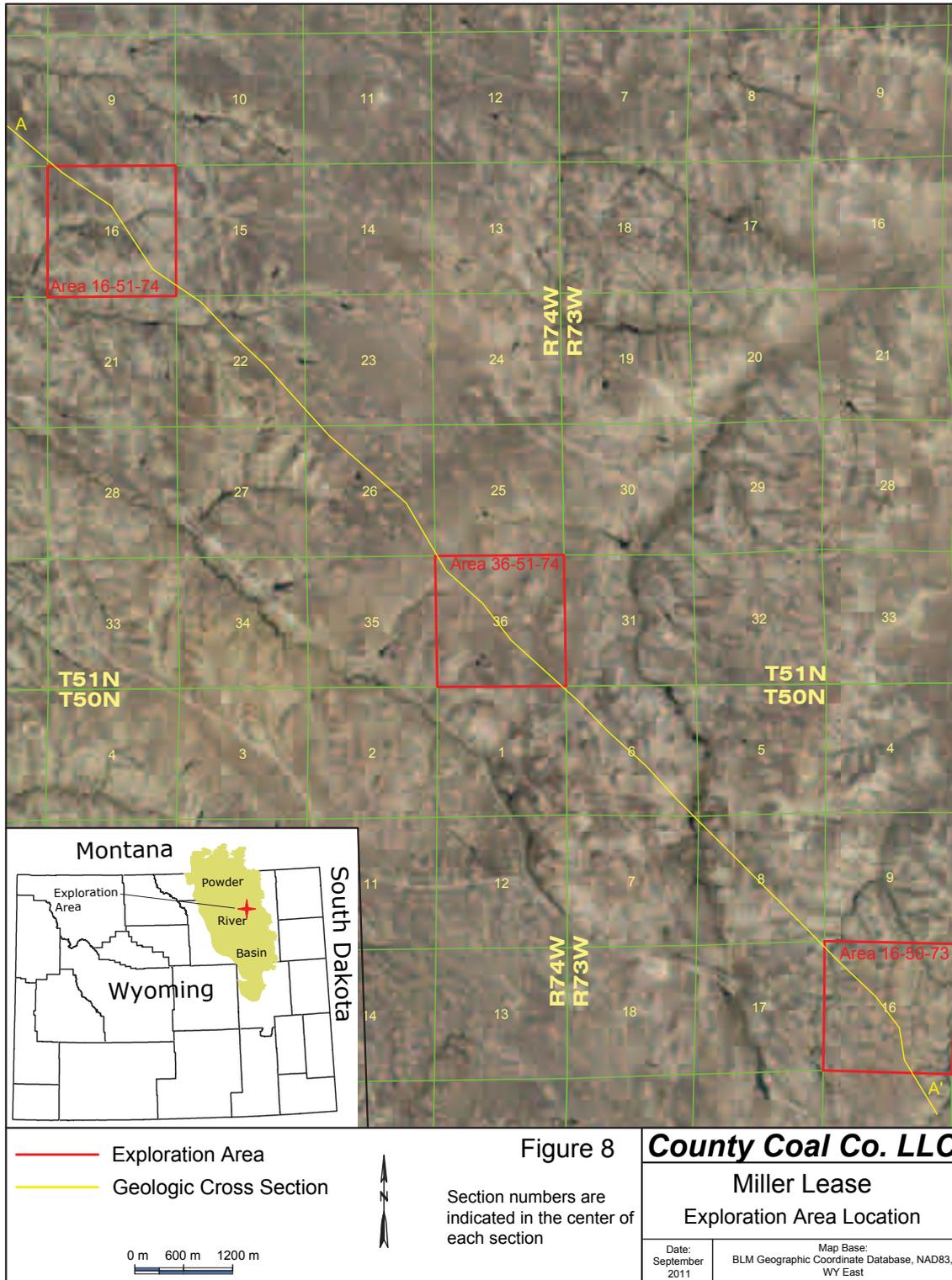
Figure 7 **County Coal Co. LLC**
 Shell Creek Prospect
 Geologic Cross Section

Date: September 2011
 Map Base: BLM Geographic Coordinate Database, NAD83, WY East-Central

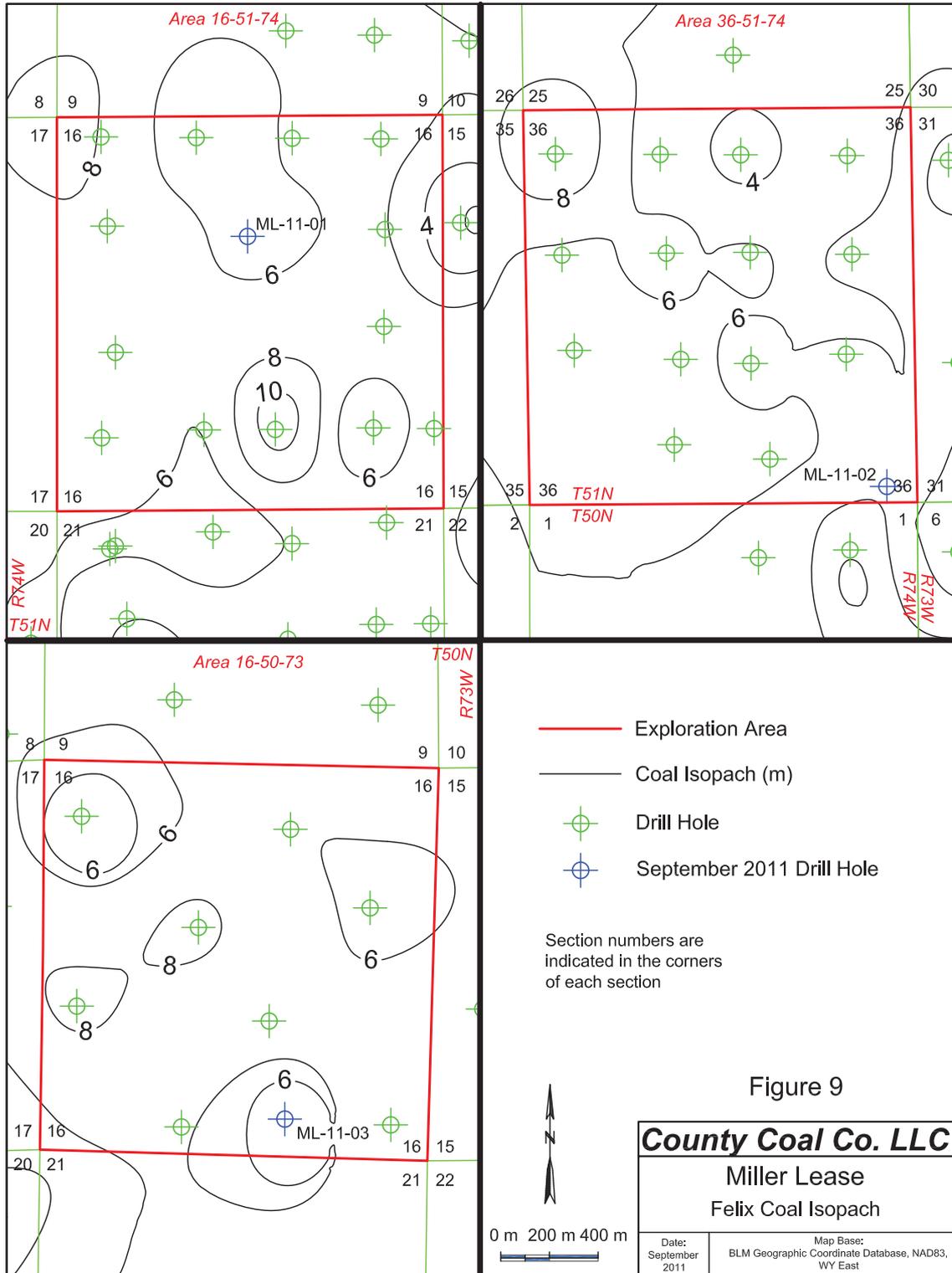
Cross Section location is shown on Figure 2.

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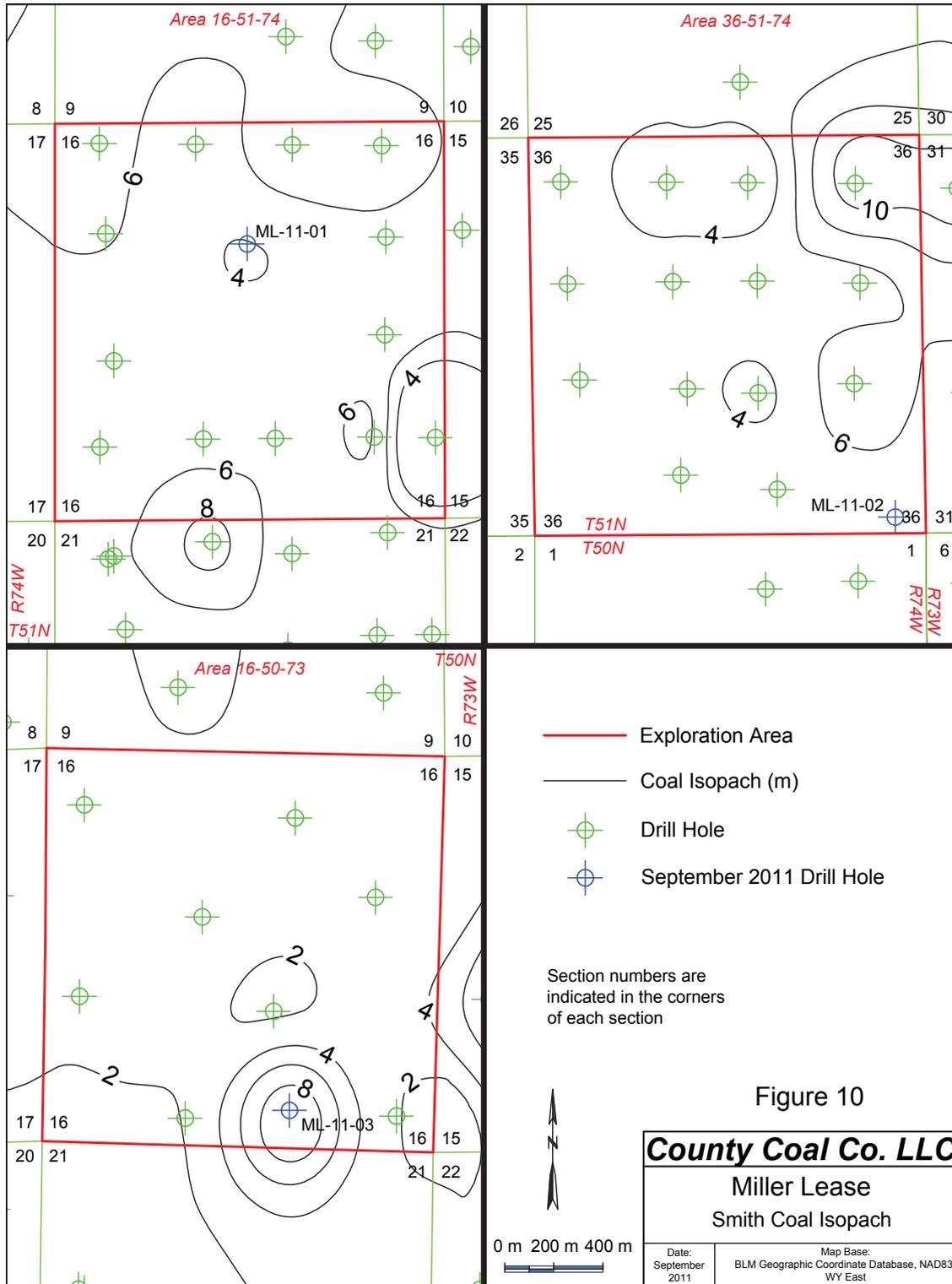


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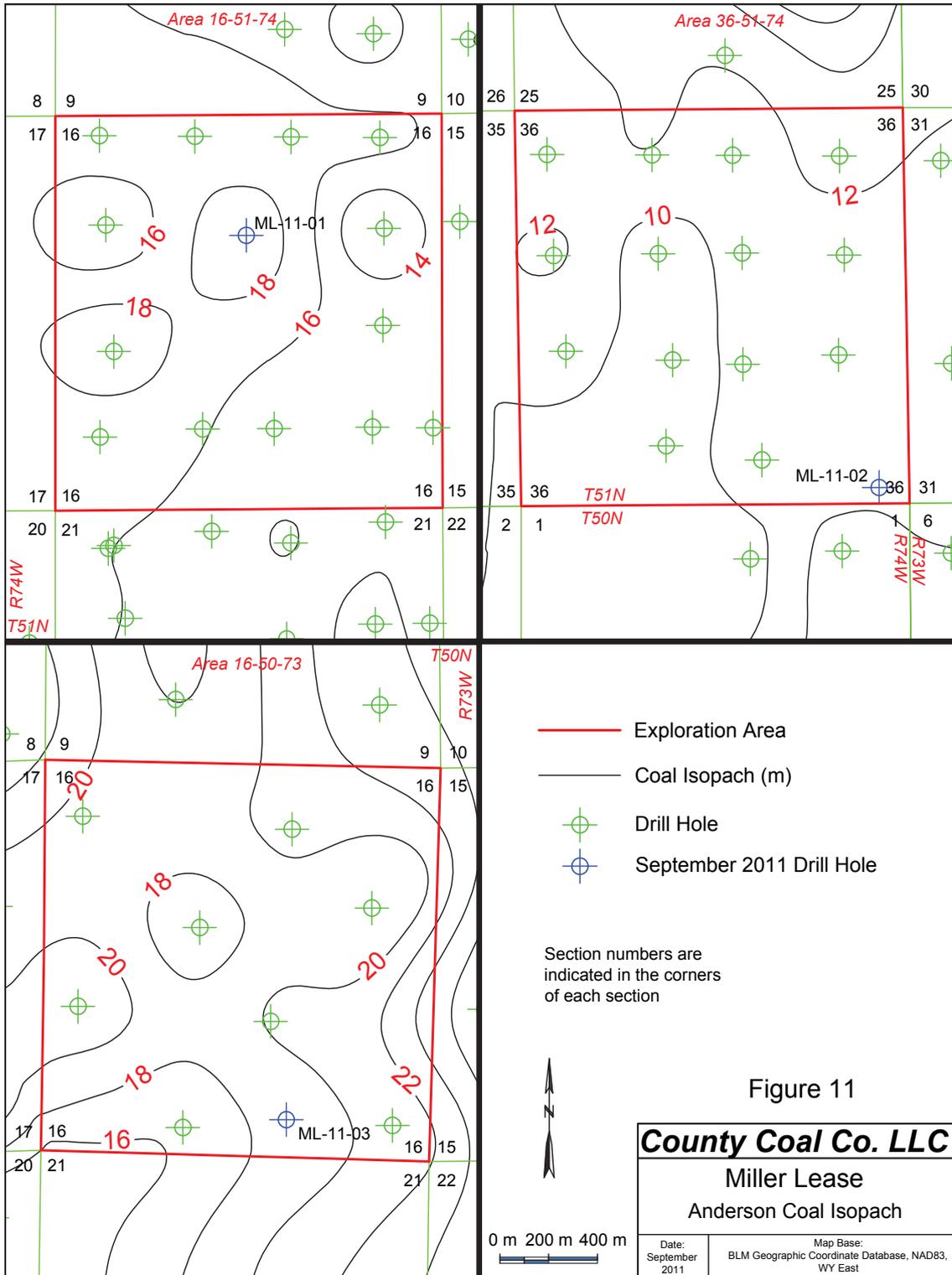


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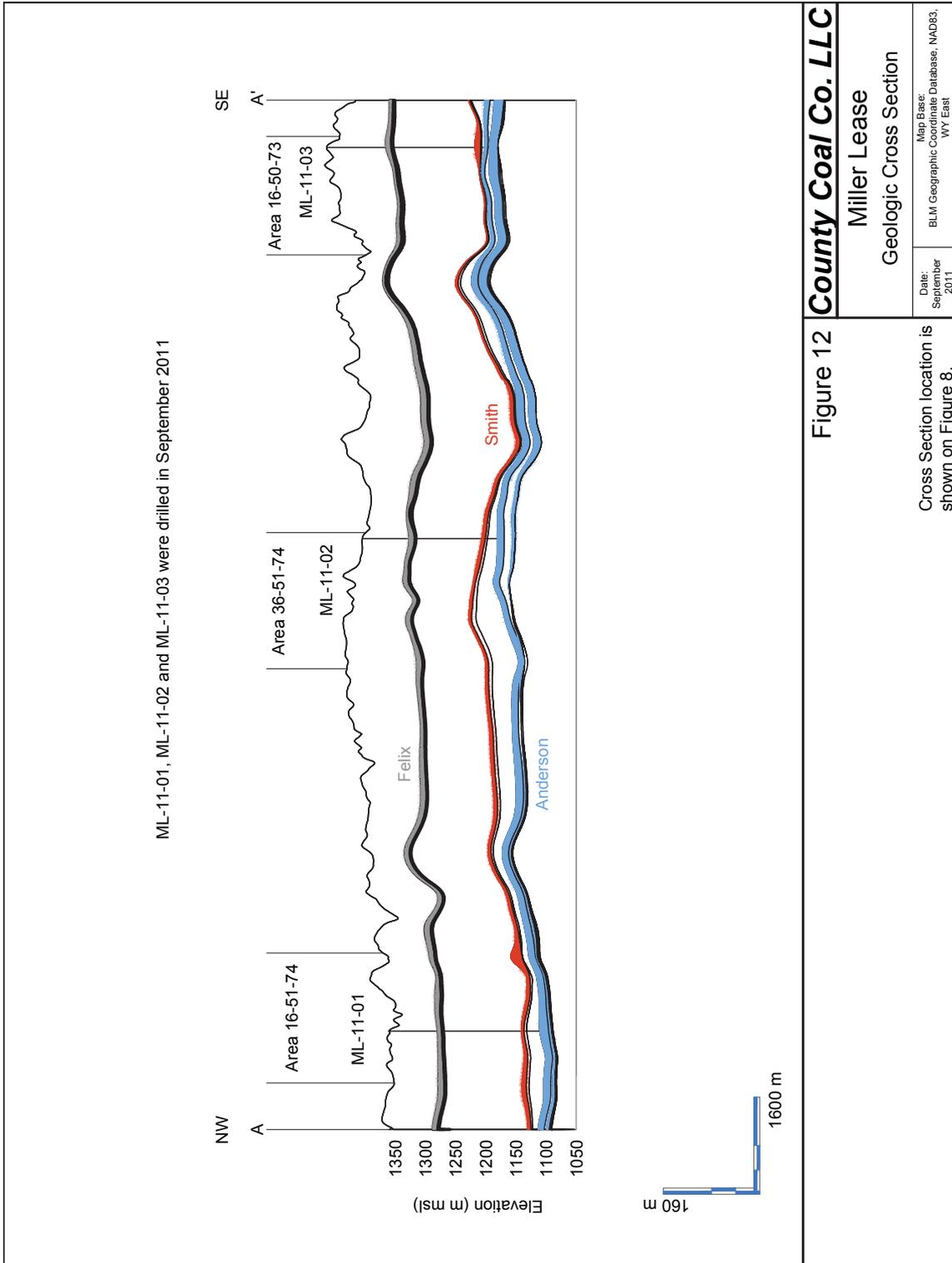


Figure 12 **County Coal Co. LLC**
Miller Lease
Geologic Cross Section

Cross Section location is shown on Figure 8.

Date: September 2011
Map Base: BLM Geographic Coordinate Database, NAD83, WY East

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Appendix A

Geologic Logs

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Regional Stratigraphic Columns for Shell Creek Prospect and Miller Lease

Seams in ***bold italic*** are the target seams and occur in the exploration areas

Shell Creek

| | Age | Formation | Coal Zone | Coal Bed Name |
|-----------|---------------|--------------------------------------|---------------|---|
| Tertiary | Eocene | Wasatch | Upper Wasatch | Ulm |
| | | | | <i>Buffalo-Cameron</i> <i>Murray</i> <i>Ucross</i> |
| | | | Felix | <i>Felix Rider</i> Upper Felix <i>Felix</i> |
| | Lower Wasatch | <i>Arvada</i> unnamed coal | | |
| Paleocene | Fort Union | | | |

Miller Lease

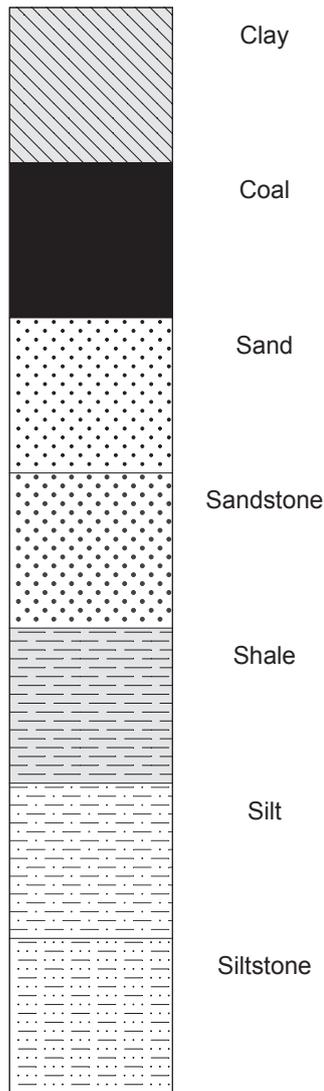
| | Age | Formation | Coal Zone | Coal Bed Name |
|----------|-----------|------------|--------------|--|
| Tertiary | Eocene | Wasatch | Felix | Felix Rider Upper Felix <i>Felix</i> |
| | | | Roland | Upper Roland Roland of Baker Roland of Taff |
| | Paleocene | Fort Union | Wyodak Rider | <i>Smith</i> / Big George |
| | | | Upper Wyodak | Anderson Rider <i>Anderson</i> Lower Anderson |

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Lithologic Key



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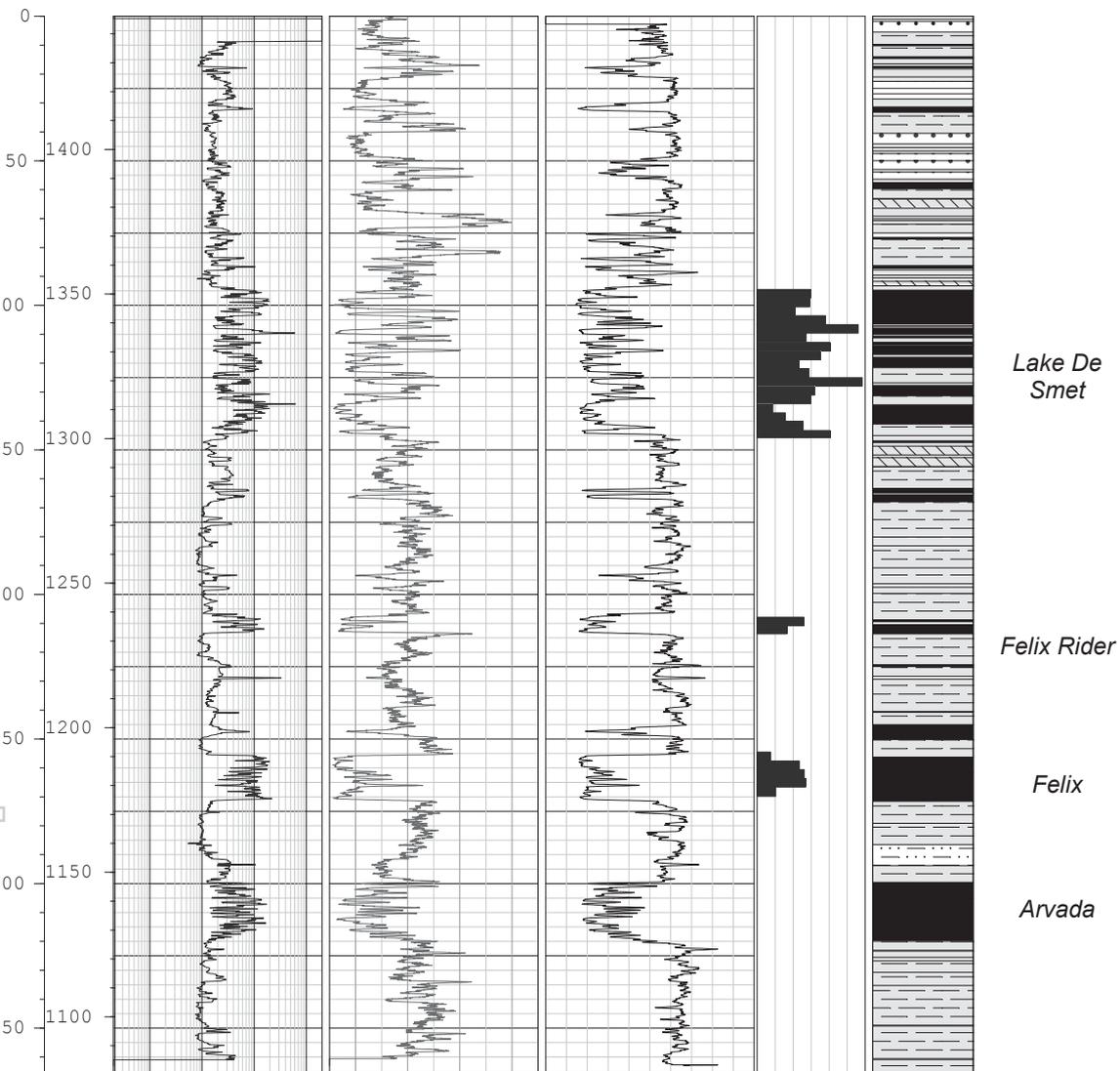
Aqua Terra Consultants, Inc.

Independent Geologist's Report

County Coal Company, LLC

Project: Shell Creek Prospect Date: August 24 to 30, 2011
 Boring: SC-11-01
 Location: Johnson County, WY Total Depth 366.67

| Depth (m) | Elev. (m) | Resistivity ohm-m | Gamma api-gr | Density g/cc | % Ash | Lithology | Coal Seam |
|-----------|-----------|----------------------|-----------------|-----------------|--------|-----------|-----------|
| 0.2 | 2000.0 | 0 | 320 | 1 | 3 0 60 | | |



Percent Ash coincides with the sample interval. Sample intervals within the Lake De Smet Seam exhibiting >40% ash content were excluded from the resource estimate.

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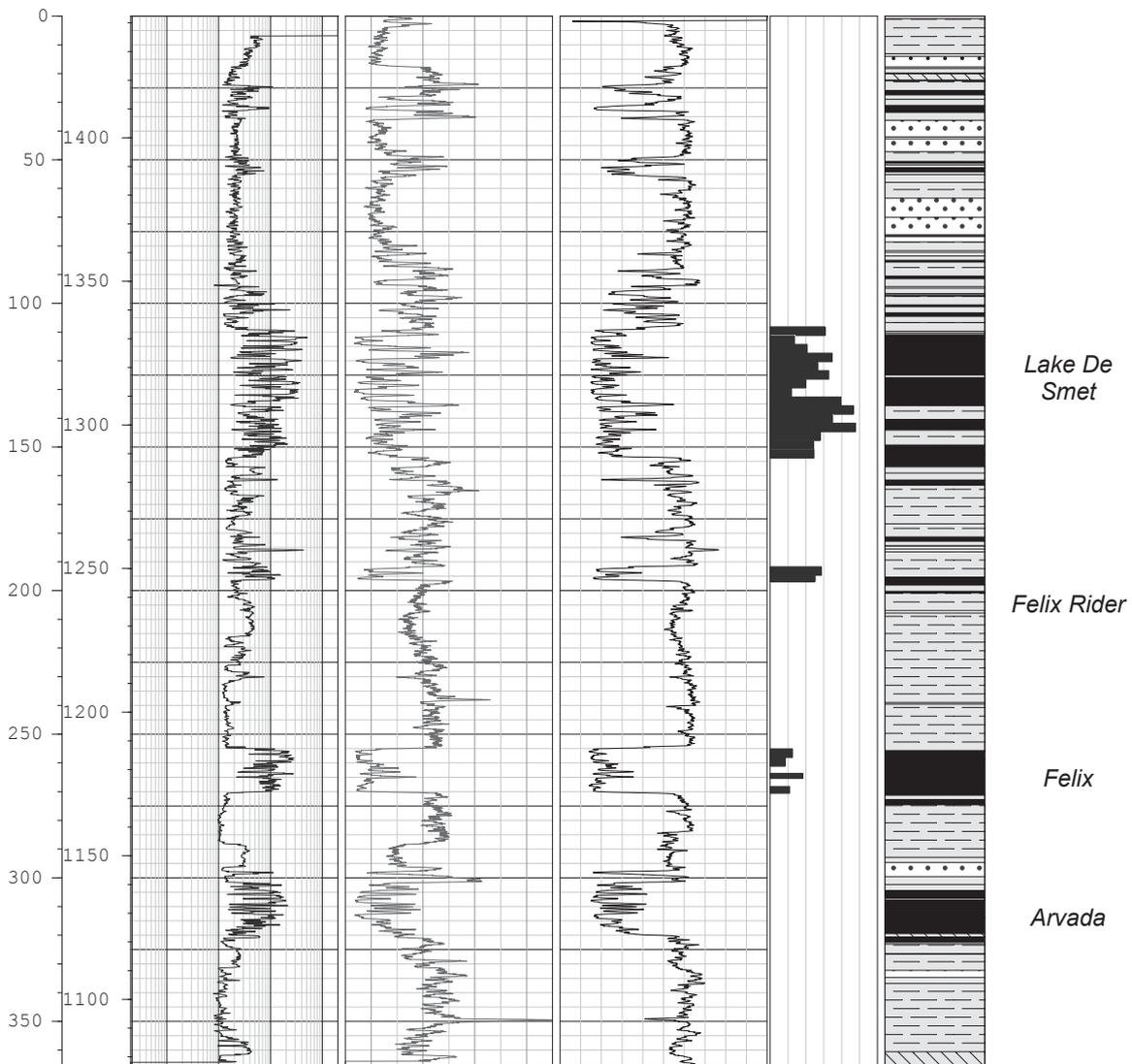
Aqua Terra Consultants, Inc.

Independent Geologist's Report

County Coal Company, LLC

Project: Shell Creek Prospect Date: August 17 to 24, 2011
 Boring: SC-11-02
 Location: Johnson County, WY Total Depth 367

| Depth (m) | Elev. (m) | Resistivity ohm-m | Gamma api-gr | Density g/cc | % Ash | Lithology | Coal Seam |
|-----------|-----------|----------------------|-----------------|-----------------|--------|-----------|-----------|
| 0.2 | 2000.0 | 0 | 320 | 1 | 3 0 60 | | |



Percent Ash coincides with the sample interval. Sample intervals within the Lake De Smet Seam exhibiting >40% ash content were excluded from the resource estimate.

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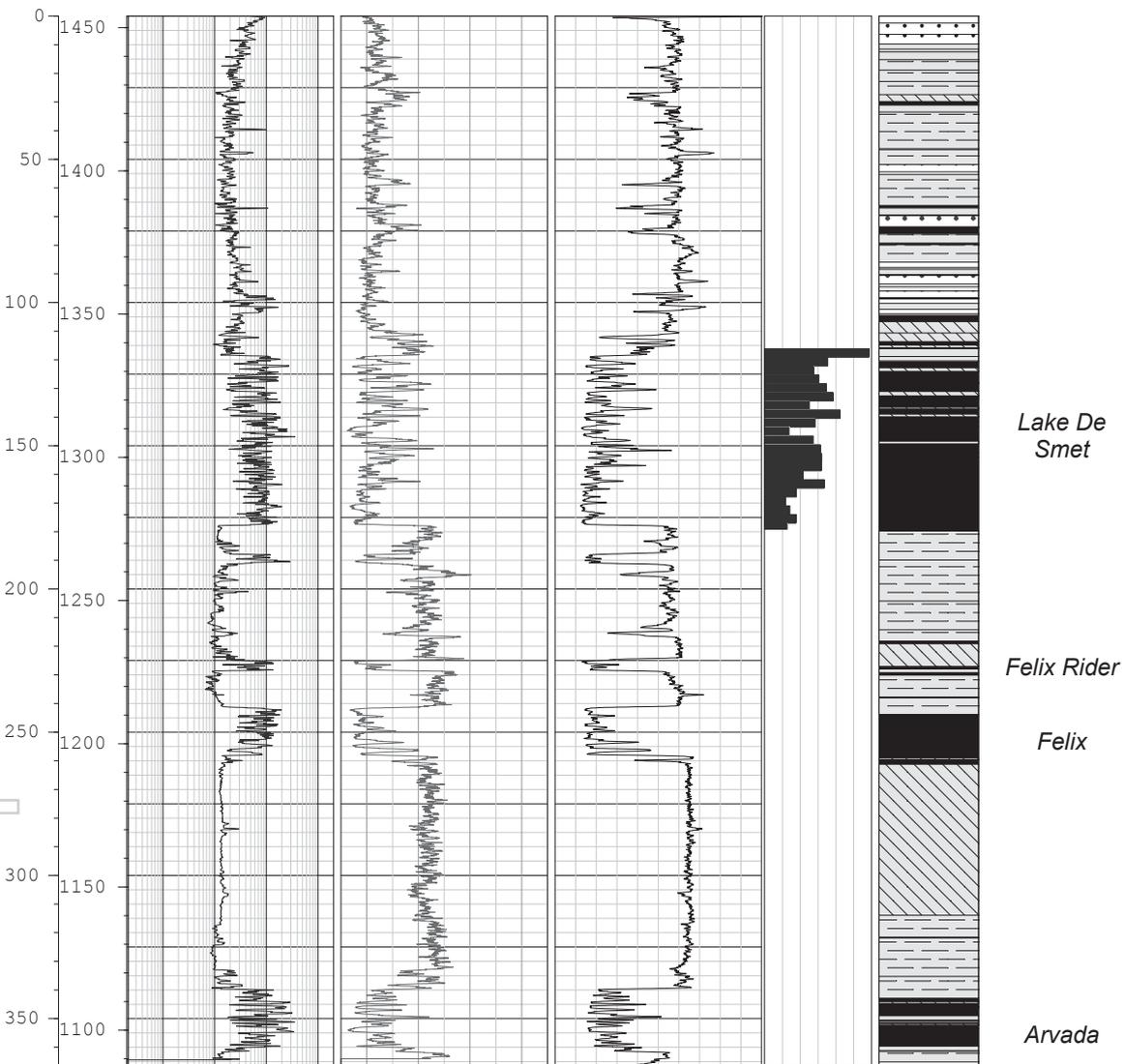
Aqua Terra Consultants, Inc.

Independent Geologist's Report

County Coal Company, LLC

Project: Shell Creek Prospect Date: August 11 to 15, 2011
 Boring: SC-11-03
 Location: Johnson County, WY Total Depth 366.67

| Depth (m) | Elev. (m) | Resistivity ohm-m | Gamma api-gr | Density g/cc | % Ash | Lithology | Coal Seam |
|-----------|-----------|----------------------|-----------------|-----------------|--------|-----------|-----------|
| 0.2 | 2000.0 | 0 | 320 | 1 | 3 0 60 | | |



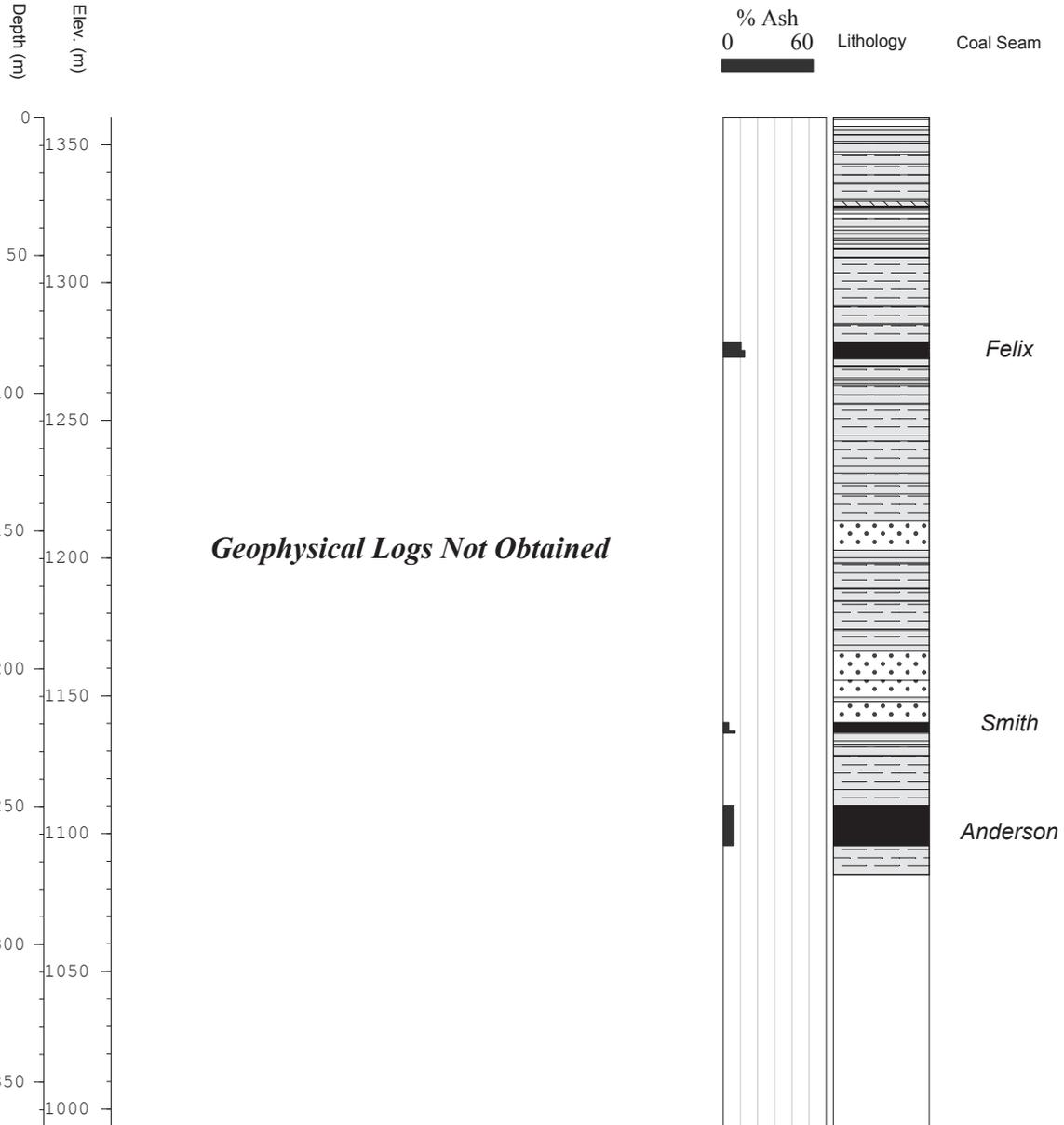
Percent Ash coincides with the sample interval. Sample intervals within the Lake De Smet Seam exhibiting >40% ash content were excluded from the resource estimate.

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Independent Geologist's Report

County Coal Company, LLC

Project: Miller Lease Date: September 10 to 13, 2011
 Boring: ML-11-01
 Location: Campbell County, WY Total Depth 275



Percent Ash coincides with the sample interval.

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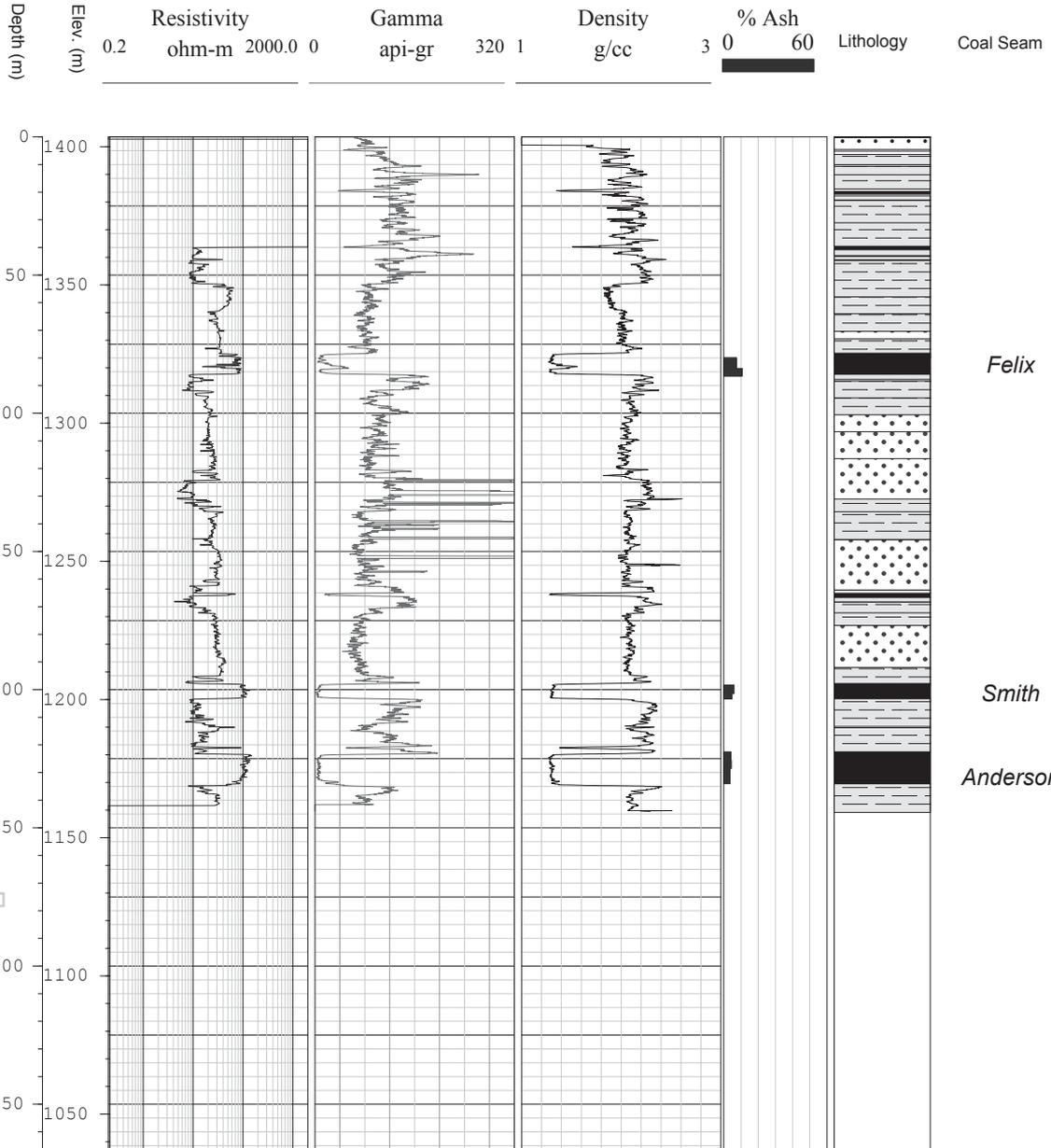
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Independent Geologist's Report

County Coal Company, LLC

Project: Miller Lease Date: September 13 to 16, 2011
 Boring: ML-11-02
 Location: Campbell County, WY Total Depth 244.5



Percent Ash coincides with the sample interval.

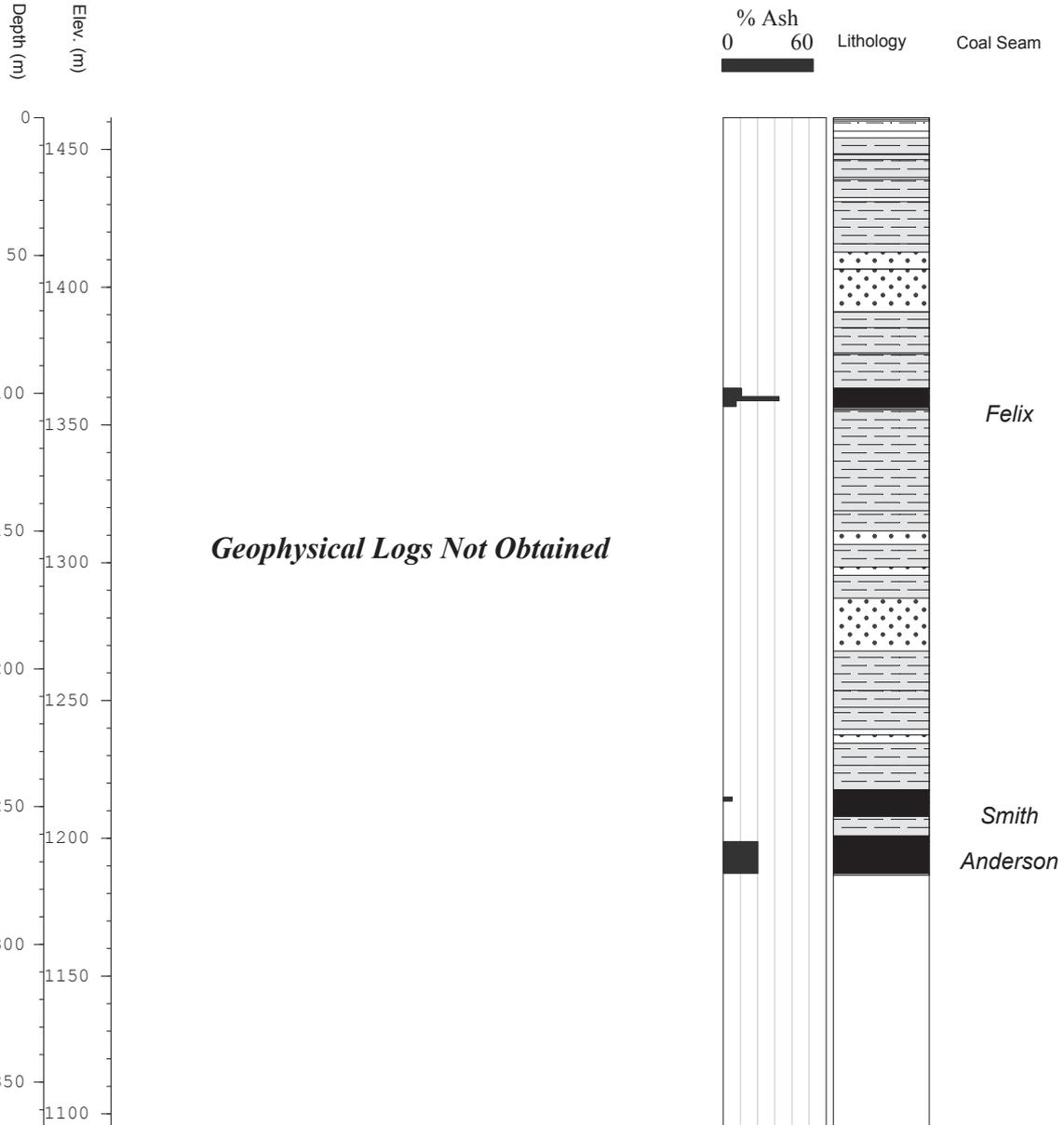
Page A-7

Aqua Terra Consultants, Inc.

Independent Geologist's Report

County Coal Company, LLC

Project: Miller Lease Date: September 1 to 8, 2011
 Boring: ML-11-03
 Location: Campbell County, WY Total Depth 275



Percent Ash coincides with the sample interval.

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Independent Geologist's Report

Appendix B

Density and Ash Correlations

*Aqua Terra Consultants, Inc.**Independent Geologist's Report***DENSITY AND ASH CORRELATIONS****B.1 Density Correlation**

At Shell Creek Prospect, samples were not obtained from all of the seams among the borings. Geophysical logging was instead conducted to affirmatively identify the coals and determine density for resource estimates. To verify the log densities for accuracy, densities obtained from the geophysical logs were compared to laboratory densities to determine if the two density sources exhibit a statistically-valid correlation. Geophysical densities, obtained at 3-centimeter intervals, were averaged within the same interval as that obtained for core-samples. The resulting averages were compared to the corresponding laboratory densities as shown in Figure B-1. No apparent correlation is evident, either as a linear function or a simple shift, and a low coefficient of determination (r^2) reveals a scatter about the one-to-one line (the line shown in Figure B-1 representing a one-to-one match between laboratory and geophysical densities) that suggests that the two sources may statistically be from the same sample population.

To test the hypothesis that the two population samples (one from the laboratory analyses and one from the geophysical logging) are the same, a statistical test (the Mann-Whitney Test) was performed using the 74 samples for which both laboratory and geophysical data were obtained. The test results in the conclusion that the populations are the same, so that the scatter about the one-to-one line is explained by random variation between the two methods to determine density. Additionally, the means, weighted by the interval from which the samples were collected or geophysically logged, are nearly identical. The interval-weighted mean densities for the laboratory and geophysical log data are respectively 1.47 and 1.49 grams per cubic centimeter. Based on this statistical analysis, it is appropriate to directly substitute geophysical densities for laboratory densities.

B.2 Ash Correlation

As a matter of common interest in coal resource evaluations, a correlation between density and ash content is included in Figure B-1. The correlation indicates that density is strongly correlated with ash content (exhibited by a coefficient of determination of 0.97).

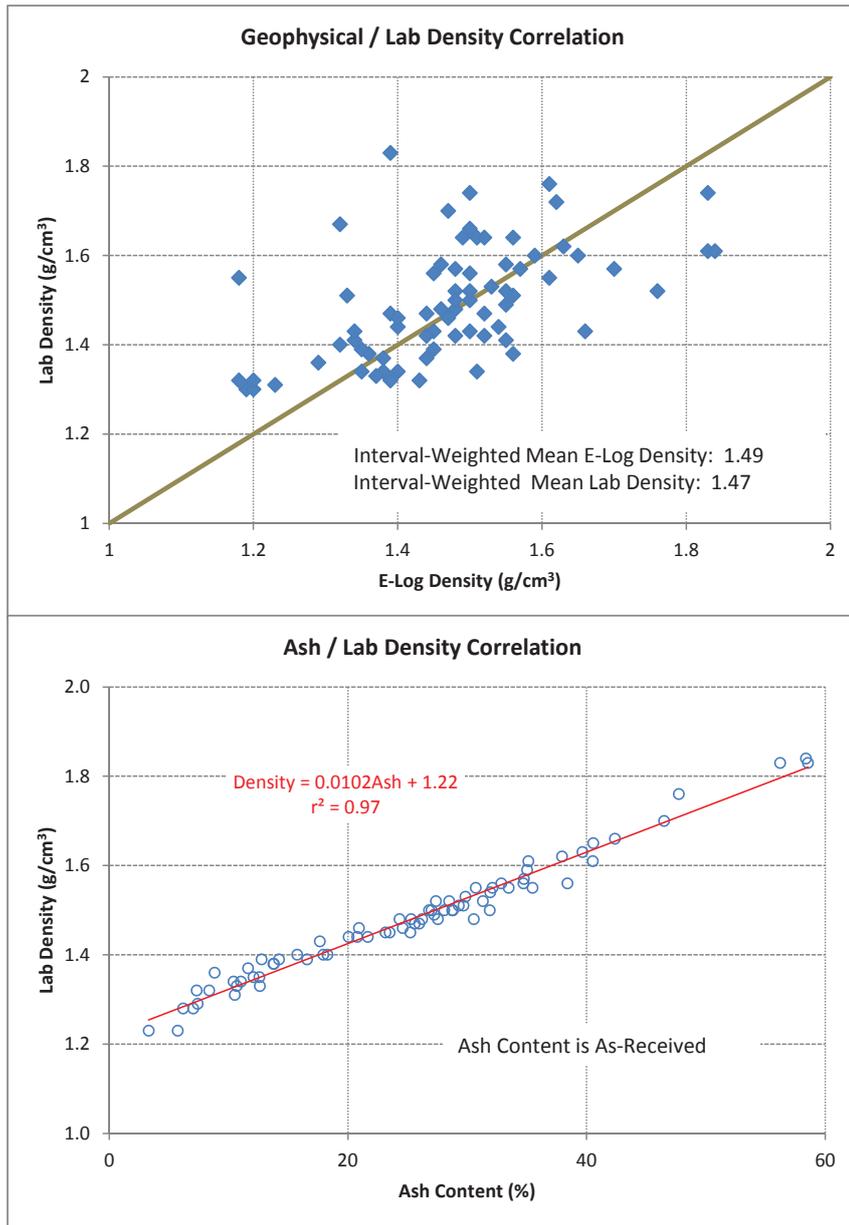
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Aqua Terra Consultants, Inc.

Figure B-1
Density and Ash Correlations

Independent Geologist's Report



5. Tenements Report - Executive Summary



Pursuant to section 712 of the Corporations Act, this Prospectus incorporates by reference the full Tenements Report Letter issued by Hathaway & Kunz, P.C., on 29 July 2011 which was lodged with ASIC on 11 October 2011. The full Tenements Report Letter incorporated by reference in this Prospectus will primarily be of interest to professional analysts or advisers. However the summary and information contained below is provided to investors generally to enable them to determine whether, in making an informed assessment of the Offer and the matters required to be contained in this Prospectus under section 710 of the Act, they should obtain a copy of the document.

The full Tenements Report Letter can be obtained at no cost from the Company's registered office and is also available on the Company's website at www.countycoal.com.

The information contained below is provided for the purposes of section 712(2) of the Corporations Act.

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Tenements Report - Executive Summary

HK
WYO
LAW

HATHAWAY & KUNZ, P.C.

HON. STANLEY K. HATHAWAY (1924-2005)
BRENT R. KUNZ, P.C. • RICK A. THOMPSON, P.C. • MICHAEL ROSENTHAL, P.C. • SCOTT W. MEIER, P.C.
HAROLD E. MEIER, OF COUNSEL
ASSOCIATES: MATTHEW D. KAUFMAN • LUCAS BUCKLEY • C. STEPHEN HERLIHY

September 30, 2011

County Coal Limited
27 Macquarie Place
Sydney NSW Australia

Re: Tenements Report – Executive Summary

Ladies and Gentlemen:

This Tenements Report – Executive Summary serves as a short form summary of the information contained in the Tenements Report Letter issued by Hathaway & Kunz, P.C., on July 29, 2011, which is incorporated herein by this reference. The information contained in the Tenements Report Letter will be primarily of interest to professional analysts or advisers, but we include this Executive Summary herein to allow investors to determine, in making an informed decision of whether to participate in the initial offering of County Coal Company, LLC, whether they should obtain a copy of the full Tenements Report Letter, which the reader can obtain, at no cost, from the Company's registered office.

As this Executive Summary merely serves to outline the issues contained in the Tenements Report Letter, this Executive Summary is subject to the same restrictions, limitations and exceptions as contained in the Tenements Report Letter. Based on the legal due diligence of Hathaway & Kunz, P.C., both independently and through Throne Law Office, P.C., we have sought to identify any high level legal issues, on an exception basis, in relation to the Tenements described herein. Therefore, the Tenements Report Letter and this Executive Summary only identify those issues that are material.

Tenements

The Tenements consist of certain mineral interests in Campbell County, Wyoming, leased from the State of Wyoming, certain unleased federal minerals in Johnson County, Wyoming and certain fee coal acreage in Johnson County, Wyoming. Our Tenements Report Letter contains the legal descriptions of these tenements.

As stated in our Tenements Report Letter, except for the very small percentage of minerals underlying the road right-of-way known as Monument Road in Johnson County Wyoming, we are aware of no significant issues affecting title to the Tenements. We further note that no one has sought an opinion nor have we offered an opinion concerning the rights to minerals underlying Lake DeSmet. Lake DeSmet lies generally east of the tenements in Johnson County, Wyoming.

SENDER'S E-MAIL ADDRESS: SMEIER@HKWYOLAW.COM

2515 WARREN AVE., SUITE 500 • P.O. Box 1208 • CHEYENNE, WY 82003-1208 • 307.634.7723 • FAX: 307.634.0985 • WWW.HKWYOLAW.COM
LEGAL ASSISTANTS: KATHLEEN VASSIOS • MELISSA UNDERHILL • PATTY WOOD
OFFICE ADMINISTRATOR: KELLY WEIDLICH • STAFF ACCOUNTANT: LIANA HINKER



County Coal Limited
September 30, 2011
Page 2

Lease Terms and Conditions

All parties holding an interest in any State of Wyoming mineral lease must comply with the terms and conditions of the printed lease forms; applicable subsurface leasing rules contained in Chapters 18 through 25 of the Rules of the Wyoming Board of Land Commissioners; and all applicable local, state and federal rules, regulations and statutes governing mineral leasing and extraction.

According to the terms of the state leases, the state leases in Campbell County expire February 1, 2015. The lessee may extend the lease term beyond its primary term as provided by law, by the Rules of the Board of Land Commissioners or by a specific lease provision. The lease rate for a renewal for a second ten-year term is set at \$2.00 per acre per year. The lease rate for a renewal for a third ten-year term is set at \$3.00 per acre per year. The lease rate for a renewal for a fourth ten-year term is set at \$4.00 per acre per year.

Failure to pay rentals on or before a lease anniversary date results in termination of the lease. Lessees are, however, exempt from submission of subsequent annual creditable lease rentals if annual royalties paid on produced coal meet or exceed the required annual rental amount. The Company should file the State Leases referenced herein with the County Clerk for Campbell County, State of Wyoming.

The State retains a royalty in surfaced mined coal at 12.5% of gross mine realization. The State retains a royalty in underground mined coal at 8.0% of gross mine realization. The leases may be subject to additional royalties.

Assignment

The State of Wyoming granted the State Leases referenced herein in Campbell County, Wyoming to Miller and Associates, LLC. Miller and Associates, LLC, assigned these leases to County Coal Company, LLC. The State of Wyoming has issued final consent to these Assignments.

Under Wyo. Stat. § 36-6-101(c), the Director of the Office of State Lands and Investments must approve or disapprove an assignment of a State lease interest. The Director must approve a duly executed assignment that complies with law, unless he determines that (i) approval would interfere with the development of the coal; (ii) the lease is delinquent in royalty or rental payments; (iii) the existing bond is insufficient; (iv) conditions exist which would be detrimental to the interests of the schools or governmental entities that are the lawful beneficiaries of state lands; (v) the assignee is not a qualified lessee under the Rules of the Board of Land Commissioners; or (vi) a conflict in the possession of the leasehold interest exists.

If the Director of the Office of State Lands and Investments has not consented to all assignments between Miller and Associates, LLC, and County Coal Company, LLC, such

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consent is necessary to commence any mining activities and to validate the assignment. County Coal Company, LLC, should secure such consent pursuant to the procedure established in Board of Land Commissioner's Rules, Chapter 19, Leasing of Coal, Section 10, General Assignment Requirements. Inherent risks exist that the State of Wyoming will not grant such assignments or will grant them with unfavorable conditions.

Overlapping Tenements

As discussed in the Tenements Report Letter, the leased property in Campbell County, Wyoming and the unleased coal property in Johnson County, Wyoming have been and/or continue to be subject to multiple mineral leases issued on the minerals described herein as well as producing oil and gas wells and other potentially non-producing interests. The Campbell County, Wyoming properties currently have producing wells and leases burdening them. The Johnson County, Wyoming properties currently have no active oil and/or gas well leases of record. Although oil and gas interests in the subject acreage are outside the scope of the Limited Coal Title Opinions, historically, oil and gas activities have taken place on the properties. As such, the potential for future oil and gas development on the subject acreage exists. Such activities must be considered in the event the Company chooses to develop the coal underlying the subject acreage.

Environmental

Before commencing any mining operations, the Company must seek and obtain a mining permit from the Department of Environmental Quality, Land Quality Division. Wyo. Stat. §§ 35-11-101, *et seq.*

The permitting process, which includes provisions for inspections and renewals, ensures compliance in mining operations with environmental standards and ensures proper reclamation of the mining site when mining is completed. To be granted and to retain a mining permit, a mine operator must remain compliant with applicable statutes, Wyo. Stat. §§ 35-11-101, *et seq.*, and applicable rules and regulations, Rules of the Wyoming Dept. of Environmental Quality, Land Quality Division, Chapters 1-20.

As with any application to a governmental entity, a risk the government will not grant one or more applications, or the government will grant them with unfavorable conditions, exists. As such, we offer no opinion on the likelihood of Land Quality Division granting mining permits.

Severed Private Surface Ownership

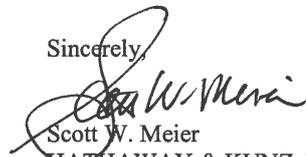
Before commencing surface coal mining activities on private land where mineral rights are severed from the surface rights, a mineral owner must provide the surface owner with sufficient security to protect the surface owner or occupier from harm resulting from surface



County Coal Limited
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Page 4

mining activities. Wyo. Stat. §30-1-119. Failure to provide security under Wyo. Stat. §30-1-119 may allow the surface owner or occupier to enjoin any mining activities until the mineral owner provides such security. Therefore, before commencing any mining activities on private lands, we recommend contacting and negotiating with surface owners to gain agreements to allow mining activities.

Sincerely,



Scott W. Meier
HATHAWAY & KUNZ, P.C

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6. Directors

Board of Directors

The Directors of County Coal with details of qualifications and experience are:

Robert (Bob) G. Cameron

Non-executive Chairman

B.E. Hons (Mining), MBA, Grad Dip Geoscience, FAusIMM, FAIM, FAICD

Bob is the founder of Centennial Coal Company Limited and was its Managing Director and Chief Executive Officer until 30 June 2011, at which point in time he became its Chairman (non-executive).

He holds degrees in mining, mineral economics and business administration. Bob has had a long career as a senior manager in the coal industry, including 14 years with Coal & Allied Industries in the Hunter Valley. In 1989 he formed Preston Coal Company which was listed as Centennial Coal on the ASX in 1994. In October 2010, it was acquired by Banpu Public Company Limited. Centennial Coal operates 10 coal mines in NSW, producing around 19 million tonnes per annum.

Bob is past Chairman of the Australian Coal Association Ltd, ACA Low Emissions Technology Ltd, and the NSW Minerals Council. He is a Director of Mining Education Australia and a member of the NSW Clean Coal Council.

In 2002 The Australasian Institute of Mining and Metallurgy awarded Bob the Institute Medal in recognition of his outstanding leadership in the coal industry. In 2005 he received the Hunter Business Person of the Year Award from the Hunter Business Chamber, and in 2010 he received the Australian Mining Prospect Award for Most Outstanding Contribution to Mining.

David Miller

Non-executive Director

B.Sc (Geol)

David Miller is a Director and CEO of Strathmore Minerals Corp (a TSX listed mining group). David's primary professional focus has been on minerals exploration, development, and mining. His career has spanned over 20 years, with a chain of companies that started with Utah International and evolved into AREVA, the French Nuclear Power Conglomerate. David is a fifth term member of the Wyoming Legislature, serving District 55 –Riverton. He has served on Minerals, Revenue, Education, Corporations, and Health & Labor Committees and was an original appointee to the Wyoming Energy Commission. David is a registered professional geologist in Wyoming. David is the architect responsible for assembling the Miller Coal property, now owned by County Coal.

Marcus Boland

Executive Director

B.Com LLB

Marcus Boland was previously Director of Corporate, Sydney at national accounting and advisory firm Stanton Partners, and has been involved in corporate advisory for more than 20 years. Mr Boland has broad ranging corporate experience in the listing and development of private and public listed companies and since 2000 has held senior positions in various ASX listed public companies, including corporate development executive at Michelago Resources Limited.

6. Mining Advisory Panel



Mining Advisory Panel

The Mining Advisory Panel provides geological expertise and advice to the Board on County Coal's current projects at all stages of exploration and development, as well as advice on further potential projects in the USA.

In due course County Coal intends to engage a Chief Executive Officer to oversee the development of its operations in the USA and will consider, if appropriate, the appointment of a Chief Operating Officer, as County Coal's operations mature. Refer to Section 2 "The Offer" for details of options that may be issued to senior executives of County Coal including the Chief Executive Officer and the Chief Operating Officer.

Mitch Jakeman

M.E. Hons (Mining), Dip. Mineral Economics, FAusIMM, IEAust, MMAA, GAICD

Mitch has worked in the Australian coal mining industry for over 35 years, the majority of which was spent with global resources companies including BHP, Shell Coal, Rio Tinto and Anglo Coal Australia. He has spent a significant part of his career managing large coal mining operations, and was the Head of Operations for Anglo Coal Australia, where he was responsible for over 40 million tonnes per annum of coking and thermal coal production. He was formerly Managing Director of Carabella Resources Limited.

Mitch has also served on a number of industry and government groups, including being a board member of the Sustainable Minerals Institute, based at the University of Queensland; a member of the Queensland Government's Safety in Mines Legislation Review Committee; a member of the Mining Council of Australia for committees on Safety and Health, and Environment and Sustainable Development; a member of Anglo American's divisional forum for Sustainable Development and a ICMC technical member with the ILO and ICEM for visiting the Chinese Coal industry safety cooperation initiatives.

Steven Parker

B.Sc. (Mining) Ex. MBA

Steven is a Senior Mining Executive in the United States Coal mining Industry, with 38 years of experience. He has a strong operational background. He was formerly president, CEO and chairman of the Pittsburg and Midway Coal Mining Company, owned by Chevron Corporation, which had annual production of 11.7 to 14.5 million tonnes per annum. He was the senior executive responsible for Chevron's mining operations.

He is a professional engineer by background, and is currently a consultant to Shell Canada and a member of the Mining Advisory Council (MAC) to the Athabasca Oil Sands in Saskatchewan, Canada.

Company Secretary

Terence Flitcroft,

B.Com, CA, SF FIN

Terry is a Chartered Accountant with broad commercial and financial experience and has acted as a director and company secretary for a number of private and public companies.

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6. Corporate Governance

County Coal has adopted appropriate corporate governance policies and practices as provided by the ASX Listing Rules and the principles of the ASX Corporate Governance Council (as applicable and appropriate for County Coal).

The Board consists of an executive Director and non-executive Directors. The primary functions of the Board include responsibility for:

- the overall corporate governance of County Coal;
- formulating, approving and monitoring objectives, goals and strategic direction for management (including monitoring progress against milestones);
- selection, appointment and review of the performance of consultants;
- identification and management of business risks;
- ensuring adequate systems of internal control exist and are appropriately monitored for compliance; and
- monitoring financial performance including adopting annual budgets, approving County Coal's financial statements and reporting to Shareholders on County Coal's performance.

Issues of substance affecting County Coal are considered by the full Board with advice from external advisers, as required. A Director must declare any conflict of interest, when it arises and must not participate in discussions or resolutions pertaining to any matter in which the Director has a material personal interest (unless the Corporations Act permits otherwise).

To assist in the execution of its responsibilities, the Board intends to establish a number of Board committees, including an audit committee. Each committee will have written mandates and operating procedures, which will be reviewed on a regular basis. The effectiveness of each committee will be constantly monitored. The Board has established a framework for the management of the consolidated entity, including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

County Coal has adopted a share trading policy, which amongst other things, provides that the Directors and employees of County Coal may not trade the securities of County Coal in the 30 days prior to the announcement of County Coal's half year and full year financial results.



STIRLING INTERNATIONAL
CHARTERED ACCOUNTANTS

5th October 2011

The Board of Directors
County Coal Limited
Level 2
27 Macquarie Place
SYDNEY NSW 2000

Dear Sirs

Investigating Accountants' Report on Historical and Pro-forma Financial Information

Introduction

Stirling International (Stirling) has been engaged by the Directors of County Coal Limited (County Coal or Company) to prepare this Investigating Accountants' Report (Report) for inclusion in a Prospectus (Prospectus) to be issued by County Coal on or about 7th October 2011 relating to the issue of up to 37,500,000 fully paid ordinary shares at 40 cents per share to raise \$15,000,000.

Expressions defined in the Prospectus have the same meaning in this Report.

Historical and Pro-forma Financial Information

You have requested Stirling to prepare an Investigating Accountants' Report covering the following financial information set out on pages 81 to 92 of the Prospectus:

- the historical Statement of Comprehensive Income of the Company for the period ended 30 June 2011;
- the historical Statement of Financial Position of the Company as at 30 June 2011;
- the pro-forma Statement of Financial Position of the Company as at 30 June 2011, based on the assumption that the transactions contemplated in the Prospectus and as detailed in Note 2(b) to the financial information had been completed as at 30 June 2011; and
- notes to the financial information
(collectively the historical and pro-forma financial information).

The historical financial information for the period ended 30 June 2011 has been extracted from the audited financial statements of the Company, which were audited by Stirling. Our audit of the Company was conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements were free from material misstatement. The audit opinion issued by Stirling to the members of the Company relating to the financial statements for the period ended 30 June 2011 was unqualified.

The pro-forma financial information has been derived from the historical financial information, assuming completion of the pro-forma adjustments as at 30 June 2011.

The Directors of the Company are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma adjustments.

The historical and pro-forma financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

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Scope

We have conducted our review of the historical and pro-forma financial information in accordance with Australian Standard on Review Engagements ASRE 2405 'Review of Historical Financial Information Other than a Financial Report' in order to state whether, on the basis on the procedures described, anything has come to our attention that causes us to believe that County Coal's historical and pro-forma financial information is not presented fairly, in all material respects, in accordance with County Coal's accounting policies as detailed in Note 3 to the financial information. ASRE 2405 requires us to comply with the requirements of the applicable code of professional conduct of a professional accounting body.

We have made such inquiries and performed such procedures, as we in our professional judgment, consider necessary to the circumstances including:

- a review of workpapers, accounting records and other documents pertaining to balances in existence at 30 June 2011;
- a review of the assumptions used to compile the pro-forma Statement of Financial Position;
- a comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including Australian Accounting Interpretations) and the accounting policies adopted by the Company disclosed in the financial information; and
- inquiry of Directors and others.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and therefore these procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the historical and pro-forma financial information.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- a) the historical financial information set out on pages 81 to 92 of the Prospectus is not presented fairly in accordance with the accounting policies adopted by the Company as described in Note 3 to the financial information, and
- b) the pro-forma Statement of Financial Position of the Company set out on page 85 of the Prospectus has not been compiled on the basis of the pro-forma transactions as detailed in Note 2(b) to the financial information.

Subsequent Events

Apart from the matters dealt with in this Report, and having regard for the scope of our Report, no other material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustments to, the information contained in the historical and pro-forma financial information, or would cause such information to be misleading or deceptive.

Independence and Disclosure of Interest

Stirling does not have any interest in the outcome of the Prospectus other than the preparation of this Report for which normal professional fees will be received.

Consent to the inclusion of the Investigating Accountants' Report in the Prospectus in the form and context in which it appears has been given. At the date of this Report this consent has not been withdrawn.

Yours faithfully



Peter Turner
Partner
Stirling International
Chartered Accountants

Annexure**Consolidated Statements of Financial Position**

| | | Actual 30 June 2011 | Pro Forma 30 June 2011 |
|--|------|---------------------------|------------------------------|
| | Note | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 620,078 | 15,024,078 |
| Other receivables | | - | - |
| Total Current Assets | | <u>620,078</u> | <u>15,027,078</u> |
| NON CURRENT ASSETS | | | |
| Exploration, evaluation and development costs | 6 | 529,979 | 529,979 |
| Property, plant and equipment | | <u>3,225</u> | <u>3,225</u> |
| Total Non Current Assets | | <u>533,204</u> | <u>523,204</u> |
| TOTAL ASSETS | | <u>1,153,282</u> | <u>15,557,282</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | <u>120,506</u> | <u>120,506</u> |
| Total Current Liabilities | | <u>120,506</u> | <u>120,506</u> |
| TOTAL LIABILITIES | | <u>120,506</u> | <u>120,506</u> |
| NET ASSETS | | <u>1,032,776</u> | <u>15,436,776</u> |
| EQUITY | | | |
| Issued capital | 8 | 1,224,701 | 15,628,701 |
| Reserves | | (10,917) | (10,917) |
| Accumulated losses | | <u>(181,008)</u> | <u>(181,008)</u> |
| TOTAL EQUITY | | <u>1,032,776</u> | <u>15,436,776</u> |

The consolidated statements of financial position should be read in conjunction with the accompanying notes.

The consolidated statement of financial position as at 30th June 2011 has been extracted from the consolidated financial statements of County Coal.

The pro forma consolidated statement of financial position as at 30th June 2011 has been compiled based on the consolidated statement of financial position as at 30th June 2011 adjusted for the pro forma transactions outlined in Note 2(b).

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Annexure

Consolidated Income Statement

| | Actual 30 June 2011 | Pro Forma 30 June 2011 |
|------------------------------|---------------------------|------------------------------|
| | \$ | \$ |
| Loss for period | (181,008) | (181,008) |
| Income Tax Benefit/(Expense) | - | - |
| Loss for the period | <u>(181,008)</u> | <u>(181,008)</u> |

The consolidated income statement for the period ended 30th June 2011 has been extracted from the consolidated financial statements of County Coal.

The pro forma consolidated income statement for the period ended 30th June 2011 has been compiled based on the consolidated income statement for the period ended 30th June 2011 adjusted for the pro forma transactions outlined in Note 2(b).

Consolidated Statement of Changes of Equity

| | Issued Capital | Foreign Currency Translation Reserve | Accumulated Losses | Total |
|--|-------------------|---|-----------------------|-------------------|
| Total | \$ | \$ | \$ | \$ |
| Balance at 4 February 2011 | - | - | - | - |
| Loss attributable to members | - | - | (181,008) | (181,008) |
| Issue of Shares | 1,224,701 | - | - | 1,224,701 |
| Total other comprehensive income | - | (10,917) | - | (10,917) |
| Actual Balance at 30 June 2011 | 1,224,701 | (10,917) | (181,008) | 1,032,776 |
| Issue of shares (Note 8) | 15,601,000 | - | - | 15,601,000 |
| Costs associated with issue of shares | (1,197,000) | - | - | (1,197,000) |
| Pro forma balance at 30 June 2011 | 15,628,701 | (10,917) | (181,008) | 15,436,776 |

The consolidated statement of changes of equity for the period ended 30th June 2011 has been extracted from the consolidated financial statements of County Coal.

The pro forma consolidated statement of changes of equity for the period ended 30th June 2011 has been compiled based on the consolidated statement of changes of equity for the period ended 30th June 2011 adjusted for the pro forma transactions outlined in Note 2(b).

Summary of Significant Accounting Policies

1. Reporting Entity

County Coal Limited is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the period from date of incorporation 4th February 2011 until 30th June 2011 comprise the Company and its controlled entities (together referred to as the Consolidated Entity) and there are no comparative figures.

2(a). Basis of Preparation

Statement of Compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Consolidated Entity and the financial report of the Company comply with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis.

Functional and Presentation Currency

The consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

Use of Judgments and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in the following areas: Impairment and Financial instruments.

2(b). Assuming Full Subscription pursuant to the Prospectus

The pro-forma financial information has been prepared from information extracted from the audited statement of financial position and statement of changes in equity as at 30 June 2011 and income statement for the period to 30 June 2011, adjusted for the following transactions as if they had taken place on 30 June 2011:

The issue of 37,500,000 shares at an issue price of \$0.40 per share to raise \$15,000,000 pursuant to the prospectus and 3,005,000 shares at an issue price of \$0.20 per share in September 2011 which raised \$601,000. Expenses associated with the Offer (including advisory, legal, accounting, listing and administrative fees as well as printing, travel and other expenses) which are estimated to be \$1,197,000, have been directly off set against share capital. This issue is contingent upon the successful completion of the Offer and admission of the Company to the Official List of the ASX.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements and have been applied consistently by all entities in the Consolidated Entity.

a. Basis of Consolidation

Controlled entities

Controlled entities are entities controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in controlled entities are carried at their cost of acquisition in the Company's financial statements.

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Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b. Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

Interest

Control of the right to receive the interest payment.

c. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the relevant taxation authority are classified as operating cash flows.

d. Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of controlled entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary transactions denominated in foreign currencies that are stated at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the date the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, generally are translated to the functional currency at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to the functional currency at rates approximating the foreign exchange rates ruling at the dates of transactions. Foreign currency differences arising from translation of controlled entities with a different functional currency to that of the Consolidated Entity are recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount of its FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the FCTR.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

f. Provisions

A provision is recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

g. Impairment

The carrying amounts of the Consolidated Entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit or a group of units and then, to reduce the carrying amount of the other assets in the unit or a group of units on a pro-rata basis.

Calculation of recoverable amount

Receivables

The recoverable amount of the Consolidated Entity's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date. The allowance for impairment is calculated with reference to the profile of debtors in the Consolidated Entity's sales and marketing regions.

Other Assets

The recoverable amount of other assets is the greater of their fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash flows from continuing use that are largely independent of the cash flows of other assets or groups of assets (cash generating units). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to the cash generating units that are expected to benefit from the synergies of the combination. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of Impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h. Property, Plant and Equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (g)). An asset's cost is determined as the consideration provided plus incidental costs directly attributable to the acquisition. Subsequent costs in relation to replacing a part of property, plant and equipment are recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Consolidated Entity and its cost can be measured reliably. All other costs are recognised in the income statement as incurred.

m. Taxation

Income tax expense in the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of goodwill and other assets or liabilities in a transaction that affects neither accounting nor taxable profit, or differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based upon the laws that have been enacted at reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from distribution of dividends are recognised at the same time as liability to pay the related dividend is recognised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on a different tax entity but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

n. Payables

Trade and other payables are stated at amortised cost.

o. Finance income and expense

Interest income is recognised as it accrues in the income statement using the effective interest method.

p. Earnings per share

The Consolidated Entity presents basic and diluted earnings/(loss) per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the net profit/(loss) attributable to equity holders of the parent for the financial period, after excluding any costs of servicing equity (other than ordinary shares) by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated using the basic EPS earnings/(loss) as the numerator. The weighted average number of shares used as the denominator is adjusted by the after-tax effect of financing costs associated with the dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares adjusted for any bonus issue.

q. Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any income tax benefit.

r. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2011 reporting period. None of these are expected to have a significant effect on the consolidated financial statements of the Consolidated Entity except for AASB 9 Financial Instruments, which becomes mandatory for the Consolidated Entity's 2014 consolidated financial statements and could change the classification and measurement of financial assets. The Consolidated Entity does not plan to adopt this standard early and the extent of the impact has not been determined.

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5. Other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates designation at each financial period-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when investments are derecognised or impaired, as well as through amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

4. FINANCIAL RISK MANAGEMENT

Overview

The Company and Consolidated Entity have exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's and the Consolidated Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout the consolidated financial statements. The Board of directors has overall responsibility for the establishment and oversight of the risk management and monitors operational and financial risk management throughout the Consolidated Entity. Monitoring risk management includes ensuring appropriate policies and procedures are published and adhered to.

The Board aims to manage the impact of short-term fluctuations on the Company's and the Consolidated Entity's earnings. Over the longer term, permanent changes in market rates will have an impact on earnings.

The Company and the Consolidated Entity are exposed to risks from movements in exchange rates and interest rates that affect revenues, expenses, assets, liabilities and forecast transactions. Financial risk management aims to limit these market risks through ongoing operational and finance activities.

Exposure to credit, foreign exchange and interest rate risks arises in the normal course of the Company's and the Consolidated Entity's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates.

Credit Risk

Credit risk is the risk of financial loss to the Company or the Consolidated Entity if a customer, controlled entity or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's and the Consolidated Entity's receivables from customers.

Trade and other receivables

The Company's and Consolidated Entity's exposure to credit risk is influenced mainly by the geographical location and characteristics of individual customers. The Consolidated Entity does not have a significant concentration of credit risk with a single customer.

Policies and procedures of credit management and administration of receivables are established and executed at a regional level. Individual regions deliver reports to management and the Board on debtor ageing and collection activities on a monthly basis.

In monitoring customer credit risk, the ageing profile of total receivables balances is reviewed by management by geographic region on a monthly basis. Regional management is responsible for identifying high risk customers and placing restrictions on future trading, including suspending future shipments and administering dispatches on a prepayment basis.

The Company and the Consolidated Entity have established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables.

Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity monitors cash flow requirements and produces cash flow projections for the short and long term with a view to optimising return on investments. Typically, the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational net cash flows for a period of at least 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's and the Consolidated Entity's net loss or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Consolidated Entity will undertake its coal exploration and development activities in US currency and be exposed to currency risk on the value of its exploration assets that are denominated in United States dollars (USD).

A percentage of the Consolidated Entity's future revenues from coal exploration and development activities may be denominated in currencies other than AUD. Risk resulting from the translation of assets and liabilities of foreign operations into the Consolidated Entity's reporting currency is not hedged.

Interest Rate Risk

The Consolidated Entity is exposed to interest rate risks in Australia.

Capital Management

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns to shareholders, to provide benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board aims to maintain and develop a capital base appropriate to the Consolidated Entity. In order to maintain or adjust the capital structure, the Consolidated Entity can issue new shares. The Board of directors undertakes periodic reviews of the Consolidated Entity's capital management position to assess whether the capital management structure is appropriate to meet the Consolidated Entity's medium and long-term strategic requirements. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements. There were no significant changes in the approach to capital management during the period.

| | Actual 30 June 2011 \$ | Pro forma 30 June 2011 \$ |
|---|---------------------------------|------------------------------------|
| 5. Cash Assets | | |
| Cash at bank | <u>620,078</u> | <u>15,024,078</u> |
| Movements in cash: | | |
| Balance as at 30 June 2011 | | 620,078 |
| 3,005 million shares issued at 20 cents per share | | 601,000 |
| 37.5 million shares issued at 40 cents per share pursuant to the Prospectus | | 15,000,000 |
| Costs associated with the public offer | | <u>(1,197,000)</u> |
| Pro forma at 30 June 2011 | | <u>15,024,078</u> |
| 6. Exploration, Evaluation and Development Costs | | |
| Exploration expenditure capitalised | <u>529,979</u> | <u>529,979</u> |

The company has expended approximately \$400,000 on exploration activities since 30 June 2011.

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| | Actual 30 June 2011 \$ | Pro forma 30 June 2011 \$ |
|--|---------------------------------|------------------------------------|
| 7. Trade and Other Payables | | |
| Accruals | <u>120,506</u> | <u>120,506</u> |
| 8. Contributed Equity | | |
| (a) Issued Capital | | |
| Paid up Capital | <u>1,224,701</u> | <u>15,027,701</u> |
| Pro forma adjustments: | Number | \$ |
| Balance at 30 June 2011 | 53,170,004 | 1,224,701 |
| Issue of shares prior the Offer | 3,005,000 | 601,000 |
| Issue of shares pursuant to the Offer | 37,500,000 | 15,000,000 |
| Less costs associated with the Offer | - | (1,197,000) |
| Pro forma at 30 June 2011 | <u>93,675,004</u> | <u>15,628,701</u> |
| (b) Options | | Number |
| Issue of options prior to 30 June 2011 | | <u>7,200,000</u> |
| Pro forma at 30 June 2011 | | <u>7,200,000</u> |

At 30th June 2011 there were 7.2 million existing options on issue. The options are exercisable at a price of 40 cents each and will expire on 31 March 2015. Each option entitles the holder, when exercised, to one Share in the capital of County Coal Limited.

| Number of Options | Issue Date | Exercisable Date |
|-------------------|---------------|-------------------|
| 3,250,000 | 4 April 2011 | 30 September 2011 |
| 500,000 | 28 April 2011 | 30 September 2012 |
| 450,000 | 17 June 2011 | 30 September 2013 |
| 3,000,000 | 17 June 2011 | 30 September 2012 |

Shares and share options held by directors are disclosed on page 104 of the Prospectus.

| | | |
|---------------------------------------|------------------|------------------|
| 9. Accumulated Losses | | |
| Operating loss | <u>(181,008)</u> | <u>(181,008)</u> |
| Accumulated losses as at 30 June 2011 | <u>(181,008)</u> | <u>(181,008)</u> |

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10. Contingent Liabilities

The Consolidated Entity is not aware of any contingent liabilities, which existed as at the end of the financial period or have arisen as at the date of this report other than as detailed below.

Pursuant to the property purchase agreement in relation to the properties/leasehold coal rights acquired from Miller and Associates LLC, located in Campbell County, Wyoming, certain royalties are payable to Miller and Associates LLC based upon the gross value of coal sold from the subject properties and annual lease payments are to be made. Miller and Associates LLC pursuant to the property purchase agreement granted County Coal Company LLC an option over certain other properties in Campbell County in Wyoming. Should this option be exercised additional consideration of USD\$100,000 will become payable, as well as additional royalty and lease payments and an additional 500,000 shares must be issued to the vendor.

Pursuant to property purchase agreement in relation to the Shell Creek Property located in Johnson County, Wyoming a payment of USD\$5,000,000 is due at the time of closing the acquisition of the properties on or before 9 November 2011. As additional reserves are proved up, over and above the first 50 million tonnes, additional purchase consideration at the rate of USD 10 cents per tonne is payable by County Coal Company LLC for each 50,000,000 tonnes of coal resource so proven up to JORC Proved Coal Reserve status, up to a total of 220 million tonnes. Subsequent to closing the company will have to pay royalties to the vendor of 1% of gross sales of coal from the said resource.

11. Capital and Other Commitments

Lease Commitments

Lease Commitments contracted for but not capitalised in the financial statements

| | |
|---|----------------|
| Payable: | |
| -not later than 1 year | 36,000 |
| -later than 1 year but not later than 5 years | 108,000 |
| -later than 5 years | - |
| | <u>144,000</u> |

Exploration Commitments

Exploration commitments contracted for but not capitalised in the financial statements

| | |
|---|------------------|
| Payable: | |
| -not later than 1 year | 4,659,832 |
| -later than 1 year but not later than 5 years | - |
| -later than 5 years | - |
| | <u>4,659,832</u> |

Subsequent to 30th June 2011 the Australian dollar has depreciated by approximately 11%. The abovementioned exploration commitment has increased by approximately \$585,000 as a result of this depreciation.

Related Party Disclosure

(a) Transactions with other related parties

The company entered into a property purchase agreement with Miller & Associates LLC, a company of which Mr. D Miller is a director, on 11 March 2011 to acquire all the coal rights in respect of two State Leases of property near Gillette Wyoming. On 28th April 2011 Mr. Miller was appointed a director of the company.

Further details of this transaction are disclosed on page 101 of the prospectus.

(b) Equity holdings of key management personnel

Shares and share options held by directors are disclosed on page 104 of the Prospectus.

Other Financial Information

Forecasts

County Coal is a coal exploration company so forecasting revenue is difficult, due to the inherent uncertainties associated with coal exploration. Hence, the Directors believe that reliable forecasts cannot be prepared and have not included forecasts in this Prospectus.

Expenditure of funds

The funds raised from the Offer of \$15,000,000 will be combined with the existing financial resources of the Company and used to continue the Company's business activities of coal exploration in the United States through direct investments. The proceeds of the Offer and current funds on deposit are expected to be expended in the following way.

| Funds Available | |
|---|---------------------|
| Working Capital on hand 30 th June 2011 | \$620,078 |
| Funds raised under the Offer | \$15,000,000 |
| Other shares issued | \$601,000 |
| Expenses of the Offer and listing related costs (including brokerage) | (\$1,197,000) |
| Total funds available | \$15,024,078 |

| Allocation of Funds | |
|---|---------------------|
| First tranche payment on the Shell Creek resource | \$5,249,344 |
| Exercise of options | \$1,784,777 |
| Drilling and work programs | \$2,204,725 |
| Overheads | \$2,287,436 |
| Working Capital | \$3,497,796 |
| | \$15,024,078 |

Exploration Program and Budget

Set out below is the Company's budgeted exploration program in USD.

| Expenditure | Purpose | Year 1 Budget | Year 2 Budget |
|---|--|-----------------------|-----------------------|
| Consideration first tranche payment on the Shell Creek resource | Consideration for coal rights | \$5,000,000 | - |
| Exercise of options | Consideration for coal and property rights | \$1,700,000 | - |
| Expected Exploration program | Drilling and exploration holes | \$500,000 | \$500,000 |
| Environmental work programs | Environmental studies | \$500,000 | \$600,000 |
| TOTAL USD | | US\$7,700,000 | US\$1,100,000 |
| TOTAL AUD | | AUD\$8,083,990 | AUD\$1,154,856 |

Note: Exchange rate of \$A1.00 to US\$1.073 was used in the company's accounts as at 30 June 2011. The change rate used for the allocation of funds was AUD1 = USD0.9525. The actual exchange rate may differ from the estimate depending on the given exchange rate at the date the funds are expended.

Working Capital

Upon completion of the Offer, the Directors believe that the Company will have sufficient working capital to carry out its stated objectives.

Administration

Treasury functions and financial reporting and control of the Company will be based in Australia.

8. Investment Risks

Investors should be aware that there are various risks associated with an investment in County Coal, some specifically related to its business and others of a more general nature. These risk factors are largely beyond the control of County Coal and its Directors because of the business of County Coal. An investment in County Coal should be regarded as speculative.

County Coal has only recently commenced trading and currently has no revenue from coal exploration and development activities.

To appreciate the risk factors associated with an investment in County Coal, this Prospectus should be read in its entirety. Investors should also consider their personal circumstances (including financial and taxation issues) and seek appropriate professional advice before deciding whether to invest. Investors should also carefully consider the following major risk factors before deciding to invest in County Coal.

Directors believe that risks associated with an investment in County Coal include, but may not be limited to, the following:

Risks specific to County Coal

Exploration risks

Potential investors should understand that coal exploration and development is a high-risk undertaking. There can be no assurance that the development activities of County Coal will result in the exploitation of an economic coal resource.

Operating risks

The operations of County Coal may be affected by various factors, including but not limited to, failure to achieve predicted coal production rates; operational and technical difficulties encountered in production, difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated resource problems, which may affect production performance; adverse weather conditions; industrial and environmental accidents; industrial disputes; availability of suitable transport and logistics, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

County Coal does not have a lengthy operating history, having commenced operations in February 2011. No assurances can be given that County Coal's prospects and projects will achieve commercial viability through successful production from its permits.

Reserves and resource estimates

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans, which may, in turn, adversely affect County Coal's operations.

Commodity price volatility and exchange rate risks

If County Coal achieves success leading to coal production, the revenue it will derive through the sale of commodities exposes the potential income of County Coal to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of County Coal. Such factors include supply and demand fluctuations for coal, in particular thermal coal, technological advancements, forward selling activities and other macro-economic factors.

County Coal's main business undertakings will be based in the USA. As a result, revenues, cash flows, expenses, capital expenditure and commitments will be primarily denominated in United States dollars. This will result in the income, expenditure and cash flows of County Coal, being exposed to the fluctuations and volatility of the price of coal and thermal coal in particular and the exchange rates, as determined in international markets.

Environmental risks

The operations and proposed activities of its wholly owned subsidiary companies County Energy Inc., County Coal Company LLC, and Clear Creek Holdings LLC will be subject to USA laws and regulations concerning the environment. As with most production operations, County Coal's activities are expected to have an impact on the environment. It is County Coal's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all operational and environmental laws. Nevertheless, there are certain risks inherent in County Coal's activities, such as accidental waste water spills, gas leaks, gas seepages or explosions or other unforeseen circumstances, which could subject County Coal to extensive liability.

Competition

County Coal will be competing with other companies for the export coal market, both in the USA and internationally. These companies may have access to greater resources than County Coal and may be in a better position to compete for future business opportunities. There can be no assurance that County Coal can compete effectively with these companies.

Insurance

Insurance against all risks associated with coal production is not always available or affordable. County Coal will maintain insurance, where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

Reliance on key personnel

The loss of any one or more of the Directors or Mining Advisory Panel members could have an adverse impact on the performance and prospects of County Coal. It is not possible to predict the risk associated with a financial failure, default or non-compliance of a contractor, but such events, should they occur, may harm the performance of County Coal.

Reliance on Mining Advisory Panel

County Coal depends to some extent on its Mining Advisory Panel for advice on new investment opportunities and to assist it with evaluating and exploiting investment opportunities. There may be negative consequences for County Coal if one of the Mining Advisory Panel members does not comply with their agreement with County Coal, or if one of the Mining Advisory Panel members suffers insolvency or other financial difficulty or suffer a managerial failure.

Future capital needs and funding

Further funding may be required by County Coal to support its activities and operations over time. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain finance may adversely affect the business and financial condition of County Coal and, consequently, its performance.

General investment risks

Stock market risks

County Coal's Shares are expected to be listed on the ASX, where their price may rise or fall. The Shares may trade below the Offer Price. Factors that may affect the market price of the Shares include variations in general or industry-specific market conditions.

Economic and political conditions

Changes in the general economic (which by their nature are cyclical and are subject to change) and political climate in the USA, Australia and on a global basis that could impact on economic growth, the coal industry and interest rates, the rate of inflation, taxation and tariff laws and domestic security, may affect the value and viability of any coal production activity that may be conducted by County Coal.

Changes in legislation and government regulation

Changes to legislation or government policy in Australia or the USA, including changes to the taxation system, may affect future earnings and the relative attractiveness of investing in County Coal.

Regulation in the USA

The coal industry in the US is extensively regulated. Extensive federal, state, local and foreign laws and regulations relating to the exploration for and development, production, gathering and marketing of coal will affect County Coal's operations. From time to time, regulatory agencies have imposed price controls and limitations on production. Compliance with existing and anticipated regulation increases the cost of business.

Liquidity risks

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few buyers or sellers of the Shares on ASX at any given time. This may affect the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by County Coal or by investors in County Coal. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of County Coal and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in County Coal is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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9. Additional information

County Coal Limited

County Coal Limited is an unlisted Australian public company that was incorporated on 4 February 2011. County Coal was incorporated as a proprietary limited company and changed its status to a public company on 17 June 2011. County Coal is now taxed in Australia as a public company.

County Coal commenced operations in February 2011 and has three wholly owned subsidiary companies in the USA being County Energy Inc., County Coal Company LLC and Clear Creek Holdings LLC. County Coal is engaged in direct investment in coal exploration and development in the USA and looks for export coal mining opportunities in well-known coal producing regions. County Coal will initially focus on two thermal coal projects, in the Powder River Basin in Wyoming, however in the future it may expand its operations to investment in coal resource opportunities in other regions of the USA. County Coal leverages its Board's and Mining Advisory Panel's experience and relationships to source and evaluate new investment opportunities.

Rights attaching to Shares

The Shares issued pursuant to the Offer will be fully paid Ordinary Shares and will rank equally in all respects with County Coal's fully paid Ordinary Shares currently on issue.

The rights and liabilities attaching to the ownership of Shares arise from a combination of County Coal's Constitution, statute, the ASX Listing Rules and general law. The following is a broad summary of the rights, which attach to the Ordinary Shares. It is not intended to be an exhaustive or definitive summary of the rights and obligations of Shareholders. The summary assumes that County Coal is admitted to the Official List of the ASX.

Voting rights at a general meeting

At a meeting of Shareholders, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each Share held.

Dividends

The profits of County Coal, which the Board may from time to time determine to distribute as dividends, are payable equally on all fully paid Ordinary Shares. Payment of any dividend may be made in any manner and by any means as determined by the Board. In the short term, County Coal does not intend to pay dividends.

Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASTC Settlement Rules, by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, the ASX Listing Rules, or the ASTC Settlement Rules. Subject to the Constitution, the Corporations Act, the ASX Listing Rules and the ASTC Settlement Rules, Shares in County Coal are freely transferable, and the Directors may refuse to register a transfer only in limited circumstances.

Meetings and notices

Each shareholder is entitled to receive notice of, attend and vote at general meetings of County Coal and to receive all notices, accounts, information and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

Variation of rights

County Coal currently has only Ordinary Shares and Options on issue. Subject to the ASX Listing Rules, the rights, privileges and restrictions attaching to Ordinary Shares can only be varied with the consent in writing of Shareholders with at least 75% of the votes attaching to County Coal's Ordinary Shares, or with the sanction of a special resolution passed at a separate meeting of the Shareholders holding Ordinary Shares.

Winding up

If County Coal is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of County Coal and may determine how the division is to be carried out between the Shareholders.

Shareholder liability

As the Shares under the Offer pursuant to this Prospectus are fully paid shares they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Altering the Constitution

The Constitution can only be amended by a special resolution passed at a general meeting by at least 75% of the votes cast by Shareholders entitled to vote on the resolution. At least 28 days written notice must be given, specifying the intention to propose the resolution as a special resolution and stating the resolution.

ASX Listing Rules

Despite anything in the Constitution of County Coal, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require the Constitution to contain a provision or not to contain a provision, the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent to the inconsistency.

Rights attaching to Options

There are currently 7.2 million existing options on issue. The rights attaching to the options issued prior to the date of this Prospectus are set out below.

| Number of Options | Exercise Price | Issue Date | Exercisable Date |
|-------------------|----------------|---------------|-------------------|
| 3,250,000 | \$0.40 | 4 April 2011 | 30 September 2011 |
| 500,000 | \$0.40 | 28 April 2011 | 30 September 2012 |
| 450,000 | \$0.40 | 17 June 2011 | 30 September 2013 |
| 3,000,000 | \$0.40 | 17 June 2011 | 30 September 2012 |

- Each option entitles the holder, when exercised, to one Share in the capital of County Coal.
- The options are exercisable at a price of 40 cents each, will expire on 31 March 2015 and may be exercised by the option holder in whole or in part.
- The Options will not be transferable, other than if the option holder dies and the options are transferred to the executor of the option holder's estate.
- If County Coal is subject to a takeover bid, and the bidder obtains a Relevant Interest in 50% or more of the voting shares of County Coal, then notwithstanding other restrictions contained in the option terms, the option holders may exercise the Options, but only after the takeover bid becomes unconditional and before the end of the Offer Period and before County Coal ceases to be on the Official List of the ASX.
- If there is a reorganisation of the capital of County Coal (whether before or during the period during which the option holder can exercise the Options) then the rights of the option holder (including the number of Options to which the option holder is entitled or the exercise price of the options) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- County Coal must give to the option holder, in accordance with the ASX Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.
- The options do not confer any right to a change in the exercise price or a change to the number of underlying securities over which they can be exercised except as provided in other terms of their issue.
- In the event that prior to the date of exercise of the options, a pro rata bonus issue is made to the holders of fully paid Ordinary Shares in County Coal (other than an issue in lieu or in satisfaction of dividends or by way of a dividend reinvestment plan), upon exercise of the options, the entitlement to be issued fully paid Ordinary Shares upon exercise of the options will be adjusted to include the number of bonus shares that would have been issued to the holder of the Options as if the options held had been exercised prior to the record date for the bonus issue. Notwithstanding any adjustment to the entitlement to be issued fully paid Ordinary Shares upon exercise of the options that results from a bonus issue, the exercise price in respect of the options will not change.
- Any calculations or adjustments which are required to be made to the option price or number of securities as required under the option terms, will be made by the auditors of County Coal for the time being and will, in the absence of manifest error, but subject to other issue terms, be final and binding on the holder of the options.

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- If the Board in its absolute discretion determines that an adjustment is required to the option price or number of securities as required under the option terms (or the fact that no adjustment is prescribed in respect of a particular reconstruction) would not be fair and equitable to the holder of the options and the holders of all Ordinary Shares, having regard to the circumstances of the particular capital reconstruction or bonus issue and the capital structure of County Coal at that time, then the Board may, subject to the ASX Listing Rules, substitute another adjustment, provided that the Board reasonably considers that the substitute adjustment is fair and equitable.
- County Coal will notify the holder of the options of any adjustments required to the exercise price or the number of options within seven days of the date of the adjustment.

The CHESS System

It is a condition of listing the Shares on the ASX that any requirements of CHESS must be satisfied. County Coal will, as part of its application for quotation of the Shares on the ASX, apply to participate in CHESS. This application is governed by the ASTC Settlement Rules.

Tax Treatment

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in County Coal are urged to obtain professional taxation advice about the consequences of subscribing for Shares.

To the maximum extent permitted by law, County Coal, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

The comments below provide a general summary of Australian tax issues for Shareholders. This summary is based on the law in Australia in force at the time of issue of this Prospectus. It is general in nature and is not intended to be a complete statement of the applicable law. A change in the current taxation regime may affect this summary.

Dividends

Australian tax resident Shareholders

Dividends paid by County Coal will constitute assessable income. Due to the current structure of the group, it is not anticipated that material franking credits will be available for distribution to Shareholders with any dividends County Coal may pay.

Australian tax resident Shareholders who are individuals or complying superannuation entities should include in their assessable income any dividend actually received, together with any franking credit attaching to that dividend. Such Shareholders should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Shareholder's taxable income, such Shareholders should be entitled to a tax refund.

For corporate Shareholders, excess franking credits received cannot give rise to a refund, but may be able to be converted into carry forward tax losses. Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the franking credit that the beneficiary or partner has received from the trust or partnership as the case may be.

Non-resident tax Shareholders

The payment of dividends by the County Coal to non-resident tax Shareholders may be subject to dividend withholding tax. The rate of withholding tax will depend upon the non-resident tax Shareholders country of residence.

To the extent that dividends paid by the County Coal constitute income that it has derived from its overseas subsidiaries, then dividend withholding tax should not apply to that proportion of a dividend paid to non-resident tax Shareholders that represents such income.

Any amount of a dividend paid by County Coal to a non-resident tax Shareholder that is franked should not be subject to withholding tax to the extent that the dividend is franked.

Disposal of Shares – Capital Account

Summarised below are the expected tax consequences associated with a disposal of Shares by a Shareholder who holds their Shares on capital account.

Australian tax resident Shareholders

The disposal of a Share by a Shareholder may give rise to a taxable capital gain or loss. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Share.

A capital gains tax ("CGT") discount may be applied against the capital gain where the Shareholder is an individual, complying superannuation entity or trustee and the Shares have been held for more than 12 months. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

Non-resident tax Shareholders

For non-resident tax Shareholders who own less than 10% of the issued Shares in County Coal, a disposal of Shares should not give rise to capital gains tax in Australia.

For non-resident tax Shareholders who own 10% or more of the issued shares in County Coal, a disposal of Shares should not be subject to capital gains tax in Australia whilst the majority of the value of the Company's assets are situated outside Australia.

Disposal of Shares – Revenue Account

Where the Shares are held by a Shareholder on revenue account, a profit on the sale of the Shares will constitute assessable income. Generally, shares will be treated as being held on revenue account where the intention or purpose of the Shareholder in acquiring the Shares was to make a profit or a gain and the transaction was entered into and profit made in the course of carrying on a business or in carrying out a business operation.

Depending upon the country of residency of a non-resident tax Shareholder and whether the Shareholder is carrying on an enterprise, a profit on the sale of Shares realised by a non-resident tax Shareholder may not be subject to tax in Australia pursuant to the operation of a double tax agreement.

Other

A Shareholder is not required to quote their tax file number ("TFN") to County Coal. However, if TFN or exemption details are not provided, tax may be required to be deducted by the County Coal from dividends at the maximum marginal tax rate plus the Medicare levy.

Shareholders should not be liable for GST in respect of their investment in Shares.

Capital structure of County Coal

The pro-forma capital structure of County Coal before and after the Offer is set out below:

| Issued capital | Numbers |
|---|-------------|
| Existing Ordinary Shares at the date of the Prospectus | 56,175,004 |
| Options on issue at date of Prospectus | 7,200,000 |
| Existing issued capital (on a fully diluted basis) | 63,375,004 |
| New Shares to be issued under Offer | 37,500,000 |
| Total issued capital following Offer under this Prospectus (on a fully diluted basis) | 100,875,004 |

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Additional information

Current substantial Shareholders in County Coal are set out below:

| Shareholder | Shares | % of current issued capital | % of issued capital following Offer |
|--|-----------|-----------------------------|-------------------------------------|
| Balander Pty Limited ATF Balander Super Fund | 7,335,000 | 13.06% | 7.83% |
| Kemlay Pty Limited ATF Grasmere Trust | 7,335,000 | 13.06% | 7.83% |
| Mismo Pty Limited ATF Southwest Trust | 7,335,000 | 13.06% | 7.83% |
| Resource Capital Limited* | 7,000,000 | 12.46% | 7.47% |
| RTM Holdings Limited* | 7,000,000 | 12.46% | 7.47% |
| Intercoal Limited* | 5,000,000 | 8.90% | 5.34% |

* Mr Boland is a Director of County Coal and is deemed to currently control 33.82% of County Coal and following the issue will be deemed to control 20.28% of County Coal

Material contracts

Investment contracts

Set out below is a brief summary of the more important details of certain contracts entered into (or to be entered into) by County Coal and its wholly owned USA subsidiaries, and which have been identified as material and relevant to potential investors.

Property Purchase Agreement –Shell Creek Coal Project

County Coal Company LLC entered into a property purchase agreement with Gordon Wetterlund and Glenn Rivard (collectively, the “**Shell Creek Sellers**”) on 29 March 2011, to acquire all the coal and minerals rights held by the Shell Creek Sellers in respect of a property at Lake De Smet West in Buffalo, Wyoming. County Coal Company LLC’s obligations under this agreement are guaranteed by County Coal.

The property purchase agreement sets out certain coal and mineral rights owned by the Shell Creek Sellers in Johnson County, Wyoming (“**Shell Creek Rights**”).

The buyers agreed to pay an acquisition price of:

- US\$5,000,000, in lieu of the first 50,000,000 short tons* to be proven up;
- US\$0.10 per short ton* proved up to JORC Proved Coal Reserve status over 10 years, up to an estimated 220,000,000 short tons* and based on every 50,000,000 short ton* lot of reserves so proven;
- plus a royalty of 1% on the fair market value of coal or minerals extracted from the said property at the Tipple (less the cost of freight to the Tipple or load out facility),

to the Shell Creek Sellers to acquire an undivided interest in all of the Shell Creek Sellers’ rights and interest in the Shell Creek Rights. County Coal Company LLC has agreed to grant a mortgage over the Shell Creek property in the amount of US\$17,000,000 to secure its obligations under the agreement. The transaction is due to close on or before 9 November 2011.

The buyers are required to drill to JORC Proved Coal Reserve status a minimum of 50,000,000 short tons* every two years from the date of acquisition of the Shell Creek Rights.

* **Note that this agreement uses an imperial unit of measurement known as a “short ton” which is a unit of weight equivalent to 2,000 pounds or 907.18474 kilograms.**

Property Purchase Agreement – Miller Coal Project

County Coal Company LLC entered into a property purchase agreement with Miller & Associates LLC (“Miller Seller”) on 11 March 2011, to acquire all the coal rights held by the Miller Seller in respect of two State leases of property near Gillette, Wyoming. The properties comprise a total of 1,280 acres with a JORC Indicated Coal Resource of approximately 310 million tonnes.

The property purchase agreement sets out certain coal rights owned by the Miller Seller in Campbell County, Wyoming, USA (“Miller Rights”).

The buyers agreed to pay an acquisition price of:

- US\$200,000;
- 1,000,000 Shares;
- plus a royalty of 3% of gross value of coal at the Tipple, not to exceed US\$0.50 per short ton*,

to the Miller Seller to acquire an undivided interest in all of the Miller Seller’s rights and interest in the Miller Rights. In addition, County Coal Company LLC has undertaken to provide an advance royalty payment of US\$40,000 per annum, to be credited against the royalty payable for each year.

Further to this, on 11 March 2011, County Coal Company LLC received an assignment of the State leases.

The Miller Seller has also granted County Coal Company LLC an option to acquire further coal rights in the Gillette area, which expires on 11 December 2011 unless extended. County Coal Company LLC may purchase up to 2 extensions of 6 months each, at a price of US\$10,000. The option price is US\$100,000, plus 500,000 Shares, plus a 3% royalty (as described above) with an advance royalty payment of \$20,000 per annum to be credited against the royalty payable for each year. This property consists of coal rights over a further 640 acres.

*** Note that this agreement uses an imperial unit of measurement known as a “short ton” which is a unit of weight equivalent to 2,000 pounds or 907.18474 kilograms.**

Option Agreement

On 29 September 2011, Clear Creek Holdings LLC (“Clear Creek”), a wholly owned subsidiary of County Coal Limited, entered into an option agreement with Piney Creek Land Company LLC, pursuant to which, Piney Creek Land Company LLC granted Clear Creek a six-month option to acquire property known as the “Shores at Lake DeSmet” in Johnson County, Wyoming, USA on an “as is” basis.

The agreement contains the following key terms:

- upon execution of the options agreement, Clear Creek shall pay a non-refundable US\$50,000 to Piney Creek Holdings LLC;
- if Clear Creek exercises the option, the purchase price for the property shall be US\$850,000 (the US\$50,000 paid for the option will go towards the purchase price); and
- Clear Creek agrees to purchase the property on an “as is” basis, and will complete any purchase of the property subject to the current request pending before the Johnson County Commissioners to alter paving requirements on the property.

Revised Option to Purchase

On 27 September 2011, Clear Creek Holdings LLC (“Clear Creek”), a wholly owned subsidiary of County Coal Limited, entered into a revised option to purchase agreement with BAT, LLC and BAT II, LLC (both collectively referred to as “BAT”, and both Wyoming limited liability companies) pursuant to which BAT granted Clear Creek an option to acquire the surface estate and all mineral rights owned by BAT in two tracts of land in Johnson County, Wyoming, USA (“Property”).

The parties had previously exercised an option to purchase in relation to the Property on 23 June 2011 in substantially the same terms as the revised option to purchase, though in that agreement Clear Creek was incorrectly referred to as “Clear Creek, LLC”, which is why the revised option to purchase was entered into.

The revised option to purchase (and the previous option to purchase) contain the following key terms:

- as consideration for the grant of the option to purchase, Clear Creek shall pay to BAT an option price of US\$50,000, with US\$10,000 for the option to purchase all of BAT’s mineral interest in the Property, and US\$40,000 for the option to purchase the surface estate in the Property;
- if exercised by Clear Creek, the purchase price shall be US\$900,000, with US\$100,000 for all of BAT’s mineral interest in the Property, and US\$800,000 for the surface estate in the Property;

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- the option period shall expire on 1 December 2011;
- if Clear Creek exercises the option to purchase, the US\$50,000 paid to acquire the option to purchase shall be considered part of the purchase price and the US\$850,000 balance of the purchase price shall be paid at closing, with US\$90,000 being for all of BAT's mineral interest in the Property, subject to a reservation of a 1% royalty in BAT, and US\$760,000 for surface estate in the Property;
- if Clear Creek exercises its option to purchase, the parties will execute a Purchase and Sale Agreement, within 30 days of delivery of a notice to BAT that Clear Creek is exercising the option to purchase; and
- the Purchase and Sale Agreement shall include (among others) a provision under which BAT reserves a proportionately reduced 1% royalty in the mineral interest sold.

Continuing business

Investors should be aware that throughout the course of the Offer, County Coal will continue to operate in the ordinary course of business, including actively participating in coal exploration, and development programs and seeking further coal resources or project acquisition opportunities which as yet may not have been entered into and potentially entering into contracts with respect to suitable new investments. To the extent that any such actions result in County Coal being required to issue a supplementary or replacement prospectus under section 719 of the Corporations Act, it will do so.

Other material contracts

Set out below is a brief summary of the more important details of certain other County Coal contracts, which have been identified as material and relevant to potential investors.

Restriction Agreements

County Coal has entered into voluntary restriction deeds substantially in the form set out in Appendix 9A of the ASX Listing Rules, with each of the following entities who are substantial Shareholders and their controllers (for these purposes, a controller is a person who has a substantial interest in the equity of the holder of, or a substantial economic interest in, restricted securities; and each intermediate entity through which that interest occurs) ("**Restriction Agreements**"):

| Holder | Controller | Restricted Securities |
|--|------------------|---------------------------|
| Balander Pty Limited ATF Balander Super Fund | Sam Gazal | 7,167,500 Ordinary Shares |
| Kemlay Pty Limited ATF Grasmere Trust | Terry Flitcroft | 7,167,500 Ordinary Shares |
| Mismo Pty Limited ATF Southwest Trust | Charles Gullotta | 7,167,500 Ordinary Shares |
| Resource Capital Limited | Marcus Boland | 7,000,000 Ordinary Shares |
| RTM Holdings Limited | Marcus Boland | 7,000,000 Ordinary Shares |
| Intercoal Limited | Marcus Boland | 4,500,000 Ordinary Shares |

Other existing Shareholders holding a total of 11,993,753 shares in County Coal have also entered into restriction agreements.

Under each of the Restriction Agreements, the holders of restricted securities agree (amongst other things) not to dispose of, or agree to offer to dispose of, the restricted securities in County Coal held by them (which are set out in the table above) for a period of up to two years from the date of official quotation on ASX of the Shares.

Employment agreement - Marcus Boland

Effective as at 31 March 2011, Marcus Boland (a Director of County Coal) entered into an agreement with County Coal for a term of four years, pursuant to which he agreed to provide his services and expertise to County Coal to source, evaluate and pursue coal investment opportunities in the USA and elsewhere on behalf of County Coal ("**Employment Agreement**") on the following key terms:

- he is employed as Head of Business Development, unless the employment is terminated early as described below;
- County Coal may terminate the employment with immediate effect and without notice if Mr Boland is guilty of serious misconduct in connection with his duties, material breach of the Employment Agreement, a material criminal offence, breach of any law governing the conduct of business or any offence involving dishonesty. In this case, the only payment which Mr. Boland will be entitled to is due but unpaid salary to the date of termination and statutory entitlements to accrued but unpaid long service leave and annual leave ("**Accrued Unpaid Amounts**");

- County Coal may terminate the employment with immediate effect and without notice if Mr Boland is unable to perform his duties due to injury or illness for 3 months. In this case, Mr Boland will be entitled to be paid for the 3 month illness period and to be paid Accrued Unpaid Amounts;
- County Coal may otherwise terminate the Employment Agreement at any time but in this case, Mr Boland will be entitled to be paid 6 months remuneration and any other entitlements set out in the Employment Agreement as well as Accrued Unpaid Amounts;
- Mr Boland's duties are specified in the Employment Agreement, including acting in County Coal's best interests and limitations on the use of confidential information; and
- Mr Boland from the date of listing is to be paid an annual remuneration package to the value of \$190,000 gross per annum during the continuance of the Employment Agreement.

Consultant's contracts

County Coal has executed consultancy agreements with Jakeman Strategies Group Pty Ltd, of which Mitch Jakeman is a director, and Steve Parker. Messrs Jakeman and Parker are members of the Mining Advisory Panel. The contracts include the following terms:

- the agreements are continuous and commenced on 15 May 2011, in the case of the Jakeman Strategies Group Pty Ltd and on 12 April 2011, in the case of Mr Parker;
- County Coal may terminate the Consultancy Agreements with 3 months remuneration in lieu of notice;
- the duties of the consultants are specified in the Consultancy Agreements, including use of confidential information, assignment of intellectual property rights and geological information and data to County Coal;
- the Consultants are expected to receive remuneration of between \$40,000 and \$50,000 during the continuance of the Consultancy Agreements;
- Mr Parker was issued with unquoted options to subscribe for 250,000 fully paid shares in County Coal at the Listing Offer Price of \$0.40 each. Further details of the options are set out elsewhere in Section 9 "Additional information".

Distribution and marketing agreement

On 31 May 2011 County Coal entered into an agreement with the Broker, whereby the Broker would assist County Coal in the distribution and marketing of the Shares on a "best endeavours" basis, including by:

- determining in broad terms the appropriate allocation of new capital across the participating investor pools;
- preparing for and accompanying County Coal on a roadshow for the marketing of the Offer;
- assisting County Coal with making allocations as necessary; and
- managing the overall distribution process.

The Broker will receive an amount of 6% of the total value of equity raised and will be reimbursed for travel expenses associated with the Offer up to a maximum amount of \$25,000, plus applicable GST on these amounts.

The Broker would co-ordinate any and all applications for new shares received from participant corporations of the ASX ("Participant Corporations") and retains discretion regarding the necessary fee payable to incentivise those Participant Corporations. Any fees payable to Participant Corporations will be paid by the Broker. County Coal agrees that any applications submitted by the Broker will receive priority during the allotment process over any applications received from other Participant Corporations.

Directors' interests and benefits

Except as disclosed in this Prospectus, no Director holds, or has held at any time during the last two years, any interest in:

- (a) the formation or promotion of County Coal;
- (b) any property acquired or proposed to be acquired by County Coal in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts or benefits of any kind, whether in cash or Shares or otherwise, have been paid or given or agreed to be paid or given to any Director to induce him to become, or to qualify as, a Director, or for services provided in connection with the formation or promotion of County Coal or the Offer.

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Directors' interests in Shares and Options

The Directors are not required to hold any Shares under the provisions of the County Coal Constitution but they are entitled to hold Shares in County Coal. Each Director states that his relevant interest (held either directly or indirectly by associated entities or persons) in Shares and Options of County Coal at the date of this Prospectus are as set out in the following table:

| Director | Shares Held Directly | Shares Held Indirectly | Options Held Directly | Options Held Indirectly |
|----------------|----------------------|------------------------|-----------------------|-------------------------|
| Robert Cameron | 100,000 | 2,500,000* | Nil | 3,000,000* |
| Marcus Boland | Nil | 19,000,000** | Nil | Nil |
| David Miller | Nil | 1,000,000*** | Nil | 500,000*** |

* Held in the name of Paula Suzanne Cameron and Robert Graham Cameron ATF Cameron Family Superannuation Plan of which Mr Cameron is a beneficiary.

** Held by RTM Holdings Limited, Resource Capital Limited (as trustee for The Sundance Trust) and Intercoal Limited (as trustee for The Boland Family Trust) of which Mr Boland is a director and a beneficiary.

*** Held by Miller & Associates LLC of which Mr Miller is a shareholder and a director.

Directors' remuneration

County Coal's Constitution provides that the remuneration of non-executive Directors must not exceed in aggregate a maximum amount fixed in general meeting for that purpose. The agreed maximum amount is \$350,000 per annum.

Non-executive Directors may also receive consultancy fees for additional work performed for County Coal outside normal directors' duties.

Mr Marcus Boland is an executive Director of County Coal and is currently the only executive Director. Remuneration that is reasonable is provided for in Mr Boland's employment contract with County Coal (as summarised above).

Related party transactions

Marcus Boland is an executive Director of County Coal and will receive remuneration that is reasonable under his employment contract entered into with County Coal (as summarised above).

Deeds of Access and Indemnity

The Deeds of Access and Indemnity entered into by County Coal with each of the Directors, which are summarised below, provide for County Coal to give benefits to the Directors which are reasonable.

Each Director has entered into a deed with County Coal under which the Director is given access to County Coal documents and in addition is indemnified by County Coal to the full extent permitted by law against:

- all liabilities sustained or incurred in connection with acting as a Director (under the Corporations Act the indemnity does not extend to a liability owed to County Coal or its related bodies corporate, or which arises out of conduct involving a lack of good faith, or is for a pecuniary penalty order under section 1317G of the Corporations Act or a compensation order under section 1317H, 1317HA or 1317HB of the Corporations Act);
- legal costs incurred in responding to an action relating to the Director's position with the County Coal which is taken by regulatory authorities or others prior to commencing proceedings and defending an action for a liability incurred as an officer of County Coal (under the Corporations Act the indemnity does not extend to costs incurred in circumstances where the Director is found to have a liability for which the Director cannot be indemnified, or costs of defending or resisting criminal proceedings in which the Director is found guilty or defending proceedings brought by ASIC or a liquidator for a court order where the court holds that the grounds for making the order are established, or costs of proceedings seeking relief for the Director under the Corporations Act where the court denies relief);
- entitled to a loan or advance to meet the costs of defending or responding to any such claim or proceeding; and
- entitled to have County Coal maintain and pay premiums in respect of directors' and officers' liability insurance.

Interests of experts and advisors

Except as disclosed in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, and no promoter of County Coal has or has had at any time during the last two years, any interest in the formation or promotion of County Coal, or in any property acquired or proposed to be acquired by County Coal in connection with its formation or promotion or the Offer, or in the Offer, nor has any amount been paid or agreed to be paid or any benefit given or agreed to be given to such a person for services provided in connection with the formation or promotion of County Coal or the Offer, other than as disclosed in this Section 9 "Additional information" (or elsewhere in the Prospectus).

Stirling International has acted as Investigating Accountant. County Coal will pay approximately \$15,000 for this service.

Atanaskovic Hartnell and Hathaway & Kunz, P.C. have acted as legal advisors to County Coal in relation to the Offer. County Coal will pay approximately \$110,000 for these services.

Boardroom Pty Limited has acted as Share Registrar to the issue and has agreed to provide share registry services to County Coal. County Coal will pay approximately \$15,000 for their acting as share registrar to the issue and expects to pay approximately \$20,000 per year for ongoing share registry services.

Aqua Terra Consultants Inc. has prepared the Independent Geologist's Report in relation to the Offer and has also undertaken due diligence enquiries in relation to geological matters. County Coal will pay approximately US\$35,500 for these services.

The amounts disclosed above are exclusive of any amount of goods and services tax payable by County Coal in respect of those amounts.

Consents and disclaimers

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in this Prospectus is based other than as specified in this Section;
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Stirling International has prepared the Investigating Accountants' Report and has given its written consent to the inclusion of the report in this Prospectus and to all statements referring to the report in the form and context in which they appear and has not withdrawn such consent before lodgment of this Prospectus with ASIC. Aqua Terra Consulting Inc. (through its professional geologist Steven J. Stresky (as principle author) and Paul J. Gerlach (as principle reviewer)) has prepared the Independent Geologist's Report. Aqua Terra Consulting Inc. and its professional geologists have each given their written consent to the inclusion of the report in this Prospectus and to all statements referring to the report in the form and context in which they appear and have not withdrawn such consent before lodgment of this Prospectus with ASIC.

Each of the following persons have given their consent to being named in the Prospectus in the capacity as noted below in the form and context in which they are so named, and have not withdrawn such consent before the lodgment of the Prospectus with ASIC:

- Terence Flitcroft as the Company Secretary;
- Steven J. Parker and Mitch Jakeman as Mining Advisory Panel members;
- Atanaskovic Hartnell as legal advisors to County Coal;
- Hathaway & Kunz, P.C. as USA legal advisors to County Coal;
- Boardroom Pty Limited as share registry for County Coal;
- Stirling International as the auditors and Investigating Accountants; and
- Aqua Terra Consulting Inc. as the Independent Geologist, Steven J. Stresky as principle author and Paul J. Gerlach as principle reviewer.

Other relevant information

Litigation

As at the date of this Prospectus:

- County Coal is not a party to any litigation and is not aware of any claim, which any other party has against County Coal, which might result in litigation; and
- County Coal does not propose to commence any litigation on its own behalf.

Documents available for inspection

The documents set out below are available for inspection by any person without charge during normal business hours at the registered office of County Coal:

- (a) this Prospectus;
- (b) County Coal's Constitution; and
- (c) the material contracts listed in this Section 9 "Additional information".

Expenses of the Offer

The expenses of conducting due diligence, preparing and issuing this Prospectus, preparing County Coal for listing on the ASX and the equity raising pursuant to this Prospectus are estimated to be \$1,197,000 at the date of this Prospectus. These expenses will be paid by County Coal and include:

| | |
|---|--------------------|
| ASX quotation fees | \$65,000 |
| Experts, consultants and other fees | \$47,000 |
| Distribution and marketing | \$925,000 |
| Legal expenses | \$110,000 |
| Share Registry expenses | \$15,000 |
| Investigating Accountant's fees | \$15,000 |
| Prospectus printing, design and mailing | \$20,000 |
| | <u>\$1,197,000</u> |

Electronic Prospectus

Pursuant to a Class Order, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of securities in response to an electronic Application Form, subject to compliance with certain provisions. This Prospectus may be viewed online at www.countycoal.com. The Offer by way of electronic Prospectus is only available to persons receiving the electronic Prospectus in Australia.

Persons who receive the electronic version of this Prospectus should ensure that they download or are provided with the entire Prospectus and that they read the Prospectus in its entirety. On request during the Offer Period, a paper copy of this Prospectus will be provided free of charge to any person who requests a copy by contacting the Share Registry on (02) 9290 9600.

County Coal will not accept an Application Form from a person if it has reason to believe that the Application Form was not attached to, or accompanied by the Prospectus when received by the investor, or that the Prospectus was incomplete or altered or tampered with. In such a case the Application monies will be dealt with in accordance with section 722 of the Corporations Act.

Governing law

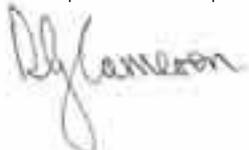
This Prospectus and the contracts that arise from the acceptance of the Offers are governed by the law applicable in NSW and each Applicant submits to the exclusive jurisdiction of the courts of NSW.

Directors' responsibility statement and consent

Each of the Directors has given his written consent to be named in this Prospectus, and to the inclusion of all statements made by him or based on those statements, in the form and context in which they are included and has not withdrawn such consent before the lodgement of the Prospectus with ASIC.

Each of the Directors has consented to the lodgement and issue of this Prospectus and has not withdrawn that consent prior to lodgement of this Prospectus with ASIC.

This replacement Prospectus is signed by the chairman of Directors for and on behalf of County Coal.



Robert G Cameron,
18 October, 2011

10. Glossary



- "AIFRS"** means Australian Equivalents to International Financial Reporting Standards.
- "Allotment Date"** means the date on which the Shares constituting the whole or part of the Issue are issued and allotted.
- "Applicant"** means a prospective investor in County Coal who applies for Shares pursuant to this Offer.
- "Application"** means the Application Form submitted by applicants pursuant to this Offer.
- "Application Form"** means the application form attached to this Prospectus.
- "ASIC"** means Australian Securities and Investments Commission.
- "ASTC"** means ASX Settlement and Transfer Corporation Pty Limited.
- "ASTC Settlement Rules"** means the operating rules of ASTC.
- "ASX"** means Australian Securities Exchange Limited.
- "ASX Listing Rules"** means the official listing rules of the ASX from time to time.
- "\$, A\$, AUD"** means Australian dollars, all amounts are quoted in Australian dollars unless otherwise stated.
- "Board"** means the Board of Directors of County Coal.
- "BNSF"** means the BNSF Railway Company, headquartered in Fort Worth, Texas, USA, which operates one of the largest railroad networks in North America.
- "Broker"** means Macquarie Equities Limited.
- "Business Day"** has the same meaning as in the ASX Listing Rules.
- "Business Plan"** means the business plan for County Coal.
- "CHES"** means the Clearing House Electronic Sub-register System.
- "Clean Air Act"** means the Clean Air Act of 1963 of the USA.
- "Clear Creek Holdings LLC"** means the wholly owned subsidiary of County Coal called Clear Creek Holdings LLC.
- "Closing Date"** means 28 October 2011.
- "Coal Resource"** means coal resource as defined in the JORC Code.
- "Company"** means County Coal.
- "Company Secretary"** means the company secretary of County Coal as identified in Section 6 "Directors, Mining Advisory Panel and Corporate Governance" of the Prospectus.
- "County Coal"** means County Coal Limited (ACN 149 136 783) and/or its wholly owned subsidiary companies, County Energy Inc., County Coal Company LLC and Clear Creek Holdings LLC as appropriate.
- "County Coal Company LLC"** means the wholly owned subsidiary of County Coal called County Coal Company LLC.
- "County Energy Inc."** means the wholly owned subsidiary of County Coal called County Energy Inc.
- "Constitution"** means County Coal's constitution.
- "Corporations Act"** means the Corporations Act 2001 (Cth).
- "Director"** means a director of County Coal.
- "Eocene"** means a geological time period approximately 35-56 million years ago.
- "Existing Shares"** means the Ordinary Shares on issue.
- "Exposure Period"** means the 7 day period after the lodgement of the Prospectus with ASIC, which may be extended by ASIC by up to a further 7 days.
- "Fault"** means a fracture in the Earth's crust along which the rocks on one side are displaced relative to those on the other.
- "GST"** means GST as defined in A New Tax System (Goods and Services Tax) Act 1999 (Cth).
- "Independent Geologist"** means Aqua Terra Consulting Inc.
- "Independent Geologist's Report"** means the independent Geologist's Report in Section 4 "Independent Geologist's Report".
- "Indicated Coal Resource"** means an indicated coal resource as defined in the JORC Code.
- "Inferred Coal Resource"** means an inferred coal resource as defined in the JORC Code.
- "Investigating Accountant"** means Stirling International.
- "Issue Price"** means A\$0.40 per Share.

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Glossary

"**JORC**" means the JORC Code.

"**JORC Coal Resource**" in this Prospectus means the aggregate of all Coal Resources as defined in the JORC Code.

"**JORC Code**" means the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia.

"**Jurassic**" means a geological time period approximately 205 to 141 million years ago.

"**Listing Date**" means the date County Coal is admitted to the Official List of the ASX.

"**Measured Coal Resource**" means a measured coal resource as defined in the JORC Code.

"**Miller**" means the Miller Coal Project.

"**Miller Coal Project**" means the Company's export thermal coal development project located near Gillette in Campbell County, Wyoming in the eastern region of the Powder River Basin in Wyoming, USA.

"**Miller Project**" means the Miller Coal Project.

"**Mining Advisory Panel**" means the mining advisory panel established by County Coal as set out in Section 6 "Directors, Mining Advisory Panel and corporate governance".

"**New Shares**" means the Ordinary Shares offered under this Prospectus.

"**Offer**" means the offer of Shares pursuant to this Prospectus.

"**Offer Period**" means the period from the Opening Date to the Closing Date.

"**Official List**" means the official list of entities that ASX has admitted and not removed.

"**Opening Date**" means 19 October 2011.

"**Offer Price**" means \$0.40 per Share.

"**Option**" means an option to subscribe for one fully paid Ordinary Share in County Coal.

"**Ordinary Share**" means a fully paid ordinary share in County Coal.

"**Palaeocene**" means a geological time period approximately 60-65 million years ago.

"**Powder River Basin**" means a geological coal-bearing region located in northeast Wyoming and southeast Montana.

"**Prospectus**" means the replacement Prospectus lodged by the Company with ASIC on 18 October 2011.

"**Proved Coal Reserve**" means a proven coal resource as defined in the JORC Code.

"**Relevant Interest**" means relevant interest as defined in the Corporations Act.

"**Section**" means a section of this Prospectus.

"**Share**" means an Ordinary Share.

"**Share Registry**" means Boardroom Pty Limited.

"**Shareholder**" means a holder of Shares.

"**Shell Creek**" means the Shell Creek Coal Project.

"**Shell Creek Coal Project**" means the Company's export thermal coal project located near Buffalo in Johnson County, Wyoming, in the western region of the Powder River Basin in Wyoming, USA.

"**Sydney time**" means Australian Eastern Standard Time.

"**Tipple**" means the load-out area at the mine-site where coal is screened and loaded into trucks or railroad cars for transport to customers.

"**Trend**" means a strike direction of a geological feature.

"**US Person**" means a US person as defined in the US Securities Act.

"**US Securities Act**" means the United States Securities Act of 1933, as amended.

11. Bibliography



- (a) "Coal Map of Wyoming", Series 93, Wyoming State Geological Survey, 2009.
- (b) "Shell Creek Prospect – Exploration Area Location", BLM Geographic Coordinate Database, NAD83, WY East-Central, September 2011.
- (c) "Miller Lease – Exploration Area Location", BLM Geographic Coordinate Database, NAD83, WY East, September 2011.
- (d) "Shell Creek Prospect – Geologic Cross Section", BLM Geographic Coordinate Database, NAD83, WY East-Central, September 2011.
- (e) "Miller Lease – Geologic Cross Section", BLM Geographic Coordinate Database, NAD83, WY East, September 2011.
- (f) Wyoming State Geological Survey website, 2011.
- (g) "Map Series 58 – Powder River Basin", Wyoming State Geological Survey, 24 February 2010.
- (h) "Coal logistics map – USA", BNSF Railway website, 2011.
- (i) "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves", Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, 2004 Edition.

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 PIN CHEQUE(S) HERE

Application Form COUNTY COAL LIMITED



ACN 149 136 783

Fill out this Application Form if you wish to apply for Shares in County Coal Limited

| |
|-------------------------------|
| Broker Reference – Stamp Only |
|-------------------------------|

- WARNING:** There is a Prospectus dated 18 October 2011 (lodged with ASIC on that day) with information about investing in the Shares. Please read the Prospectus in its entirety before applying for the Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus and any supplementary prospectus. The expiry date of the Prospectus is 18 November 2012. No Shares will be allotted or issued on the basis of the Prospectus after its expiry date.
- Follow the instructions to complete this Application Form (see reverse).
- Print clearly in capital letters using black or blue pen.
- While the Prospectus is current, County Coal Limited or a financial services licensee who has provided an electronic copy of the Prospectus will send paper copies of the Prospectus, any supplementary prospectus and the Application Form, on request and without charge (telephone the Share Registry on (02) 9290 9600).

| | |
|-------------|--------------|
| Broker Code | Advisor Code |
| | |

A Number of Shares you are applying for

| |
|--|
| |
|--|

x \$0.40 per Share =

B Total amount payable

| |
|--|
| |
|--|

Minimum of **5,000** Shares to be applied for and thereafter in multiples of **500** Shares. You may be allotted all of the Shares above or a lesser number

C Write the name(s) you wish to register the Shares and associated free attaching Options in (see reverse for instructions)

Applicant 1

| |
|--|
| |
|--|

Name of Applicant 2 or < Account Designation >

| |
|--|
| |
|--|

Name of Applicant 3 or < Account Designation >

| |
|--|
| |
|--|

D Write your postal address here

Number / Street

| |
|--|
| |
| |

Suburb/Town

| | | |
|--|-------|----------|
| | State | Postcode |
| | | |

E CHESS participant – Holder Identification Number (HIN)

| | | | | | | | | | |
|-------------------------------------|--|--|--|--|--|--|--|--|--|
| <input checked="" type="checkbox"/> | | | | | | | | | |
|-------------------------------------|--|--|--|--|--|--|--|--|--|

Important please note if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any Securities issued as a result of your application will be held on the Issuer Sponsored Sub-register

F Enter your Tax File Number(s), ABN, or exemption category

| | | | |
|---|--|---|--|
| Applicant #1 <table border="1" style="width: 100%;"><tr><td style="height: 20px;"></td></tr></table> | | Applicant #2 <table border="1" style="width: 100%;"><tr><td style="height: 20px;"></td></tr></table> | |
| | | | |
| | | | |

G Cheque payment details

Please enter details of the cheque(s) that accompany this Application.

| | | | | |
|--------------------------|------------|---------|-------------|-------------------|
| Name of drawer of cheque | Cheque No. | BSB No. | Account No. | Cheque Amount A\$ |
| | | | | |

H Contact telephone number (daytime/work/mobile)

| | |
|--|--|
| | |
|--|--|

I Email address

| |
|--|
| |
|--|

By submitting this Application Form, I/We declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of County Coal Limited (the Company). I/We have received personally a copy of the Prospectus accompanied by or attached to this Application Form before applying for Shares. I/We represent, warrant and undertake to the Company that our subscription for the above Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company.

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GUIDE TO THE APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A. If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than **5,000** and then in multiples of **500**). Multiply by \$ **0.40** AUD to calculate the total for Shares and enter the **\$amount** at B.
- C. Write your **full name**. Initials are not acceptable for first names.
- D. Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E. If you are sponsored in CHES by a stockbroker or other CHES participant, you may enter your CHES HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHES account exactly.** If you are not a CHES participant or not sponsored by a CHES participant and do not wish to hold your Shares and Options in uncertified form on the CHES sub-register then leave section E blank and on allotment you will be sponsored by the Company and a SRN will be allocated to you. For further information refer to the relevant section of the Prospectus.
- F. Enter your Australian **tax file number** ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- G. Complete **cheque details** as requested. Make your cheque payable to **County Coal Limited Share Application Account** in Australian currency, cross it and mark it "**Not negotiable**". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
- H. Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.
- I. Enter your **email address** so we may contact you regarding your Application Form or Application Monies or other correspondence.

Correct forms of registrable title

Note that ONLY legal entities can hold the Shares and Options. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

| Type of Investor | Correct Form of Registrable Title | Incorrect Form of Registrable Title |
|-----------------------------|---|---------------------------------------|
| Trusts | Mr John David Smith <J D Smith Family A/C> | John Smith Family Trust |
| Deceased Estates | Mr Michael Peter Smith <Est Lte John Smith A/C> | John Smith deceased |
| Partnerships | Mr John David Smith & Mr Ian Lee Smith | John Smith & Ian Lee Smith |
| Clubs/Unincorporated Bodies | Mr John David Smith <Smith Investment A/C> | Smith Investment Club |
| Superannuation Funds | Mr John Smith & Mrs Mary Smith <Smith Family Super Fund A/C> | John & Mary Smith Superannuation Fund |

Lodgement

Mail or hand deliver your completed Application Form with cheque(s) attached to the following address:

Delivery address:
 County Coal Limited
 C/- Boardroom Pty Limited
 Level 7
 207 Kent St Street
 SYDNEY NSW 2000

Mailing address:
 County Coal Limited
 C/- Boardroom Pty Limited
 GPO Box 3993
 SYDNEY NSW 2001

Application Forms must be received by no later than 5.00pm (Sydney time) on 28 October 2011.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on Tel (02) 9290 9600.

Privacy Statement: Registries Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (http://www.boardroomlimited.com.au/help/share_privacy.html).



Board of Directors

Robert Cameron - Non-executive Chairman
David Miller - Non-executive Director
Marcus Boland - Executive Director

Company Secretary

Terence Flitcroft

Registered Office

Level 2, 27 Macquarie Place,
Sydney, NSW 2000
Telephone: +61 2 9251 3007
Facsimile: +61 2 9251 6550

Independent Accountant

Stirling International
11th Floor, St James Centre,
111 Elizabeth Street,
Sydney, NSW 2000

Share Registry

Boardroom Pty Limited
Level 7, 207 Kent Street,
Sydney, NSW 2000
Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664
www.boardroomlimited.com.au

Legal Advisors

Atanaskovic Hartnell
Level 10,
75-85 Elizabeth Street,
Sydney, NSW 2000

Independent Geological Consultants

Aqua Terra Consultants Inc.
2624 Heartland Drive,
Sheridan,
Wyoming 82801
United States of America

USA Solicitors

Hathaway & Kunz, P.C.
Suite 500, 2515 Warren Avenue,
Cheyenne,
Wyoming 82003-1208
United States of America

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Telephone +61 2 9251 3007 **Facsimile** +61 2 9251 6550 **E-mail** info@countycoal.com

www.countycoal.com