



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a meeting of members of County Coal Limited (the "Company") will be held at the Royal Room, Level 13, 167 Macquarie Street, Sydney, NSW 2000 on Thursday 22nd November 2012 at 10.00am for the purpose of transacting the business set out in this Notice.

BUSINESS

Item 1- Financial Statements

To consider and receive the Financial Report, the Directors' Report and the Auditor's Report for the year ended 30th June 2012.

Item 2- Remuneration Report

To adopt the Remuneration Report for the year ended 30th June 2012.

Item 3- Election of Director- (Robert Cameron AO)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Robert Cameron AO being a Director who retires by rotation, in accordance with the Company's Constitution, and being eligible, be re-elected as a Director of the Company."

Item 4- Ratification of Options

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purpose of Listing Rule 7.4 of the Listing Rules of the ASX Limited and for all other purposes, the members of the Company ratify and authorise the grant of 3,000,000 options over unissued ordinary shares with an exercise price of \$0.40 per option, by the Company to an option share trust on behalf of Rod Ruston on the terms and conditions described in the Explanatory Note."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by:

- Mr Rod Ruston; and
- any associate of Mr Rod Ruston.

However, the Company need not disregard a vote if:

1. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; and
2. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

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Appointment of Proxy

- (a) A member who is unable to attend and vote at the meeting may appoint a proxy by completing and returning the attached proxy form in the manner provided below. The proxy need not be a member of the Company.
- (b) If a member wishes to appoint a proxy, and is entitled to cast 2 or more votes, then the member may appoint 2 proxies, and may specify the proportion or number of votes each proxy may cast.
- (c) A proxy form (and the power of attorney (if any) under which it is signed) must be received at the registered office of the Company not less than 48 hours before the time of the holding of the meeting:
- By hand: Boardroom Pty Limited - Level 7, 207 Kent Street, Sydney, NSW, 2000
 - By mail: Boardroom Pty Limited - GPO Box 3993, Sydney NSW, 2001
 - By facsimile: (02) 9290 9655

Corporate Representatives

Corporate members must either:

- appoint a proxy as set out above; or
- appoint a body corporate representative in accordance with the Corporations Act.

The appointment of a body corporate representative must be produced at the meeting.

Entitlement to Vote

For the purpose of the meeting, those members holding shares at 7pm on 20th November 2012 will be voting members at the meeting.

Further Information

This Notice should be read in conjunction with the Explanatory Note.

By the Order of the Board of Directors.



T. A. Flitcroft
Company Secretary

Dated: 16th October 2012

EXPLANATORY NOTES ON ITEMS OF BUSINESS

Item 1: Financial Statements

As required by section 317 of the Corporations Act 2001 (Cth) (the "Act"), the Financial Report, the Directors' Report and the Auditor's Report of the Company for the most recent financial year will be laid before the meeting. Shareholders will be provided with a reasonable opportunity to ask questions about or make comments on the management of the Company however, there will be no formal resolution put to the meeting.

Shareholders will also be provided with the opportunity to ask the representative of the Company's auditor questions about the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

Item 2: Remuneration Report

The Directors' Report for the year ended 30 June 2012 contains a Remuneration Report, which sets out the remuneration policy for the Company and reports on the remuneration arrangements in place for Directors and certain senior executives.

The Act requires that the agenda for this Annual General Meeting include a resolution for the adoption of the Remuneration Report. The vote on the resolution is advisory only and is not binding on the Directors or the Company.

Shareholders will be provided with a reasonable opportunity to ask questions about and make comments on the Remuneration Report.

Item 3: Election of Director

Pursuant to the Company's Constitution, Mr Robert Cameron AO will retire as a Director at the Annual General Meeting and offers himself for re-election.

Bob is the Non-Executive Chairman of the Company. He 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 PLC. 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.

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.

He is currently Chairman of Hunter Valley Training Company Limited and a Director of Mining Education Australia.

If re-elected, Robert Cameron will continue as a Director and be subject to retirement by rotation in accordance with the Company's Constitution.

The Board, with exception of Mr Cameron, unanimously recommends that Shareholders vote in favour of the re-election of Mr Cameron.

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Item 4: Issue of Options to an option share trust on behalf of Rod Ruston

County Coal has issued 3,000,000 options over unissued ordinary shares in County Coal Limited in total to an option shares trust on behalf of Rod Ruston (**Options**). The issue provides a long-term incentive to Rod Ruston as the Chief Executive Officer of the company, through the option share trust. As at the date of this Notice of Meeting, County Coal has 94,175,004 ordinary shares on issue. As at the date of this notice Mr Ruston holds no shares in the Company. An amount of \$498,000 (16.6 cents per option) was paid by the share option trust to the Company as consideration for the issue of the Options.

Any funds raised upon the issue of and on the exercise by the option share trust of the Options will be used for general working capital purposes.

Each of the directors of the Company recommends that shareholders approve the issue of these Options.

Listing Rule 7.1 prohibits a company from issuing securities which represent more than 15% of its ordinary shares in a 12 month period without Shareholder approval, except in certain circumstances, none of which apply to the issue of the Options. As at the date of this notice the Options if exercised would represent 3.08% of the Company's ordinary shares on issue.

To preserve the Company's ability to place up to 15% of its ordinary shares without Shareholder approval under Listing Rule 7.1, the Company seeks Shareholder ratification for the issue of the Options under Listing Rule 7.4.

Terms of Issue

The Options have been issued to a share option trust on behalf of Rod Ruston on the following terms:

- The exercise price per Option will be a fixed price of 40 cents. Each Option exercised entitles the option holder to be issued with one new ordinary share.
- The Options will expire on 9 July 2017.
- If at any time prior to the exercise of any of the Options, there is a reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of County Coal, the outstanding Options will be reorganised in the manner required by the Listing Rules of the ASX Limited on a reconstruction of capital at the time of the reconstruction.
- If County Coal makes a bonus issue of securities, each outstanding Option confers on each option holder the right to receive on exercise of those outstanding Options an allotment of additional securities, which the option holder would have received if it had participated in that bonus issue.
- The Options are not to be quoted on the ASX.
- The options vest progressively at the rate of one third each completed year of Mr Ruston's employment over the three years from 9 July 2012.
- The Options cannot be exercised before 9 July 2015 unless:
 - A takeover bid is announced for all or part of the shares in County Coal; or
 - the board of County Coal announces, and the majority of directors recommend, a proposed scheme of arrangement pursuant to which immediately following the implementation of the scheme of arrangement a third party will acquire and/or be the holder of all of the ordinary shares in County Coal; or
 - any other proposal is announced which involves a third party acquiring all or a majority interest in County Coal's ordinary shares.
- The option holder cannot participate in new issues without exercising the Options.

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