



Quarterly Activities Report – Q4 15

- In Q4, County continued to concentrate on a potential bulk multi-product export terminal on the US north west coast, with a particular focus on negotiations to secure key assets required to increase security over the opportunity
- County has signed an agreement with a US based company to develop a shipping terminal with capacity to load bulk products (coal, grain and potash and other bulk materials) railed from the west and mid-west states of the US, as well as from Canada
- The proposed site may be suitable for the operation of a LNG facility, in addition to the bulk loading facilities, with a potential low cost pipeline corridor available to an existing, large natural gas transmission line
- County has committed to support the first stage of developing the opportunity and acquiring rights to key assets needed for the project
- The terminal could not only unlock significant value within County's PRB¹ coal resources but also allow County to become a key player in the export shipping of energy, grain and fertiliser products to Asia

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About County Coal

County Coal Limited (ASX: CCJ) holds 730Mt of JORC coal resources located in the Powder River Basin (PRB) USA and is now focused on developing a North American bulk export solution that can be utilised by its U.S. coal projects, as well as other bulk products (grain and fertiliser) and LNG sourced from emerging U.S. and Canadian producers and exporters.

Investment Highlights

- County has narrowed its focus to the development of a North American multi-product bulk export terminal.
- In the fourth quarter County received reports from industry experts engaged to provide advice in relation to land acquisition in Washington, port and rail engineering and construction, bulk commodity markets and public relations. The reports from these experts are being used by the Company in the process of confirming the project viability.
- To secure rail access to the proposed loader site, County has completed some key steps towards becoming a registered railway operator through approval of the US Surface Transportation Board (STB).
- County's business strategy has evolved from originally being an operator of US based coal mines (primarily for export) to being a coal miner with dedicated port capacity to service a need for bulk ship-loading capacity in the US North West to load Asia-bound US and Canadian produced bulk commodities.

Progress during the Quarter

North American Bulk Export Terminal

During the June quarter County Coal Limited (CCJ.ASX) continued to concentrate its activities on the bulk export terminal site identified in the F2015 First Quarter Report.

During the fourth quarter, the Company, through its Washington based business entity:

- a) Worked with a Washington based land agent to acquire rights to key land packages needed for the construction and operation of a major shipping terminal,
- b) Evaluated the market research, which returned a positive view of future Asian demand for export capacity on the US north west coast for various bulk commodities,
- c) Reviewed the engineering study, undertaken by an international engineering group, which determined:
 - County's strategy for securing access to rail and the cost estimate to implement that strategy were sound,
 - The proposed port facility was well positioned with respect to community and environmental considerations,
 - The dredging requirements for both the initial channel construction and ongoing maintenance was significant and required further study and
 - A combination of ocean current and weather conditions may occur in the northern winter that can hamper the manoeuvrability of shipping going into some north-western US harbours.
- d) Reached a "Heads-of-Agreement" for a lease with option to purchase a railway asset, which is key to the success of the project, and
- e) Developed a draft public relations and communications plan for details of the project to be made public.

¹ Powder River Basin where County has 730Mt (~90% Measured) JORC coal resources

- The proposed site is of sufficient size to allow multiple bulk loading and storage facilities for coal, grain, fertiliser or other bulk products.
- Two options are being studied for ship-loading being i) direct port to Panamax sized ships and ii) using a trans-shipment process from a port stockpile to vessels up to Cape size using barges.

Capital Structure

ASX Code	CCJ
Share Price (Close 28-07-15)	A\$0.04
Ordinary Shares	94.2m
Total Options	6.1m
ITM Options*	-
Fully-Diluted Market Cap.	A\$3.768m
Less: Cash	A\$0.245m
Add: Debt	-
Enterprise Value (EV)	A\$3.523m

*ITM options: in-the-money options

Board & Management

Chairman	Bob Cameron AO
Managing Director	Rod Ruston
Non-Executive Director	David Miller
Company Secretary	Terry Flitcroft

Share Price Chart



JORC-Compliant Coal Resources

	Shell Creek	Miller	Total
Measured	344	310	654
Indicated	17	-	17
Inferred	59	-	59
Total	420	310	730

See disclaimer and notes for more info

North American Coal Export Terminal (continued)

This project would allow County to build and operate a ship loading facility, on the US North West coast, with capacity to load a range of bulk commodities including coal, grain and fertilizer. In addition, County believes the site has potential for the construction and operation of an LNG facility adjacent to the bulk loading facility. This strategy will significantly reduce the risk, inherent in the cyclical nature of the coal business, by opening up the opportunity to secure revenue from a range of bulk export products and LNG.

The area identified for the proposed terminal is a brownfields industrial site. Water depth is currently not sufficient for full panamax sized vessels (75,000 DWT) but it is believed the channel can be dredged to allow for this capacity. However, given the engineering report identified a potentially large initial and ongoing dredging cost, coupled with an issue of poor ship maneuverability during some periods of the year, County has engaged in discussions to utilise a very modern and proven trans-shipment option using barges. While this second strategy is in the early stages of development, it appears to be a viable, relatively low capital and a more environmentally friendly alternative that would enhance the project by providing a capability to load Cape sized vessels.

At the port site, the size of the available land and water frontage is significantly greater than the other opportunities investigated, thus allowing for a larger facility that could include loading capacity for both coal and other commodities such as grain and potash.

The company with which County has negotiated a business agreement spent three years investigating the project area and researching and developing strategies and budget estimates for every aspect of the project requirements covering land access, rail transport, stakeholder (community, native tribe, local business and government) impacts, environmental impacts and engineering needs.

Technical assistance on this project commenced in the first quarter of F2015 with an international engineering group using the extensive information database developed by the proponent company to give the County board confidence to move forward with this project over all others being studied.

A bulk coal handling terminal in this location has been scoped by the proponent company to be economically viable at a throughput capacity of 18.5 mtpa. However, the land size could also allow for loaders for other bulk products, such as grain and fertiliser significantly improving the potential economics and at the same time reducing the risk inherent in a one-product project. This initial study was expanded during the 3rd quarter.

With the signing of the agreement, County committed to support the first stage of developing the opportunity and commence the process of securing some of the key assets, such as land and rail access rights needed for the project and to advance the feasibility study.

Corporate Details

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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.

North American Coal Export Terminal (continued)

This initial work commenced in the second quarter and was expected to take approximately six months to complete, although this may be extended.

On completion of the initial work the project will be reviewed and a decision made on the merits of proceeding to a second development stage, which will be focused on further extending the feasibility studies, extensive community consultation and commencing the permitting process. Should the project proceed to approval, County, through a series of funding steps, will own an 85% share in the facility.

As previously highlighted, other potential terminal sites currently entering or navigating the permitting process provide valuable information and insights as to the timelines, challenges and requirements to achieve a successful project. County has the advantage of being able to benefit from this information to minimize both the costs and timelines associated with the permitting 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 730 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. The Company has allowed an option to acquire additional property at Shell Creek to lapse during the quarter. This does not affect the Company's JORC-compliant coal resources.

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.