



31st July 2012

ACTIVITIES REPORT FOR THE QUARTER ENDED 30th JUNE 2012

County Coal Limited (ASX: CCJ) announces its June 2012 Quarterly Activities Report with a focus on resource upgrade and expansion, access to transport and loading infrastructure and development of the management team.

HIGHLIGHTS

- Excellent progress of the Stage 2 drilling program, which got under way during the quarter at Shell Creek, with five of a planned 10 holes completed.
- Appointment of Senior Marketing Executive.
- Discussions with coal terminals and infrastructure providers in North America continuing.

Subsequent to the end of the quarter, the Company announced that it had:

- Acquired an option over adjacent property at Shell Creek, increasing the Company's Shell Creek Project Area by 1,420 acres (575 hectares) to 2,339 acres (955 hectares), which represents an additional exploration target of 300-500Mt.
- Confirmed the appointment of a Chief Executive Officer with extensive experience in the coal industry and in mining and construction in North America.

RESOURCE UPGRADE PROGRAM

During the quarter County Coal continued its resource upgrade program, undertaking further analysis of previously acquired geological data over the Shell Creek Project Area, coupled with the commencement of its Stage 2 drilling program.

The data package acquired contains extensive drilling, geological and geophysical data extracted from a drilling program conducted by Texaco in the Shell Creek Project Area in the 1980's, together with data from further holes drilled by Texaco and others in the area immediately surrounding the project. This is in addition to the quantitative and qualitative data derived from the Company's Stage 1 drilling program carried out last year.

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RESOURCE UPGRADE PROGRAM (CONT.)

The data package acquired contains extensive drilling, geological and geophysical data extracted from a drilling program conducted by Texaco in the Shell Creek Project Area in the 1980's, together with data from further holes drilled by Texaco and others in the area immediately surrounding the project. This is in addition to the quantitative and qualitative data derived from the Company's Stage 1 drilling program carried out last year.

A key focus of the quarter has been continued work on a detailed analysis and geological assessment of all available data, which coupled with the expected results of the Stage 2 drilling program, which is to be completed in the third quarter, should provide an opportunity for the Company to upgrade the coal resource at the Shell Creek Project Area.

The Company's Stage 2 drilling program at Shell Creek includes 10 drill holes, 5 of which are now complete, covering the Project's full range of seams to provide resource definition and washability sampling. The washability analysis work will assist in developing markets and is expected to be completed shortly after the completion of the Company's Stage 2 drilling program.

COAL TERMINAL AND INFRASTRUCTURE DISCUSSIONS

The Company continued discussions with ports and infrastructure providers in North America with the view to developing a viable strategy for export coal supply to the Asian markets. Given the recent downturn in the general coal market, management thinks it is likely that some pressure will come off the current limited west coast loader capacity. We believe this places County Coal in a strong position to do further detailed assessment of the available options and finalise the best long term loading strategy. Because the Company's mine development is only in the early stage, County Coal is not required to secure capacity immediately in order to sell existing production. During the quarter ongoing visits to the various loader sites and further discussions with rail infrastructure executives have left us encouraged that a number of potentially viable alternatives can be progressed.

OPTION ACQUIRED OVER ADDITIONAL ACREAGE

Following the end of the quarter, County Coal announced it had acquired an option over additional adjacent property of 1,420 acres (575 hectares) at Shell Creek providing an estimated additional exploration target of 300-500Mt.

The Company considers this additional area has the potential to increase the Company's open cut coal resources at Shell Creek. To this end, subsequent to the option being acquired, the Company has modified the remainder of the Stage 2 drilling program to eliminate exploration of the deeper seams and concentrate on the higher, more accessible seams in this new area. However, the deeper drilling undertaken, prior to the change in strategy, was able to confirm significant intersections of coal at depth, providing information that can be used for planning in the future.

OPTION ACQUIRED OVER ADDITIONAL ACREAGE (CONT.)

Upon completion of the abbreviated Stage 2 drilling program in the third quarter, the Company intends to commence a new program to focus on the additional acreage secured in the option and upgrade the total JORC Resource at Shell Creek, with a view to potentially increasing the scale of the planned mining operation.

COAL EXPORTS

County Coal's management has always considered securing early export sales, by using our market expertise to trade US sourced coal, to be a viable proposition. To this end, the Company has been talking to several potential suppliers for some time. During the quarter we requested coal samples that could be properly analysed in an accredited laboratory. These samples have been obtained and once the assessment has been completed and the properties determined, we will be assessing the marketing opportunities for the products these mines can supply. The development of sales from this source will be targeted at both Asia and Europe.

OUTLOOK

In the third quarter, the Company will complete the Stage 2 drilling program at the original Shell Creek area and commence a new drilling program in the new option area. This new program will be focused specifically on drilling the shallower seams with a specific target to maximize the amount of open cut coal. Again, sampling from the program will include developing washability data to assist in both washery design and marketing.

If the drill data returns the results expected by management, the Company also expects to commence work on the initial mine plans for the Shell Creek Project before the end of the year.

With respect to rail and port capacity on the west coast of North America, the Company will continue discussions with the operators and owners of the various facilities with a view to delivering the best short-term and long-term export logistics and strategy.

Finally, while the focus will remain squarely on our main target, a major thermal coal mine in the Powder River Basin exporting to Asia via a west coast port, we will continue to pursue other opportunities for developing coal sales from the US.

COAL RESOURCE SUMMARY

A summary of County Coal's current Coal Resources are 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 Mt	81 Mt	216 Mt	371 Mt
Miller Coal Project	-	-	310 Mt	310 Mt
Total JORC Coal Resource	74 Mt	81 Mt	526 Mt	681 Mt

Exploration Targets *:

Prospect				Total Non-JORC Exploration Target*
Shell Creek Coal Project (new option)	-	-	-	300 to 500 Mt
Miller Coal Project	-	-	-	-
Total Non- JORC Exploration Target	-	-	-	300 to 500 Mt

* Subject to a new drilling program

Notes: (a) The information leading to the Total JORC Coal Resource in the top table is based on Independent Geologist's Report, Aqua Terra Consultants Inc., February 2012. The information in this table 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. (the geology consultants to County Coal). 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.

(b) The section of the table below Total JORC Coal Resource that refers to the coal potentially contained in the new option area is an estimate based on the extrapolation of coal data of the Company's current identified 371Mt of JORC resources at the adjacent Shell Creek area over 919 acres (375 hectares). The potential size of the target is conceptual in nature, and has not been drilled or measured to any required standard or yet had sufficient exploration to define a mineral resource, and at this time it is uncertain that exploration will result in the determination of a mineral resource.

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 US. In particular, County Coal is targeting thermal coal resources and projects with export potential in proven, quality coal producing regions of the US. Key attributes of the target resources also include being strategically located close to necessary infrastructure, with good logistics to maximize project value and profitability.

The Company's initial focus is to define JORC Measures Coal Resources sufficient to allow the development of large scale open-cut mining operations in the Powder River Basin in Wyoming, USA for the export of coal to Asian markets.

Concurrently, the Company continually assesses opportunities to secure other coal assets in the US with a view to building a portfolio of export coal properties in the USA.

BOARD

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