

3rd September, 2015

To the Australian Securities Exchange

RIGHTS ISSUE CLEANSING NOTICE UNDER SECTION 708AA(2)(f) OF THE CORPORATIONS ACT 2001

This Notice is given by County Coal Limited (“CCJ” or the “Company”) under *Section 708AA(2)(f) of the Corporations Act 2001 (Cth)* (the “Act”) as notionally modified by ASIC Class Order 08\35.

Earlier today CCJ announced a non-renounceable, pro-rata Rights Issue (“Rights Issue”) of one (1) fully paid Ordinary Share (“New Shares”) for every one (1) ordinary share held as at 7.00pm (AEST) on Wednesday, 9 September 2015 by CCJ’s Eligible Shareholders. The issue price for each New Share under the Rights Issue will be \$0.005 (0.5¢).

CCJ advises that:

- (a) the New Shares will be offered for issue without disclosure under Part 6D.2 of the Act;
- (b) this Notice is being given under Section 708AA(2)(f) of the Act;
- (c) as at the date of this notice CCJ has complied with:
 - i. the provisions of Chapter 2M of the Act as they apply to CCJ; and
 - ii. Section 674 of the Act;
- (d) as at the date of this notice there is no excluded information of the type referred to in sub-sections 708AA(8) or (9) of the Act; and
- (e) the potential effect the Rights Issue will have on the control of CCJ, and the consequences of that effect, will depend on a number of factors, including shareholder demand. The potential effect and the consequences of that effect are assessed further below.

It is anticipated that the funds to be raised under the Rights Issue will be applied towards general administration costs and its working capital requirements.

The Company has on issue 94,175,004 Ordinary Shares and 6,100,000 Options. The Company does not anticipate that a significant number of options, if any, will be exercised to take advantage of the Rights Issue.

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Entities associated with the Company's Chairman and several large shareholders have, for a nominal consideration, underwritten any rights not subscribed for to the extent of \$325,000. No underwriter will be allocated shortfall shares which would result in their holding being greater than 19.9% of the Shares in the Company following completion of the Rights Issue. Details of the persons underwriting the Rights Issue can be found in the Appendix 3B lodged with ASX by the Company. A fee of \$1.00 will be paid to each underwriter.

Further to paragraph e. and having regard to the composition of CCJ's share register, the terms of the Rights Issue, the underwriting arrangements in place for the Entitlement Offer, and the nature of the Underwriters, CCJ does not believe that any person will increase their percentage shareholding in CCJ pursuant to the Rights Issue in a way which will have any material impact on the control of CCJ.

The potential effect that the issue of the New Shares under the Rights Issue will have on the control of CCJ and the consequences of that effect are as follows:

- if all Eligible Shareholders take up their entitlements under the Rights Issue, there will be no significant effect on the control of CCJ;
- if Eligible Shareholders do not take up all of their entitlements, Eligible Shareholders will be diluted;
- the proportional interests of Shareholders with registered addresses outside Australia and New Zealand will be diluted because those Shareholders are not entitled to participate in the Rights Issue.

Yours faithfully,

Terry Flitcroft
Company Secretary

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