

Quarterly Activities Report – Q2 15

- In Q2, County continued to concentrate on a potential bulk multi-product export terminal on the US north west coast
- 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 would 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.
- Efforts in this quarter have been focused on identifying and engaging industry experts in relation to land acquisition in Washington as well as other key advisors including legal and public relations expertise and approaching some stakeholders who will be influential in achieving a successful project.
- 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.
- The proposed site is of sufficient size to allow multiple bulk loading terminals for coal, grain, fertiliser or other bulk products or to combine a bulk loading facility and an LNG facility.

Progress During the Quarter

North American Coal Export Terminal

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

At the end of October 2014, County signed an agreement to pursue the approval and construction of a multi-product bulk loading facility in North West USA with the company that approached County regarding this opportunity.

During the second quarter, County focused on consolidating the business agreement by forming a new company to undertake the Loader Project. This new company focused on:

- a) Identifying and engaging industry specialists, such as a Washington based land agent, to assist with activities identified as critical in the short term,
- b) Engaging key advisors including legal and public relations expertise,
- c) Approaching key businesses in the region that are likely to be supportive of the project, and
- d) Having preliminary discussions with local government representatives, to provide a broad insight into the proposal.

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 is ideally placed 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.

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

Capital Structure

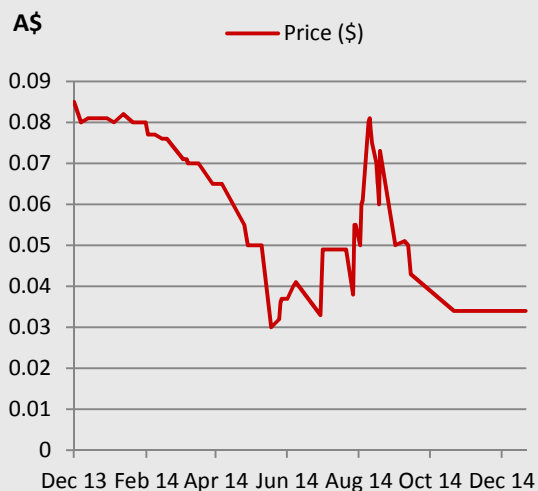
ASX Code	CCJ
Share Price (Close 27-01-15)	A\$0.034
Ordinary Shares	94.2m
Total Options	10.3m
ITM Options*	-
Fully-Diluted Market Cap.	A\$3.20m
Less: Cash	A\$0.966m
Add: Debt	-
Enterprise Value (EV)	A\$2.234m

*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

Corporate Details

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North American Coal Export Terminal (continued)

The area identified for the proposed terminal is on a brownfields industrial site. Water depth is currently not sufficient for full panamax sized vessels (60,000 DWT) but it is believed the channel can be dredged to allow for this capacity. 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 and also have sufficient area for an LNG facility.

The company with which County has negotiated a business agreement has 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.

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. This initial work has now commenced and is 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.

For More Information

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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)

County is convinced the key to its US business strategy is to secure as much control as possible over the mine-to-customer supply chain and to develop a diversified loading facility to reduce the inherent cyclic risk of coal and increase revenue opportunities through access to multiple bulk product markets in Asia.

With this in mind, since it identified a significant mineable resource across its holdings, County has minimised the cash used to just holding costs in relation to these coal assets. The focus of the expenditure through the end of F2014 and into F2015 has been on identifying potential bulk terminal sites, including undertaking preliminary engineering studies to gain confidence that the sites being considered were feasible.

Since early in the 4th Quarter, F2014, having identified a target location for the construction of a multi-product loading facility, the Company has focused all expenditure on securing the opportunity to pursue that site as the target of County's bulk ship-loader strategy.

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.

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.

Infrastructure Projects

As detailed above, County's proposed US export terminal is able to be connected to the PRB by the U.S. rail system. This proposed infrastructure project, which is located on industrial brownfields site of relatively low commercial value, has the potential to not only unlock the substantial value contained within County's existing thermal coal resources but also to open a path to County becoming a major player in the supply of bulk coal, grain and potash to Asian markets. The site is also conducive to the operation of a LNG plant in conjunction with the bulk loading facilities.

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.