County has made significant progress towards developing two North American bulk export terminals

- Both terminals are connected to the Canadian and U.S. coal fields via existing rail systems
- A conceptual engineering study for the U.S. facility has returned positive technical and financial results
- Initial studies on the Canadian facility have shown it is technically feasible and economically viable
- The terminals could unlock significant value within County’s 730Mt (~90% Measured) JORC coal resources
- No further work was carried out on County’s coal projects in the Powder River Basin during the quarter

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About County Coal

County Coal Limited (ASX: CCJ) is primarily focused on developing a North American bulk export solution that can be utilised by its U.S. coal projects, as well as other emerging U.S. and Canadian exporters. County’s proposed terminals in British Columbia (BC), Canada and northwest U.S. are both connected by rail to coal fields in BC and Alberta in Canada, and the Powder River Basin (PRB) in the U.S., which hosts County’s 730Mt in JORC coal resources.

Investment Highlights

- The proposed bulk terminals in Canada and the U.S. provide an export solution for emerging Canadian coal producers as well as low-cost U.S. thermal coal producers.
- The U.S. faces much lower capital and operating costs, especially in comparison to Australia.
- County’s proposed export solution could unlock the substantial value held within its 730Mt low-cost thermal coal resources in the PRB in Wyoming, U.S.
- An initial engineering study on the Canadian terminal has provided County with sufficient confidence in the technical and financial viability of the proposed terminal to proceed to the next level of project evaluation.
- County’s management has a unique spread of infrastructure development, coal marketing, finance and mining experience.

Progress During the Quarter

North American Coal Export Terminals

As previously announced to the market, County Coal Ltd (CCJ.ASX) is examining the opportunity to construct and operate two bulk export terminals on the west coast of North America. Significant advances have been made on both facilities in the last quarter.

- A conceptual engineering and cost study for the U.S. facility has provided positive results regarding both the technical feasibility and financial viability of the project.
- Design, costing and environmental activities have continued on the Canadian project towards the goal of beginning the formal Environmental Assessment process in the coming months.

U.S. Export Terminal – WorleyParsons Study

The proposed terminal in the northwest United States is located on a brownfields industrial site, with potential, after dredging, to accommodate up to 60,000dwt Panamax vessels. WorleyParsons recently completed a conceptual-level engineering and cost study.

- The study indicated that the proposed project is technically feasible and the capital cost estimate of approximately $400 million relating to on-site infrastructure demonstrates the potential financial viability of the project.
- The next steps for this project involve securing land access, starting work on a full feasibility study for the project and the development of a complete schedule and cost forecast related to the project and associated permitting activities.
- Recent decisions by U.S. federal and local authorities regarding other proposed coal terminals in the northwest have been favourable for the project proponents, improving the overall environment for the development of this type of facility.
- The location of the proposed U.S. export facility has not been disclosed to the market due to commercial sensitivities.
Canadian Export Terminal

County Coal has continued to work with AECOM on the development of a bulk export terminal on the west coast of Canada. Initial studies have indicated that work undertaken by AECOM show that the potential economic and technical viability of the project warrants progressing to the next stage of project evaluation.

- Subsequent investigations are examining the optimum locations for various project components including the rail loop, storage facility and marine berth from cost, land access and technical perspective.
- Once these investigations are completed in the coming months it is proposed to submit the Project Description to the Provincial and Federal environmental regulators and thus begin the official assessment process.

Powder River Basin Coal Projects

No further work was carried out on County Coal’s coal projects in the Powder River Basin (PRB) during the quarter. County Coal has previously announced some 750 million tonnes of JORC measured coal resource in its exploration areas in Wyoming’s PRB. At this stage, the Company considers it has sufficient information regarding the resource and does not intend to undertake any further significant work on the resource until a viable, cost-efficient export path has been identified and secured.

About County Coal (CCJ.ASX)

County Coal (ASX: CCJ) is primarily focused on developing a North American bulk export solution that can be utilised for County’s U.S. coal projects, as well as other projects looking to export coal from the U.S. and Canada. County’s proposed bulk export terminals in British Columbia, Canada and northwest U.S. are both connected by rail to coal fields in British Columbia, Alberta and the Powder River Basin (PRB) in the U.S. County’s thermal coal projects in the PRB host 730 million tonnes (Mt) in JORC-compliant resources.

Infrastructure Projects

Both of County’s proposed export terminals are connected to Canadian coal fields in BC and Alberta, and the PRB by the Canadian National and U.S. rail systems. These infrastructure projects, which are both located on or near existing industrial sites, have the potential to unlock the substantial value contained within County’s existing thermal coal resources.
U.S. Thermal Coal Projects

County’s two wholly-owned thermal coal projects, Shell Creek and Miller, are both located in the PRB of Wyoming in the U.S. and together host 730Mt of JORC-compliant thermal coal resources. Shell Creek, in the western region of the PRB, hosts a 420Mt open-cut and underground thermal coal resource, and Miller, in the eastern part of the PRB, hosts a 310Mt shallow underground/deep open cut thermal coal resource. Both projects host potentially low-cost, export-quality coal.

At this stage, the Company considers it has sufficient information regarding the resource and does not intend to undertake any further significant work on the resource until a viable, cost-efficient export path has been identified and secured.

About the Powder River Basin

The PRB covers an area of ~190km east to west and ~320km north to south in northeast Wyoming and southeast Montana. With 12 operating mines, the PRB accounts for ~50% of the US thermal coal supply. The basin is recognised as one of the lowest-cost coal-producing areas in the world, with mining costs ranging from US$5-15/t. PRB thermal coal is usually very low in ash and sulphur and has similar energy content in the ranges found in Indonesian export thermal coal.

Potential Powder River Basin Export Routes

The following map depicts the multiple routes used to transport coal from the PRB for shipment to Asia, Europe and South American destinations. The production costs experienced in the PRB are such that extended transport distances have been proven to be economically viable for the coal to be shipped to the world markets. County Coal’s interests lie in transporting coal to Asia via the Pacific North West of North America.

County Coal Disclaimer

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Note to JORC-Compliant Resources

The information in the table “JORC-Compliant Coal Resources” is based on Independent Geologist’s Report, Aqua Terra Consultants Inc., October 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.