



29 May 2012

COMMENCEMENT OF SECOND STAGE DRILLING PROGRAM AT SHELL CREEK COAL PROJECT

HIGHLIGHTS

- Commencement of the Company's second stage drilling program at the Shell Creek Coal Project to confirm and obtain further coal tonnage and quality data and upgrade existing resource status
- Lower seams to be additionally targeted to increase size and scope of project
- Focus on defining structural potential of the multiple coal seams in the project area to increase project scale and efficiencies and support improved mine planning
- Drilling program enhancement due to evaluation of extensive data package covering the Shell Creek project area

County Coal Limited (ASX: CCJ) is pleased to announce the commencement of its second phase of its developmental drilling program at the Company's flagship project, the Shell Creek Coal Project ("Shell Creek").

The drilling program will focus on upgrading the coal resources at the Shell Creek project area to fully JORC Measured Resource status and will include core drilling of two lower seams lying beneath the Company's main upper seam, which averages 150 feet (45 metres) in thickness.

This second phase program has been adjusted and refined over the past few months as a result of analysis and evaluation of the extensive amount of data available over the project area, due to the Company's acquisition of the Chevron data package relating to the Shell Creek project area. Before their takeover by Chevron, it is believed that approximately \$200 million was spent by Texaco at Shell Creek in the 80's and an extensive mine-mouth operation planned with a power station.

In commenting on the additional time taken to analyse and evaluate the Chevron data package and commence the drilling program Executive Director Mr Marcus Boland said as follows: "The Company is very pleased with the extensive nature of the data package acquired from Chevron late last year. This has assisted us in preparing a more comprehensive and efficient second stage drilling program, which should provide a more definitive assessment of the full potential of the resource base at Shell Creek and enable us to prepare a mine plan based on increased reserves and production and earlier commencement of the permitting process."

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Previous Drilling Program and Resource Upgrade

County Coal's first stage drilling program was completed in September 2011 and consisted of 6 rotary drill holes at Shell Creek. Analytical results from the core holes provided important quality data, as well as data gathered from the Company's acquisition of an extensive database of drilling and geophysical work carried out over the project area previously by Chevron.

The Company's recent resource upgrade was mainly as a result of the Company's evaluation of the data package which contained extensive data relating to geological and geophysical work carried out over the project area by Texaco in the 80's, and incorporation of the results of the Company's first stage drilling program carried out from July through September 2011.

County Coal's second stage drilling program has been improved to assist in fast-tracking the Company's plan to develop a large export thermal coal project at Shell Creek and the extensive nature of the database acquired over the Shell Creek project area assisted in fine-tuning this process.

Recent geological modelling of the resource included specific data relating to 18 holes previously drilled at the Shell Creek project area by Texaco (totalling 3,000 metres), data from the 6 holes previously drilled by the Company at the Shell Creek project area last year (totalling 2,000 metres) in stage one, and further holes previously drilled by Texaco and other companies in the area immediately surrounding the Shell Creek project area, as well as density calculations and modeling of all drill holes at the Shell Creek project area and the areas immediately surrounding.

Additional washability data will be collected from this second stage drilling program to supplement and confirm quality data available from the Chevron data package to assist in determining the washability process most suited to the coal and best utilized to maximize production rates.

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COMPANY BACKGROUND

County Coal Limited 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 of the USA.

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, as well as further opportunities identified by the Company.

County Coal's initial focus is to define a JORC Measured Coal Resource base of a minimum of 1 billion tonnes of export thermal coal in the Powder River Basin in Wyoming USA and subsequently develop two coal mines each having a minimum annual production of 5 million tonnes for export to the Asian markets.

Board

County Coal's Board consists of its Chairman Mr Robert Cameron, the founder and former Managing Director of Centennial Coal Limited, non-executive director David Miller, a US based geologist, and Marcus Boland, who is an executive director.

A summary of County Coal's current coal resources is contained in the following table.

Prospect	JORC Inferred Coal Resource	JORC Indicated Coal Resource	JORC Measured Coal Resource	Total JORC Coal Resource
Shell Creek Coal Project	74 million tonnes	81 million tonnes	216 million tonnes	371 million tonnes
Miller Coal Project	-	-	310 million tonnes	310 million tonnes
Total JORC Coal Resource	74 million tonnes	81 million tonnes	526 million tonnes	681 million tonnes

Note: Based on Independent Geologist's Report, Aqua Terra Consultants Inc., February 2012. The information in this report that relates to Geology, Exploration results and Mineral resources is based on information compiled by Steven J Stresky who is a member of the American Institute of Professional Geologists, and a full time employee of Aqua Terra Consultants Inc. (who are consultants to the Company). Mr Stresky has sufficient experience which is relevant to the style of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Stresky consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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