

COUNTY COAL LIMITED

Terms of Issue of Options to Miller & Associates LLC

1. The exercise price per Option will be a fixed price of 40 cents. Each Option exercised entitles the optionholder (“the Optionholder”) to be issued with one new ordinary share in County Coal Limited (“County Coal”).
2. The Options” will:
 - (a) be unlisted;
 - (b) be restricted from exercise until the later of any ASX restrictions and the 30th September 2012; and
 - (c) will expire on 31st March 2015.
3. The Options will not be transferable and the Optionholder must not Dispose of, or purport to dispose of, the Options or any interest in the Options. This **item 3** does not affect the Optionholder or the executor of the estate of the Optionholder exercising the Options in accordance with this Agreement if the Optionholder dies.
4. If County Coal Limited is subject to a takeover bid, and the bidder obtains a Relevant Interest in 50% or more of the voting shares of County Coal Limited, then notwithstanding **item 2(b)** of this Schedule the Optionholder may exercise the Options but only after the takeover bid becomes unconditional and before the end of the offer period and before County Coal Limited ceases to be on the official list of the ASX.
5. If there is a reorganisation of capital of County Coal Limited (whether before or during the period during which the Optionholder can exercise the Options) then the rights of the Optionholder (including the number of Options to which the Optionholder is entitled or the exercise price of the Options) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
6. County Coal Limited must give to the Optionholder, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.
7. 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 for in **items 5** and **8** of this Schedule.

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8. 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 Limited (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.
9. Any calculations or adjustments which are required to be made under **items 5 or 8** of this Schedule will be made by the auditors of County Coal Limited for the time being and will, in the absence of manifest error, but subject to **item 10** of this Schedule, be final and binding on the holder of the Options.
10. If the board ('**the Board**') of directors of County Coal Limited in its absolute discretion determines that an adjustment prescribed by **item 5 or 8** of this Schedule (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 Limited at that time, then the Board may, subject to the Listing Rules, substitute another adjustment, provided that the Board reasonably considers that the substitute adjustment is fair and equitable.
11. County Coal Limited will notify the holder of the Options of any adjustments under **items 5 or 8** of this Schedule to the exercise price or the number of Options within seven days of the date of the adjustment.
12. Any taxation obligations arising from the issue of these Options shall be to the account of the Optionholder.

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