



Quarterly Activities Report – Q4 14

- In Q4, County has focused all its efforts towards developing a bulk export terminal on the US north west coast
- County is working towards securing land tenure in relation to either of two properties on the US north-west coast.
- Contact has been maintained with the key stakeholders in relation to the Canadian opportunity but the US properties have been the focus of discussions.
- In the US, County is in discussions with the owners of properties adjacent to deep, navigable water
- The terminals could unlock significant value within County's 730Mt (~90% Measured) JORC coal resources

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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 potential 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

- County has continued to focus on the development of North American bulk export terminal capacity.
- Efforts in this quarter resulted in a new opportunity being identified on the west coast of North America.
- The focus in Q4 has been extensive negotiations with the land owner connected with the initial US opportunity to secure rights to land adjacent to deep, navigable water and introductory discussions with the key stakeholders in the newly identified opportunity to establish viability and agree on a process to move forward.
- All of the proposed terminal sites are well located to unlock significant value within County's 730Mt (~90% Measured) JORC coal resources.

Progress During the Quarter

North American Coal Export Terminals

During the June quarter County Coal Limited (CCJ.ASX) placed all its focus on the opportunity to construct and operate a bulk export terminal on the north-west coast of North America. Following further investigations of opportunities in the region over the last three months, two locations are now being considered.

While the opportunity previously identified in British Columbia, Canada has not been eliminated, it has taken second place to the development of opportunities in the US Pacific North West.

Leading into the June Quarter a single opportunity in the North-West United States was being pursued. However, while working on this project, a second opportunity was identified providing an opportunity to increase the options available to County. The two are now being pursued in parallel, with the view to securing one. For both sites, preliminary engineering studies have been completed and discussions with key parties related to these opportunities are well underway.

U.S. Export Terminal

Progress has been made over the last quarter regarding securing land to allow the development of County's U.S. bulk export terminal project to proceed. The company is working with two parties in relation to two separate opportunities. The first of these opportunities is related to the original discussions being held by County for the construction and operation of a bulk loading port, primarily to service County's coal resources in Wyoming. The second and more recent project area offers a wider scope of business opportunities on a larger land parcel.

A bulk terminal in either location would have a throughput capacity of 12+ mtpa (an increase on the previously stated 10+mtpa) and be located on a brownfields industrial site with the potential to accommodate up to 60,000 dwt Panamax vessels, after dredging. Positive engineering and financial studies have given County the confidence to pursue the opportunities with the view of selecting the best option.

Capital Structure

ASX Code	CCJ
Share Price (Close 28-07-14)	A\$0.049
Ordinary Shares	94.2m
Total Options	10.3m
ITM Options*	-
Fully-Diluted Market Cap.	A\$4.61m
Less: Cash	A\$1.56m
Add: Debt	-
Enterprise Value (EV)	A\$3.05m

*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

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Once land access is secured, the next steps include starting work on a full feasibility study, including the development of detailed project schedule and cost forecasts, as well as the implementation of a local and broader level communications strategy.

As previously highlighted, other potential terminal sites, currently entering or navigating the permitting process, provide valuable insights as to the timelines and requirements involved in this area. County has the advantage of being able to benefit from this information to minimize both the costs and timelines associated with the permitting process.

Canadian Export Terminal

County's activities this quarter regarding the Canadian export terminal opportunity have been minimal with the prime activity focused on securing the land access for the proposed US bulk loader facility. County is maintaining close contact with the BC Government in relation to the Canadian opportunity but as previously stated, County considered that progress of the US opportunity should take priority.

Cost Management

County Coal has recognized its North American bulk terminal strategy has moved the company into a new focus area and has adopted an expenditure strategy in line with the changed direction. However, the company is convinced the key to its US coal business strategy is to secure as much control as possible over the mine-to-customer supply chain.

With this in mind, the company has minimised the cash used for any further work relating to its coal assets since it identified a significant mineable resource across its holdings. The focus of the expenditure over the last few quarters has been on identifying potential bulk terminal sites, including undertaking preliminary engineering studies to gain confidence that the sites being considered were feasible.

In the 4th Quarter, recognising that further work on the options being considered was necessary before a full strategy could be developed for a selected option, the Chairman and the CEO decided to reduce their remuneration by 50% and 66% respectively. In addition, some of the company's key advisors agreed to reduce the cost of the services supplied by up to 50%.

Outlook

County Coal will continue to focus on securing port access. Once land access is secured at either of the US based port opportunities, County will direct its prime focus towards that location. Work will commence on the approval process with most of the initial work being directed towards talking through the proposal with key stakeholders to ensure we are able to address all key concerns and consider all significant suggestions in the design and construction of the project.

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.

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 connected by rail to coal fields in British Columbia and Alberta in Canada 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 US export terminals are connected to the PRB by the U.S. rail system. 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 that could be 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 world markets. County Coal's interests lie in transporting coal to Asia via the Pacific North West of North America. Please note, County Coal's proposed routes are not shown on this map.



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.