

Board Charter

The Board of County Coal Limited (Board) is responsible to the shareholders for determining the strategic direction of the Company.

Accountabilities

AUTHORITY AND PURPOSE

The constitution of the company and the ASX listing rules set out details regarding board composition, size, term of office, committees and governance standards. This Charter identifies role and responsibilities of the board and management.

FUNCTION

The Board is responsible for:

- (a) setting the strategic goals of the Company.
- (b) oversight of the management of the Company.
- (c) protecting and increasing shareholder value.

RESPONSIBILITIES

- providing strategic direction and approving, the Company's business strategies and objectives;
- monitoring operational and financial position and performance, (the Company is not yet at a stage where it has commenced significant operations and therefore procedures for monitoring operational performance have yet to be developed and implemented)
- monitoring the principal risks and control strategies, ensuring reasonable and appropriate internal controls and monitoring systems are in place (the Company is not yet at a stage where it has commenced significant operations and therefore procedures for operational risk management and internal control systems have yet to be developed and implemented);
- requiring that financial and other reporting mechanisms provide adequate, accurate and timely information to the board, Company shareholders and financial market;
- establishing and monitoring appropriate delegated authorities for senior executives of the Company;
- appointing and, where appropriate, removing the Chief Executive Officer or Managing Director of the Company (CEO);
- oversee the executive management team in terms of appointment, review of performance evaluation, succession planning and remuneration (the process by which the company evaluates the performance of the executives will be developed as executives are appointed, as currently the Company has not yet appointed a Chief Executive Officer or Chief Operating Officer);
- approving the Company's budgets and business plans and monitoring the management of the Company's capital, including major capital expenditures, acquisitions or divestitures;
- adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;

CORPORATE GOVERNANCE POLICIES

- approving, and reviewing from time to time, the Company's internal compliance procedures, and taking all reasonable steps to ensure that the business of the Company is conducted in an open and ethical manner;
- reviewing and, to the extent necessary, amending the board and committee charters regularly;
- approving dividends;
- calling meetings of shareholders;
- appointing directors to fill a vacancy (or as an additional director);
- establishing board committees, setting committee membership and setting delegations of authority; developing and reviewing corporate governance principles and policies; and
- approving major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management.

PROTOCOLS

The board has issued a separate Board Protocol to govern the individual responsibilities of directors.

DELEGATIONS

The Board delegates to the CEO and the senior executive team, authority over the day to day management of the Company and its operations, including responsibility for:

- developing business plans, budgets and strategies for the board's consideration and implementing approved plans, budgets and strategies; operating the Company's business and
- implementing all policies, processes and codes of conduct approved by the board;
- where proposed transactions, commitments or arrangements exceed the parameters set by the board, referring the matter to the board for its consideration and approval;
- identifying and managing risks including proposing management strategies for Board consideration;
- managing the Company's current financial and other reporting mechanisms to ensure that these mechanisms are functioning effectively to capture all relevant material information on a timely basis;
- implementing the Company's internal controls, establishing procedures for monitoring these controls, and ensuring that these controls and procedures are appropriate and effective;
- taking all reasonable steps to ensure that the board is provided with accurate and sufficient information regarding the Company's operations and material developments on a timely basis; and
- ensuring that the board is made aware of all relevant matters relating to the Company's performance (including future performance), financial condition, operating results and prospects so that the board is in an appropriate position to fulfil its corporate governance responsibilities.

Board Protocol

This protocol is for Directors of County Coal Limited (Company).

DIRECTOR

- To act honestly at all times and in the best interests of the Company.
- Exercise appropriate care and diligence in performing their duties.
- Their priority is to the Company, and not to any outside party or shareholder.
- Not disclose confidential or proprietary information to outside parties
- Not to use company information for the benefit of the Director or persons associated with them.
- Notify the chairman of any potential conflict of interest.
- The majority of the Board should be independent directors. Mr Cameron and Mr Miller are independent and the company is in compliance with this requirement.
- Remuneration of non-executive directors must not exceed the aggregate amount approved by shareholders.
- Remuneration of executive directors is determined after consideration of market rates, based on the services provided.

CHAIRMAN

- Responsible for overseeing the Board.
- Ensure that systems are in place to ensure compliance with the Listing Rules, and in particular, the Continuous Disclosure Rules.
- Review ASX announcements before their release.
- Should be an independent director and the role of chairman and chief executive officer should not be shared by the same individual. Mr Cameron is currently Chairman of the Company in compliance with these requirements.

MEETING PROTOCOLS

- The board meets during the year, as appropriate. The chairman may call additional meetings from time to time as needed.
- Two or more Directors may ask the chairman to call a special board meeting for a specific purpose.
- The agenda for meetings is to be approved by the chairman.
- Board papers are to be distributed electronically by the Company Secretary
- All board papers and all discussions of the board both formal and informal are confidential.
- Board members, past and present, may access a copy of any paper from the official records for any board meeting at which they were/are a member.
- A quorum for board meetings is two members of the board.
- The Company constitution provides that the chairperson of the meeting shall have a second or casting vote.

Code of Conduct

County Coal Limited (Company) expects honesty and integrity in the conduct of its business. This applies to directors, executives, employees and contractors. They are expected to comply with all relevant laws, rules and regulations.

CONFLICTS

Potential conflicts of interest are to be reported to the Company Secretary.

COMPANY ASSETS

Assets of the Company are to be used in the interests of the Company.

CONFIDENTIAL INFORMATION

Confidential or commercially sensitive information is not to be disclosed without proper authorisation:

However, there is an obligation to ensure that:

- Continuous disclosure obligations are to be met in accordance with the *Company's Continuous Disclosure Policy*
- Securities trading must be conducted in compliance with the *Company's Securities Trading Policy*.

EMPLOYMENT PRACTICES

County Coal believes in good employment practices:

- All employment practices are to be fair and non-discriminatory
- A healthy and safe work place is to be maintained
- Environmental obligations and good practices are to be recognised and respected
- The privacy rights of all individuals associated with the Company are to be respected.

GIFT AND ENTERTAINMENT

All business entertainment received or provided is to be reasonable and properly authorised:

- Gifts may only be accepted which are not in cash or equivalent, of small value, and appropriate to the business relationship
- No employee will make offers of, or receive, bribes or other improper payments.

Continuous Disclosure Policy

The board of County Coal Limited (Company) has adopted this policy with respect to its continuous disclosure obligations. The board acknowledges that for ASX listed companies, continuous disclosure is important.

AUTHORITY AND PURPOSE

The Company's disclosure policy and procedures are designed to comply with all applicable laws and regulations. The Company is committed to:

- promote investor confidence and ensure that shareholders and the market are provided with timely disclosure of all material matters concerning the Company;
- ensuring that the continuous disclosure obligations contained in the ASX Listing Rules and the disclosure requirements under the Corporations Act are satisfied; and
- ensuring that all shareholders have equal and timely access to information issued by the Company.

PRINCIPLES

Under ASX Listing Rule 3.1 and section 674(2) of the Corporations Act, the Company is required to notify the ASX immediately upon becoming aware of any information concerning it that:

- (a) is not generally available; and
- (b) a reasonable person would expect to have a *material effect* on the price or value of the Company's securities.

The only exception to the above rule is where:

- a reasonable person would not expect the information to be disclosed; and
- the information is confidential (having regard to paragraphs 33 to 39 of ASX Guidance Note 8 - Continuous Disclosure) and ASX has not formed the view that the information has ceased to be confidential; and
- one or more of the following applies:
 - it would be a breach of a law to disclose the information;
 - the information concerns an incomplete proposal or negotiation;
 - the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - the information is generated for the internal management purposes of the Company; or
 - the information is a trade secret

As soon as possible after disclosure to the Stock Exchange all announcements will be posted on the Company's website.

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CORPORATE GOVERNANCE POLICIES

COMPANY SECRETARY

The Company Secretary is responsible for:

- (a) lodging announcements with the
- (b) ensuring disclosure of information to the ASX.

The Company Secretary is to ensure compliance of the Company's disclosure policy.

GUIDELINES TO EMPLOYEES

Any employees who become aware of potentially price sensitive information which they consider may not be known to the CEO or Board must immediately inform the Chairman, CEO or Company Secretary of that information.

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Audit Committee

The board of County Coal Limited (the Company) has established an Audit Committee ("AC") governed by this charter.

AUTHORITY

The AC is to investigate any activity of the Company of an unusual nature. AC is able to investigate any matter brought to its attention have unfettered access to the books and records of the Company.

COMPOSITION

AC shall consist of at least two non-executive directors. ASX guidelines recommend an audit committee includes three non-executive, independent directors. Mr Miller and Mr Cameron are currently the only non-executive, independent directors of the Company and both are on the AC in compliance with this requirement.

It may invite other persons including executive directors, management personnel and the company's auditors to attend part or all of their meetings.

At least one member of AC or an invited participant shall hold financial/accounting qualifications.

The chairman of AC is currently Mr Miller. As required by ASX guidelines he must be a non-executive, independent director and should not be the chairman of the board, and is appointed by the members of the AC. The Company is in compliance with this requirement.

RESPONSIBILITIES

The AC is responsible for:

- ensuring that the Company's financial reports are reflective of the Company's financial position and performance;
- ensuring that the Company maintains an effective system of internal control
- recommending internal control improvements where necessary;
- addressing any issues that may be raised by the Company's auditors;

MEETINGS

AC meets as often as necessary and at least twice a year. Minutes and resolutions of AC meetings shall be kept by the company secretary.

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CORPORATE GOVERNANCE POLICIES

QUORUM

A quorum will comprise any two AC members. In the absence of the AC chairman or his appointed delegate, members shall elect one of their number as chairman for the meeting.

DECLARATION

The AC will ensure the Company obtains a declaration as required by Section 295A of the Corporations Act when preparing the Company's accounts each financial year.

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Remuneration and Nomination Committee

The Board of County Coal Limited (Company) will undertake the role of Remuneration and Nomination Committee to manage the process for recruiting, selecting, and remunerating directors and executives.

ASX guidelines recommend a remuneration committee includes three members, has an independent chairman and a majority of independent directors. Mr Cameron is currently the Chairman of the Remuneration and Nominations Committee and the Company is in compliance with ASX requirements.

PURPOSE

The Company has a responsibility to its shareholders to ensure that:

- the Board comprises individuals best able to discharge the responsibilities of Directors; and
- the Company has remuneration policies and practices which enable it to attract and retain Directors and executives who will best contribute towards achieving positive outcomes for shareholders.

RESPONSIBILITIES

In determining the composition of the board, the Committee is required to:

- a) assess the skills required to discharge competently the board's duties having regard to the Company's performance, financial position and strategic direction;
- b) as and when it considers it appropriate take into consideration such factors as independence, complexity and size of operations;
- c) have regard to the skills required and the skills already represented on the board,
- d) implement a process to identify suitable candidates for appointment as a Non-executive Director; and
- e) review the process for identifying suitable candidates.

DIVERSITY

The board will assess the appropriate mix of skills, experience, expertise and diversity required on the board and assess the extent to which the required skills are represented on the board. The board will consider succession, including the succession of the Chairman, to maintain an appropriate mix of skills, experience, expertise and diversity on the board and consider strategies to address board Diversity.

The Remuneration and Nomination Committee will:

- a) report on initiatives undertaken by the board in relation to board Diversity and to achieve the Measurable Objectives;
- b) report on progress in achieving the Measurable Objectives; and
- c) make recommendations to the board regarding the Measurable Objectives.

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Diversity Policy

1. Overview

County Coal Limited is committed to workplace diversity. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

To the extent practicable, we will comply with the recommendations and guidance provided in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles) through this policy.

2. County Coal's Commitment To Workplace Diversity

The Company is committed to workplaces where everyone is treated fairly and decisions are based on merit. The Board believes in workplace diversity as a positive means of achieving its corporate goals. It recognises that benefits arise from diversity including:

- a broader pool of high quality employees;
- improved employee productivity and retention; and
- access to different perspectives and ideas.

The board comprises three men, including an executive director and two non-executive directors. There are no plans to increase the size of the Board as at October 2011. However, when an opportunity to appoint a new director arises, this policy will apply to the selection of that new director.

3. Selection And Appointment Of Directors And Employees

The Company is committed to a corporate culture that promotes diversity when determining the composition of the board, senior management and employees, including its recruitment and selection processes.

The Company's recruitment decisions are based on merit and a person's skills and qualifications, regardless of their age, gender, nationality, cultural background or any other factor not relevant to the position.

3.1 Selection and Appointment of New Directors

The Board will take diversity of background into account (in addition to previous Board and leadership experience, candidates' skills and experience in a variety of specified fields) to enhance the Board's skills. A wider candidate pool can be established by engaging a professional search firm and by advertising Board and employment vacancies.

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CORPORATE GOVERNANCE POLICIES

In order to promote the specific objective of gender diversity, the selection process for Board appointments must involve the following steps:

- the director selection process and decision making must be formal and transparent as set out in the ASX Principles;
- candidates should be selected from a diverse pool of qualified candidates. A wider candidate pool can be established by engaging a professional search firm.
- at least one woman candidate should be present on every shortlist;
- if, at the end of the selection process, a woman candidate is not selected, the Board must be satisfied that there are objective reasons to support its decision determination.

3.2 Selection And Appointment Of Employees (Including Senior Management Roles)

Maintain diversity objectives through the following steps:

- the CEO will have reference to this policy in selecting and assessing candidates and in presenting recommendations to the Board regarding appointments to the executive team;
- The Board will also consider gender diversity and the objectives of this policy when considering those recommendations;
- candidates will be selected from a diverse pool of qualified candidates. A wider candidate pool can be established by engaging a professional search/recruitment firm(s), and/or by advertising vacancies; and
- a short-list identifying potential candidates for the appointment should include a mix of both men and women wherever possible.

4. Diversity Strategies

In addition to recruitment guidelines which promote diversity, we are committed to a range of other strategies to improve diversity including:

measuring performance based on agreed goals to remove bias and promote equity;

- developing a culture which takes into account domestic responsibilities of employees including helping women and men balance their work, life and family responsibilities including flexible work options and return to work programs;
- as part of its annual remuneration review, assessing the gender pay parity across the business and implementing action plans to address any areas of concern;
- implementing regular diversity education and training for all employees and contractors, and periodically conducting awareness sessions on issues related to equal employment opportunities in the workplace;
- maintaining a workplace culture that supports difference and that enables each staff member to fully contribute to the best of their ability; and
- identifying roadblocks to diversity success and taking action to address the issues including targeting professional development programs aimed at helping women to develop skills.

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5. Reporting Measurable Objectives

For the purposes of reporting on measurable objectives, The Company's current focus is on gender diversity as required by the ASX Principles. The Board will include in the Annual Report each year:

- measurable gender diversity objectives set by the Board;
- progress towards achieving those objectives; and
- the proportion of women employees in the whole organisation, at senior management level and at Board level.

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