



**National Coal Corp.**

**Brean Murray Carret & Co.**

**Global Resources & Infrastructure Conference**

**March 30, 2009**



# Forward-Looking Information

This presentation contains “forward-looking statements” that include information relating to future events and future financial and operating performance. Examples of forward looking statements include the projected production, revenues, profitability and cash flows from new mines opened on the New River Tract. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by which, that performance or those results will be achieved. Forward looking statements are based on information available at the time they are made and/or management’s good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause these differences include, but are not limited to:

- the worldwide demand for coal;
- the price of coal;
- the price of alternative fuel sources;
- the supply of coal and other competitive factors;
- the costs to mine and transport coal;
- the ability to obtain new mining permits;
- the costs of reclamation of previously mined properties;
- the risks of expanding coal production;
- the ability to bring new mining properties on-line on schedule;
- industry competition;
- our ability to continue to execute our growth strategies; and
- general economic conditions.

These and other risks are more fully described in the Company’s filings with the Securities and Exchange Commission including the Company’s most recently filed Annual report on Form 10-K and Quarterly Reports on Form 10-Q, which should be read in conjunction herewith for a further discussion of important factors that could cause actual results to differ materially from those in the forward-looking statements. Forward-looking statements speak only as of the date they are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.



# National Coal: Corporate Summary

- National Coal Corp. (Nasdaq: NCOC), founded in 2003, is one of the smallest publicly traded coal mining companies in the U.S. with operations in Tennessee and Alabama
- Focus on safety and environmental stewardship
- The Company's plans are to acquire available Central and Southern Appalachian properties through a combination of financing strategies and operational initiatives, which should contribute to future growth and further industry consolidation
- At present, NCOC has approximately 40.8MT of recoverable reserves; owns the mineral rights to 65,000 acres of land; and leases the rights to approx 17,700 acres
- In addition, we believe that we have substantial unproven coal deposits on both leased and owned property; a key goal of ours is to add to our reserve base through a highly focused drilling program on existing properties
- The Company operates a number of underground, surface, and high-wall mines in Tennessee and a number of surface mines in Alabama. In addition, it operates two preparation plants, one unit train loading facility, one twenty-four hour coal load-out facility, a short line railroad, and one barge load-out facility.
- Production was 1.3MT during 2006 & 2007 and 1.8MT during 2008; our goal is 2.3MT for 2009, 2.5MT for 2010, and up to 2.9MT in 2011. Our goal is to produce a total of 25MT in 3-5 years with organic growth of 3 to 5MT and to acquire growth of 20MT.
- National Coal is both an exploration play and growth story with an exciting future ahead.



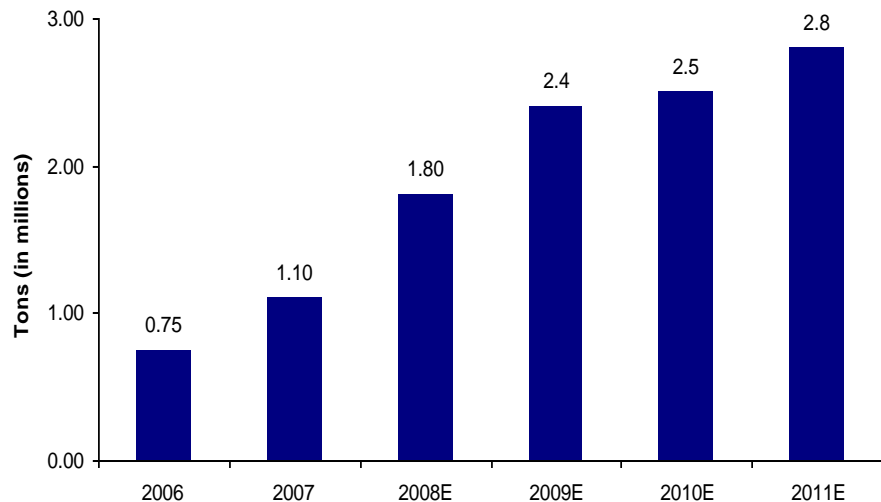
# National Coal: Growth Strategy – Organic & Acquired

- Focus on developing incremental production from existing reserve base, with an emphasis on metallurgical coals
- Add to reserve base through a highly focused drilling program on existing properties
- Capital Expenditures totaled about \$19M during 2008 and are estimated at \$8M for 2009
- National Coal has two exploration rigs which are focused on exploration (proving up reserves), mine development, and permitting
- At present, National Coal has total committed tonnage for 2009 of approx. 2.1MT at an average contracted selling price of \$75.28 per ton; 1.0MT committed for 2010 with the average selling price of \$77.40 per ton; and for 2011 we have now committed about 0.35MT at \$79.43 per ton
- Estimated uncommitted tonnage for 2009 is a range between 200,000 to 300,000 tons, for 2010 between 1.1MT to 1.5MT, and 2.5MT for 2011
- We reopened the refurbished Baldwin preparation plant and our 42-mile short-line railroad, which should help reduce production and transportation costs
- Opened new and reopened idled mines to feed into our existing Hub and Spoke model centered around existing facilities
- The Company's goal is to produce from its current asset base up to 2.9MT during 2011
- Continuously exploring acquisition opportunities; focus on accretive opportunities
- It is the natural acquirer of contiguous reserves and of existing, synergistic operations that have proximity to its current operations



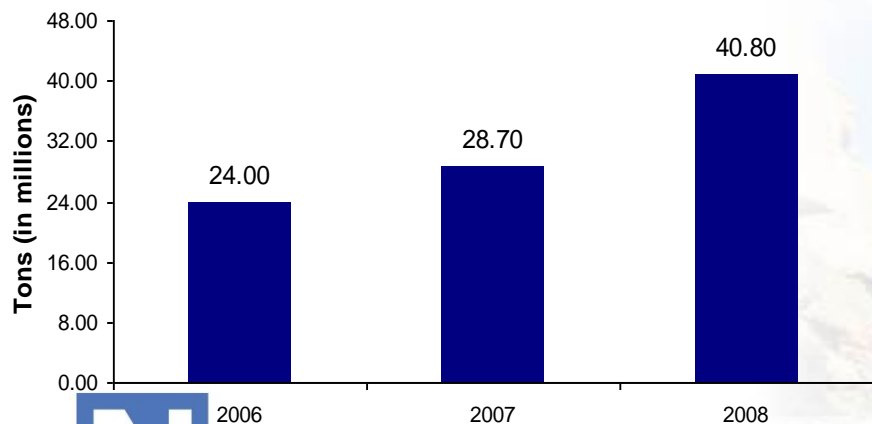
# Growth Profile

Production



- The Company intends to pursue accretive acquisitions, leveraging the accumulated capital investments made thus far
- Long term objective is to grow the Company to at least 25MT of profitable coal production
- Geographical focus on Central and South Appalachia, with focus on large Southeast United States Coal Market
- Increase explorations on existing reserves with focus on metallurgical reserves

Reserves



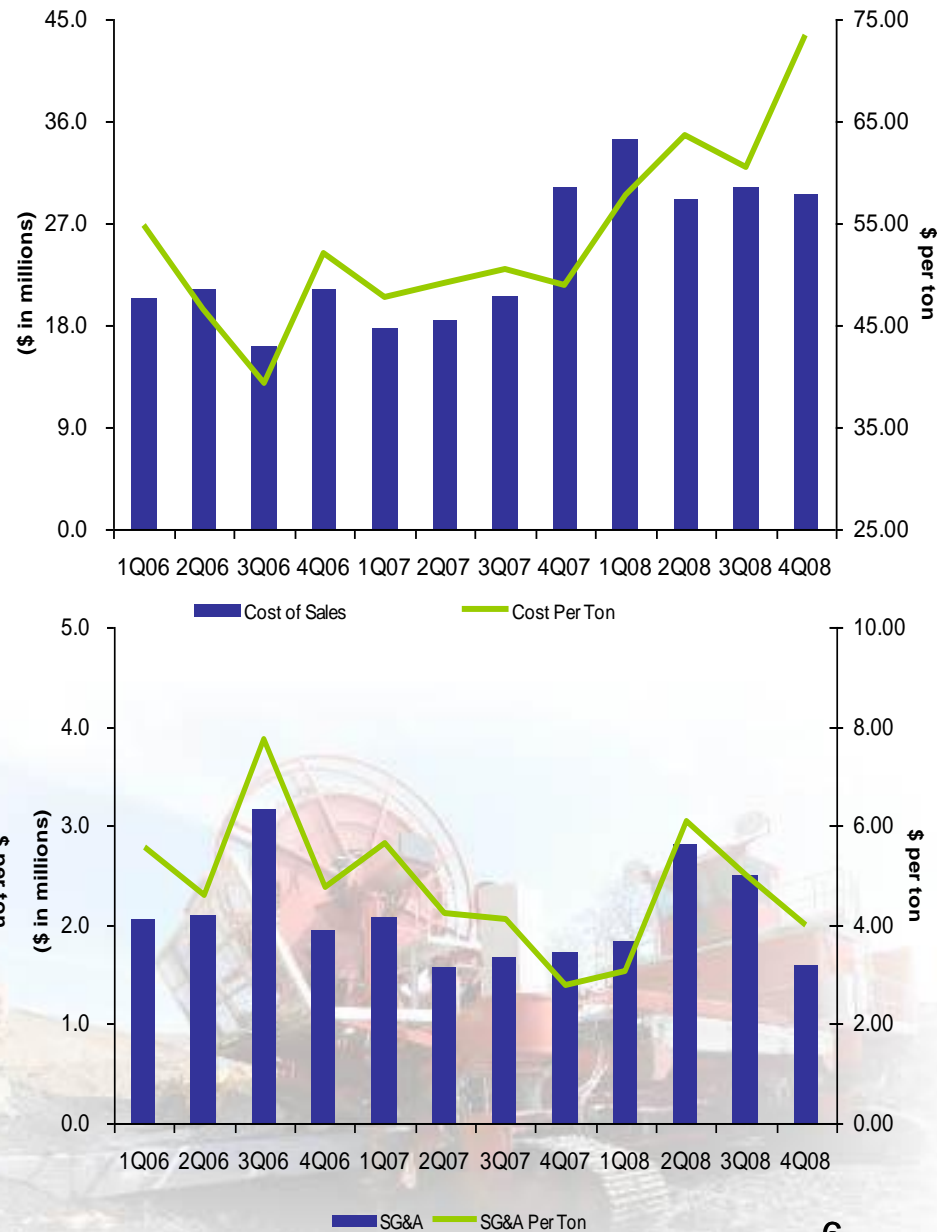
Sales



Note: excludes Kentucky which was sold on 3/31/08

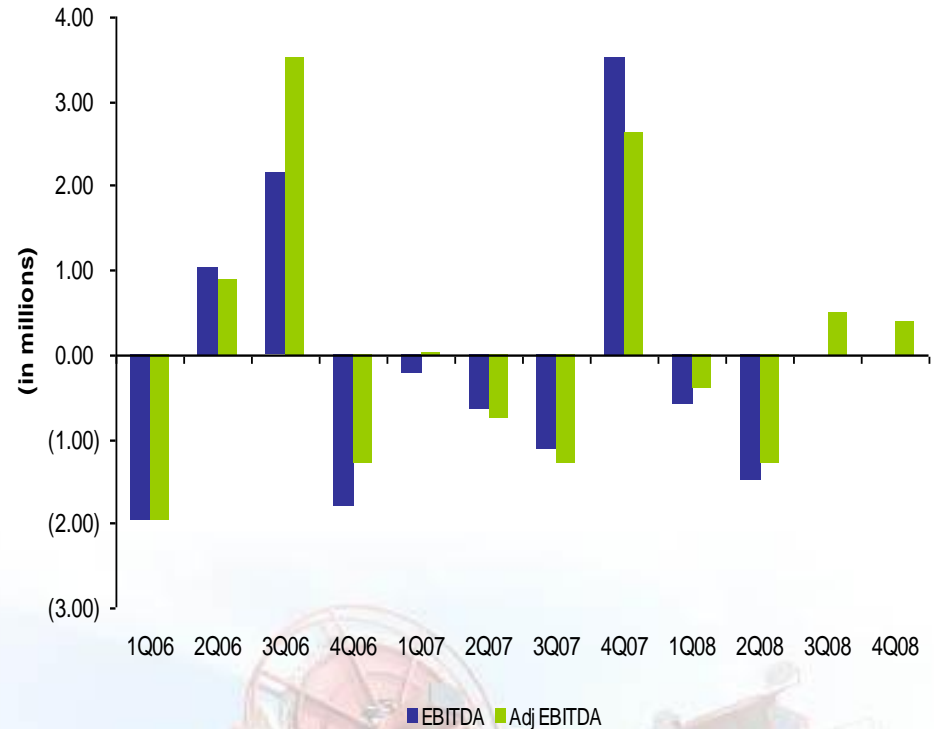
# Per Ton Analysis

- As the coal industry fundamentals continue to point towards a deficit situation and increased contract pricing, the Company should continue to experience increased coal revenues and selling price per ton
- As the Company's plans to increase production and efficiencies continue to progress, Cost of Sales and SG&A should decrease, on a per ton basis



# EBITDA Improvement

- The Company intends to reopen previously idled facilities, improving capacity utilization
- Increasing volumes spread across basically fixed costs should reduce per unit production costs
- Increased sales at higher average selling prices driving greater revenue
- Thus, increased production is contributing to higher utilization rates, which should drive down per unit production costs, which then coupled with greater sales volume at higher prices should lead to improved EBITDA margins

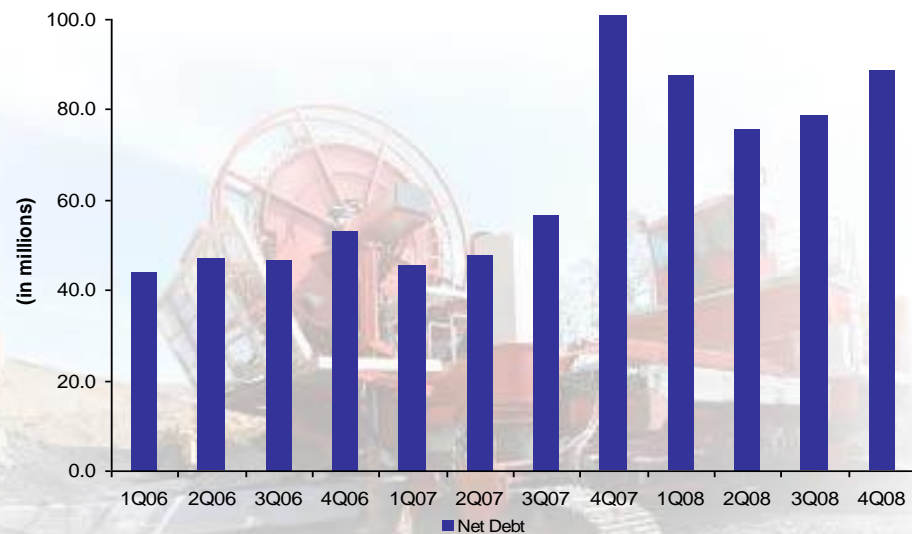
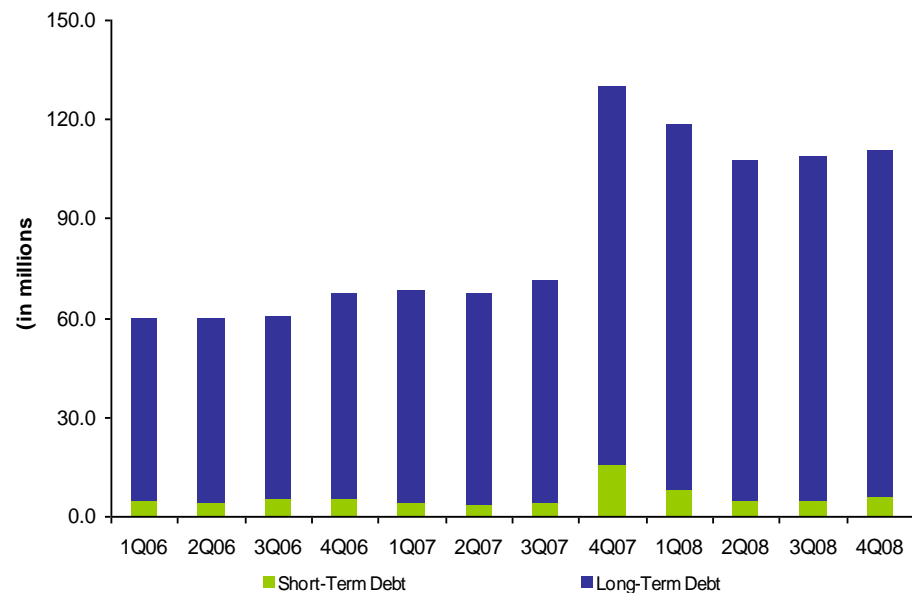
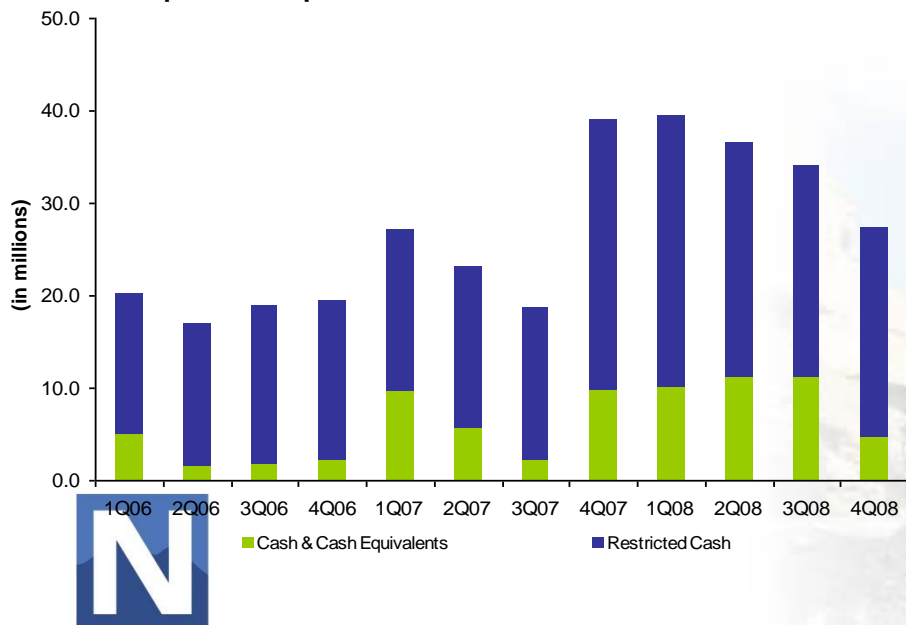


EBITDA: 3Q08: (0.01)  
4Q08: 0.01



# Improved Balance Sheet

- Since the change in leadership, NCOC has seen an improvement to its balance sheet
- The Company is continuing to reduce its debt levels through a combination of asset sales and debt-for-equity swaps
- In addition, management has added equity to the balance sheet through private placements



# The U.S. Coal Market

- Years of underinvestment and lack of permitting make the current industry supply situation expensive and time consuming to correct
- A weaker dollar, relative to the last 5-10 years, has led to sustainable increases in exports; a trend that may last for some time
- The U.S. has hundreds of years of coal in accessible, domestic locations
- Safety has dramatically improved over the last decade
- In the United States there are more coal-fired plants under construction than at any time in the past seven years
- Globally, a significant number of coal fired plants are being constructed
- Over the last 35 years, year-over-year electricity demand in the U.S. has declined only four times – 1982, 2001, 2006, and 2008. Three due to the economy and once due to weather
- Coal fundamentals are tight in a market where global demand is exceeding supply.
- Supply constraints are exacerbated by infrastructure constraints
- The EIA estimates that U.S. demand for coal will grow at 0.8% a year until 2030.
- In the United States construction of coal-fired plants are growing faster than at any time in the past seven years
  - Coal remains the cheapest fuel option for electricity generation, resulting in increased utilization rates and needed construction of new plants.
- It is estimated that coal will account for 57% of electricity generation in the United States by 2030.
- Supply and Demand was basically in balance during 2008, as both production and exports increased
- Supply and Demand will remain tight for the foreseeable future
- Producer consolidation continues while reinvestment wanes
  - During 2007 the top 10 producers represented 67% of total coal production versus only 33% during 1980

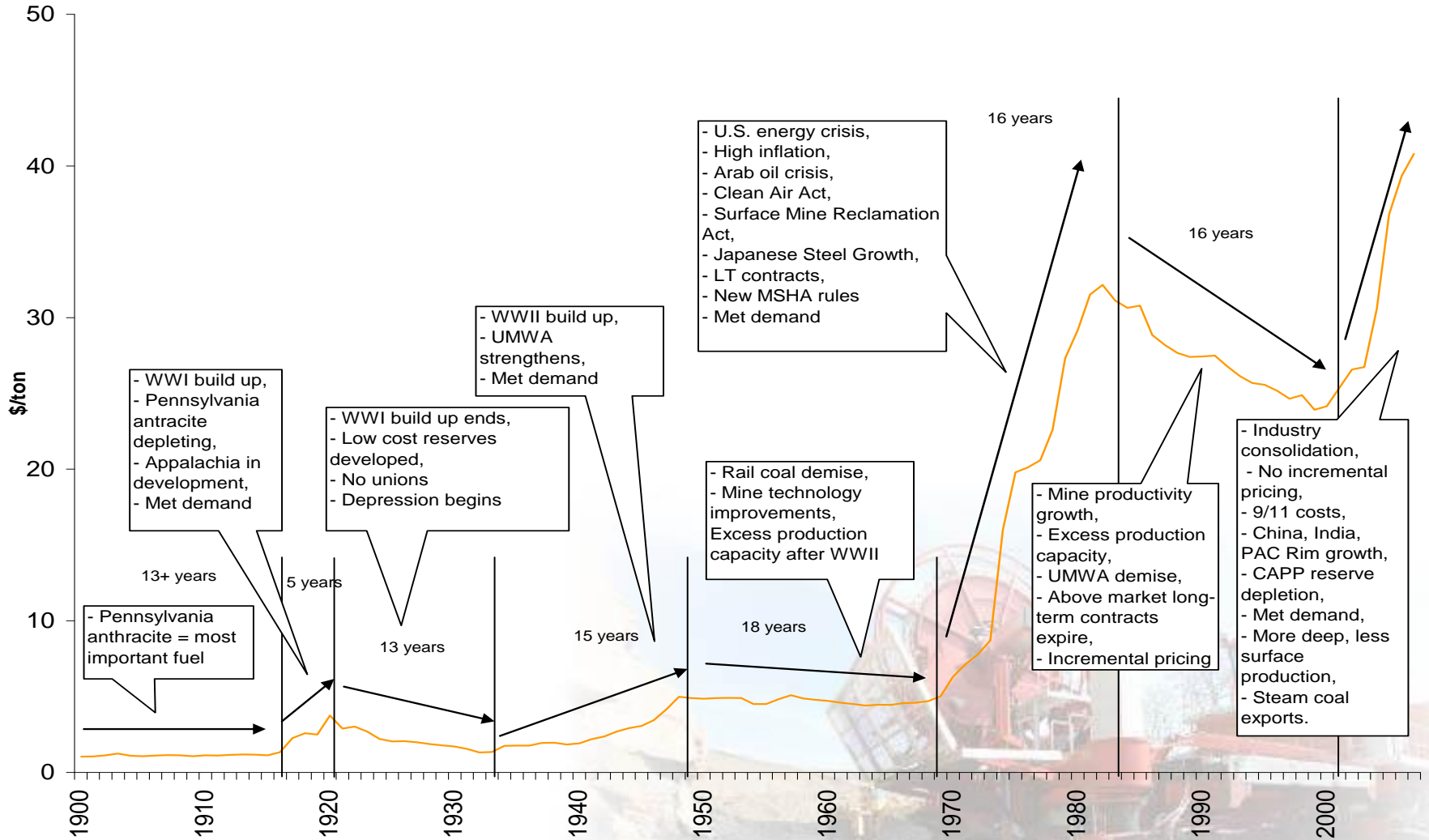


# How many of these names do you recognize?

1980				2007			
<u>Rank</u>	<u>Company</u>	<u>Production ('000 tons)</u>	<u>% of Total</u>	<u>Rank</u>	<u>Company</u>	<u>Production ('000 tons)</u>	<u>% of Total</u>
1	Peabody Group	59,083	7.1%	1	Peabody Energy Corp.	215,200	18.5%
2	Consolidation Group	48,955	5.9%	2	Rio Tinto America	138,100	11.9%
3	AMAX Group	40,547	4.9%	3	Arch Coal, Inc.	126,100	10.8%
4	Texas Utilities	27,590	3.3%	4	Foundation Coal Corp.	71,600	6.2%
5	Island Creek Group	20,017	2.4%	5	CONSOL Energy Inc.	67,400	5.8%
6	Pittston Group	17,775	2.1%	6	Massey Energy Co.	39,000	3.4%
7	NERCO Group	16,900	2.0%	7	North American Coal Corp.	35,600	3.1%
8	Arch Mineral	15,818	1.9%	8	Kiewit Mining Group, Inc.	31,500	2.7%
9	U.S. Steel	14,223	1.7%	9	Westmoreland Coal Co.	29,400	2.5%
10	American Electric Power	14,052	1.7%	10	Alpha Natural Resources, LLC	24,800	2.1%
	Subtotal:	274,960	33.1%		Subtotal:	778,700	67.0%
	Other	555,040	66.9%		Other	384,050	33.0%
	US Total	830,000	100.0%		US Total	1,162,750	100.0%



# United States of America Historical Long Term Pricing



Updated through 2007

# The US Coal Market

- Estimated 2008 demand will exceed estimated supply as a result of:
  - Mine closures and increase in regulations oversight
  - Increased electricity generation
  - A weak US Dollar – contributing to increased exports and leveling off of imports
  - Strong International demand for coal from China and India
  - Inventory drawdown has run its course

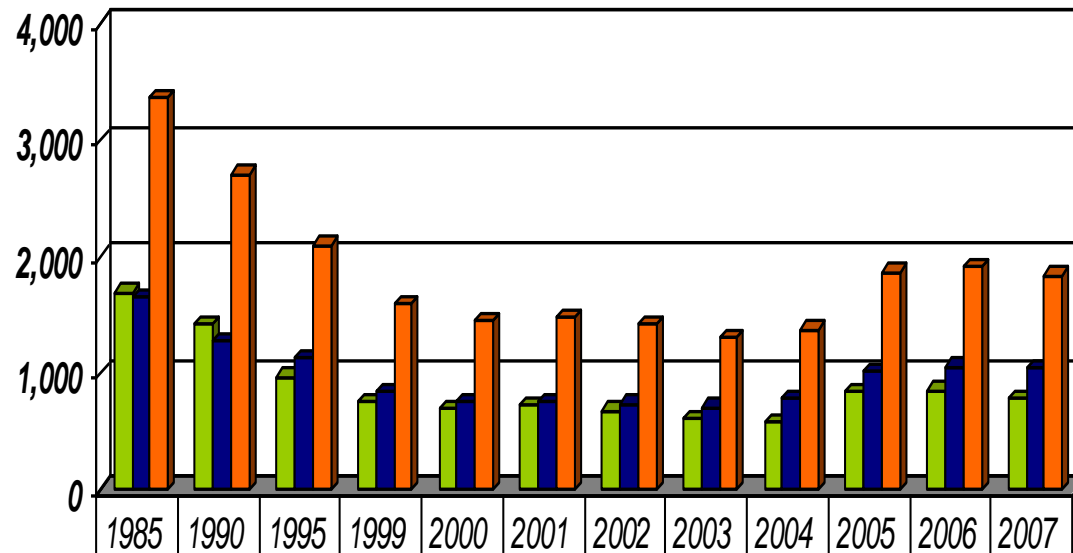
Year	<u>Domestic Production</u>					<u>Net Exports</u>			Coal Available For Domestic Consumption	<u>End Use Consumption</u>			Total Domestic Consumption	Net Available Coal
	Appalachia	Interior	Western	Total	PRB	Imports	Exports	Net Exports		Electricity Generation	Coking	Other		
2000	419	144	511	1,074	377	13	59	46	1,028	986	29	65	1,084	-56
2001	433	147	548	1,128	408	20	49	29	1,099	964	26	65	1,060	39
2002	397	147	550	1,094	411	17	40	23	1,072	978	24	61	1,066	5
2003	377	146	549	1,072	413	25	43	18	1,054	1,005	24	61	1,095	-41
2004	391	146	575	1,112	436	27	48	21	1,091	1,016	24	62	1,107	-16
2005	397	149	585	1,131	445	30	50	20	1,112	1,038	23	60	1,126	-14
2006	392	151	620	1,163	489	36	50	13	1,149	1,027	23	60	1,112	37
2007	378	147	611	1,136	496	36	59	23	1,113	1,046	23	56	1,129	-16
2008	390	145	636	1,170	500	34	82	47	1,123	1,040	23	59	1,125	-2
2009E	368	137	607	1,113	510	35	72	37	1,076	1,023	20	50	1,096	-20
2010E	375	141	617	1,133	515	36	81	45	1,088	1,026	19	57	1,105	-17



In Millions of Tons

Source: EIA – updated as of 03/11/09

# Number of Active Surface and Underground Mines



■ Total Number of UG Mines	1,695	1,422	977	749	707	719	682	602	586	846	857	795
■ Total Number of Surface Mines	1,660	1,285	1,127	842	746	759	745	714	793	1,021	1,063	1,044
■ Total Number of Mines	3,355	2,707	2,104	1,591	1,453	1,478	1,427	1,316	1,379	1,867	1,920	1,839



Source: NMA, EIA

# BTU Price Equivalent Data

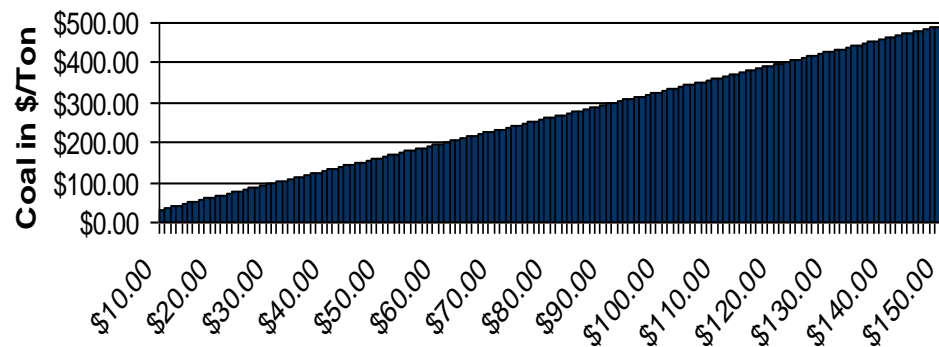
BTU Price Equivalent Table		
Oil/barrel	Natural Gas	Coal
\$/Barrel	\$/MCF	\$/Ton
10	\$1.66	\$32.99
20	\$3.32	\$65.99
30	\$4.98	\$98.98
40	\$6.64	\$131.97
50	\$8.31	\$164.97
60	\$9.97	\$197.96
70	\$11.63	\$230.95
80	\$13.29	\$263.95
90	\$14.95	\$296.94
100	\$16.61	\$329.93
110	\$18.27	\$362.93
120	\$19.93	\$395.92
130	\$21.59	\$428.91
140	\$23.25	\$461.91
150	\$24.92	\$494.90

**BTU per Unit:**

Coal 20.479 Million Btu/Short Ton  
 Crude Oil 6.207 Million Btu/Barrel  
 Natural Gas 1.031 Million Btu/MCF

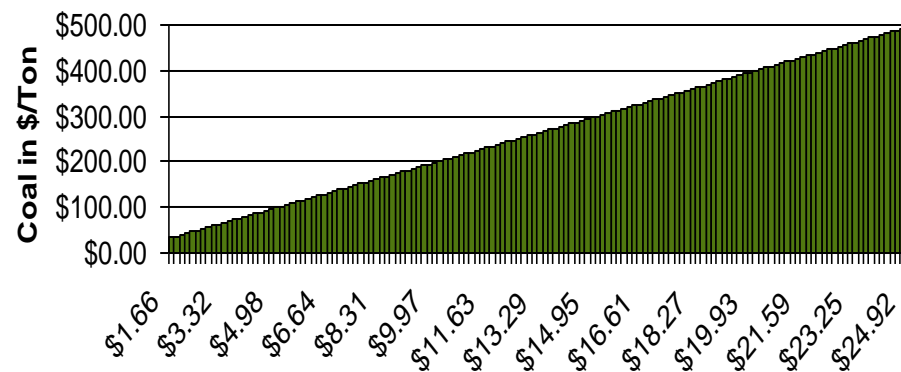


**Coal / Oil**



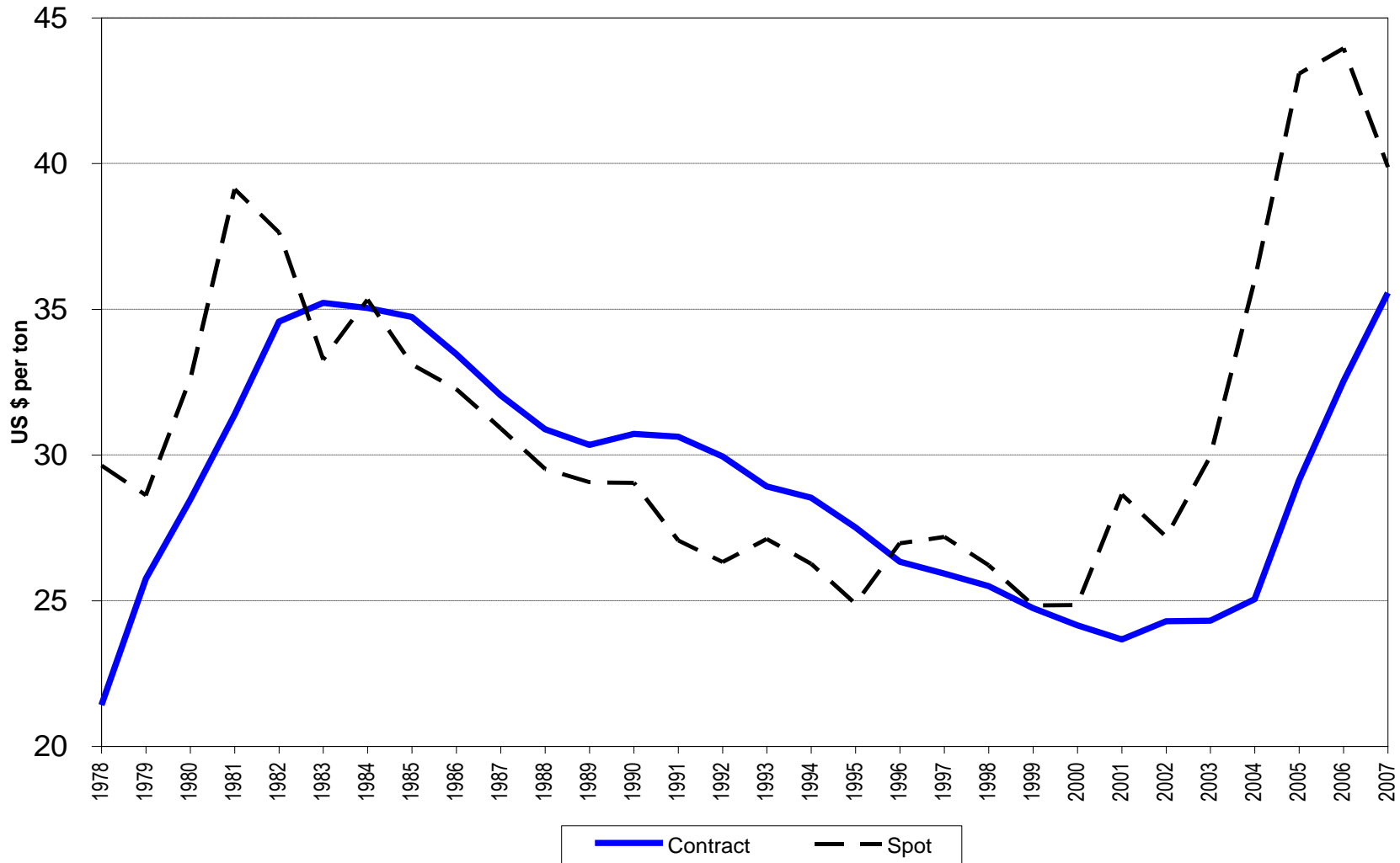
**Oil in \$/BBL**

**Coal / Natural Gas**



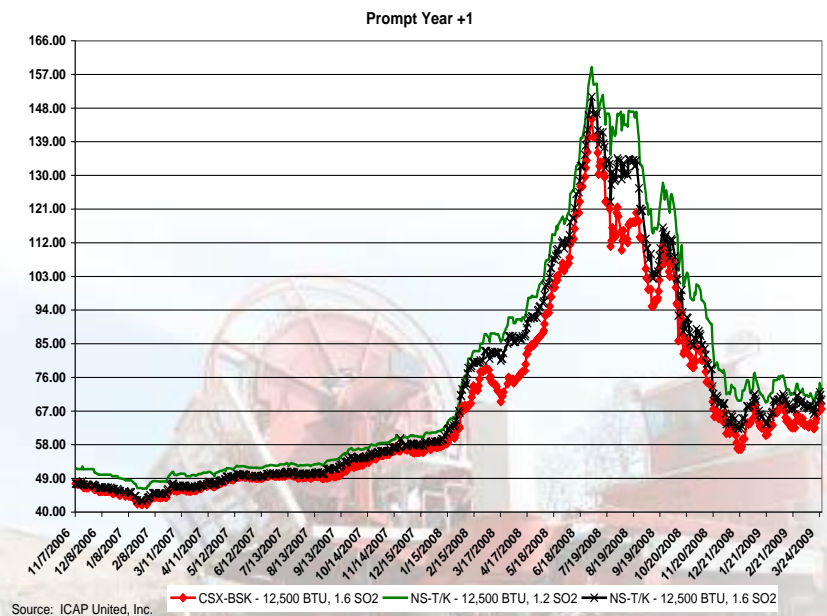
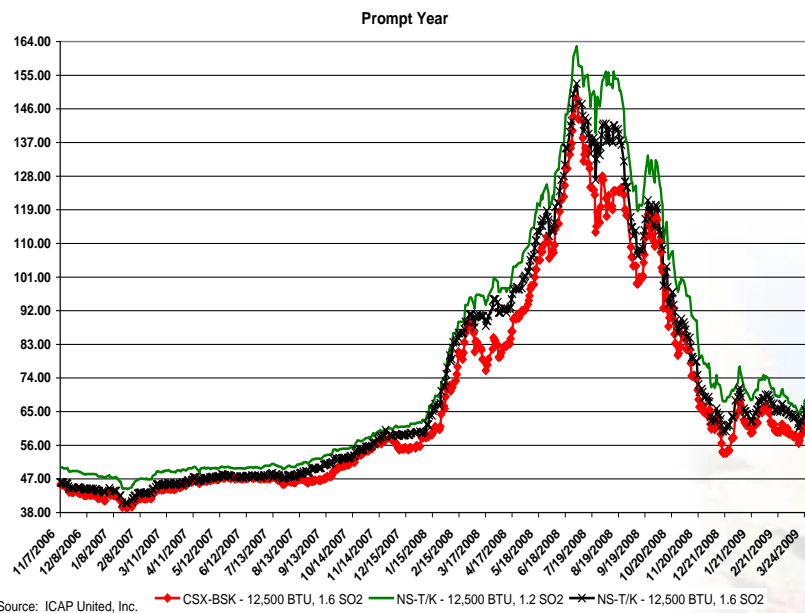
**Natural Gas in \$/MCF**

# Average Annual Delivered Coal Prices to Utilities



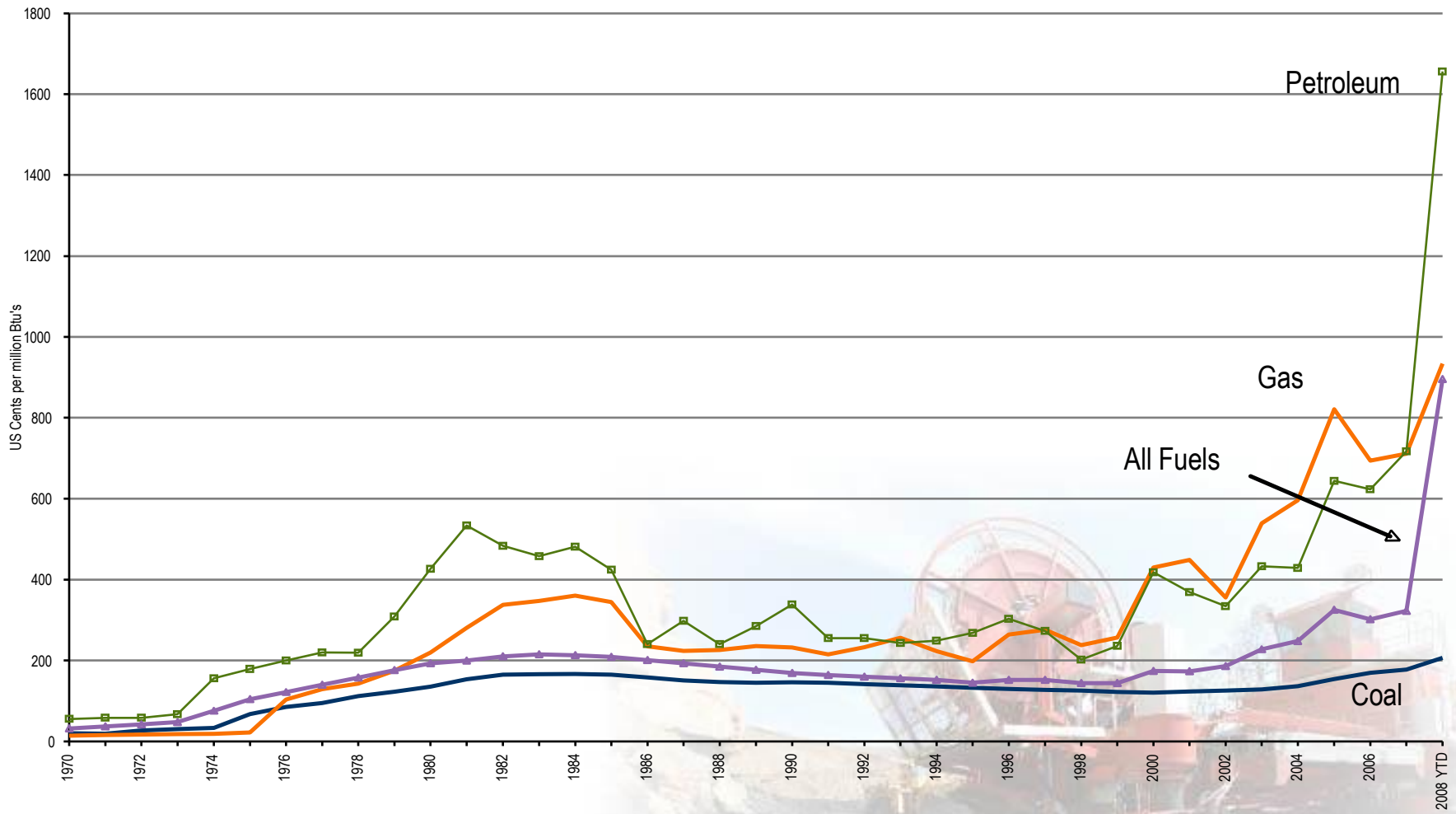
# U.S. Market

- Coal prices have increased since reaching their recent lows during January 2007.
- I believe coal prices will remain healthy given the tight supply and demand scenario
- Domestic production has declined, inventories have declined, exports have increased, and imports have leveled off
- Strong global demand is once again impacting the domestic U.S. market, which is also robust.
- Its not a perfect storm, but the elements are beginning to predict a strong pricing environment.



Source: United Energy

# Coal: The Low Cost Source



\*Current year cost are YTD averages:

Nov coal: 2.15 (dollars/ 10<sup>6</sup> Btu)

# Coal Industry Quick Facts

- Coal is the cheapest fuel option for electricity generation.
- 91% of coal produced in the U.S. is used to generate electricity.
- Coal provides about 50% (in 2008) of the United States' electrical energy.
- It is estimated that this will reach 57% by the year 2030.
- The U.S. has about 300 years of coal reserves left – that's more than any other natural resource!
- The U.S. only has 7-9 years of gas reserves left and 5-10 years of petroleum reserves left.
- The U.S. produces about 1.13 billion short tons of coal a year.
- It is estimated that U.S. demand for coal will grow at 0.8% a year until 2030.
- Construction of coal-fired plants in the U.S. is needed to meet anticipated growth in electricity demand; there are a number of new plants under construction at present.
- Coal Mining provides great paying jobs and career opportunities.

## 2008 Electricity Generation by Source:

Coal	48.5%	Wind	1.4%
Nuclear	19.7%	Petroleum	1.1%
Gas	21.3%	Geothermal	0.4%
Hydro	6.1%	Solar & Other	1.5%



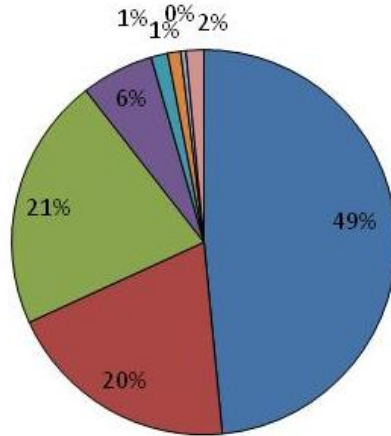
\*Source: EIA, IEA, & NMA



# The U.S. Coal Market

## 2008 Electricity Generation

■ Coal ■ Nuclear ■ Gas ■ Hydro ■ Wind ■ Petroleum ■ Geothermal ■ Solar & Other



Consumption of thousands of megawatt hours			
2008	Coal	Natural Gas	Petroleum
Electricity	1,345,504	290,720	20,036
Total	1,824,137	808,226	28,390
% of Total	73.76%	35.97%	70.57%

- Through December 2008, coal remains the fuel of choice, accounting for 48.5% of electricity generation in the United States.
- Coal remains the most abundant fuel resource in the United States as of 2007:
  - Coal Reserves: 262,689 Million tons (249 – 349 years).
  - Gas Reserves: 237,726 billion cubic feet (7 – 9 years).
  - Petroleum Reserves: 21,317 million barrels (5 – 10 years).
- Other 2007 Electricity Generation:
  - Hydro: 6.14%
  - Wind: 0.80%
  - Solar: 0.02%

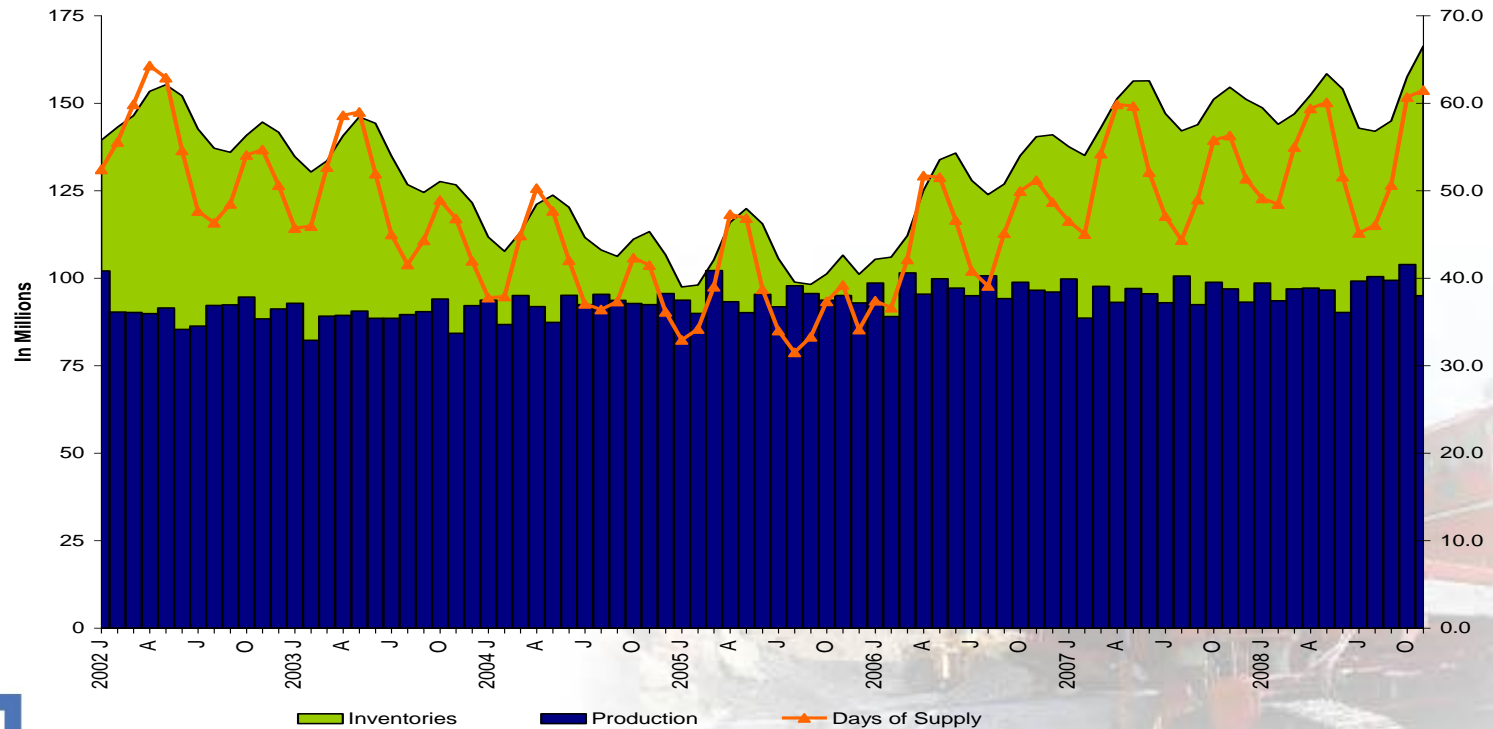


Source: EIA



# U.S. Market

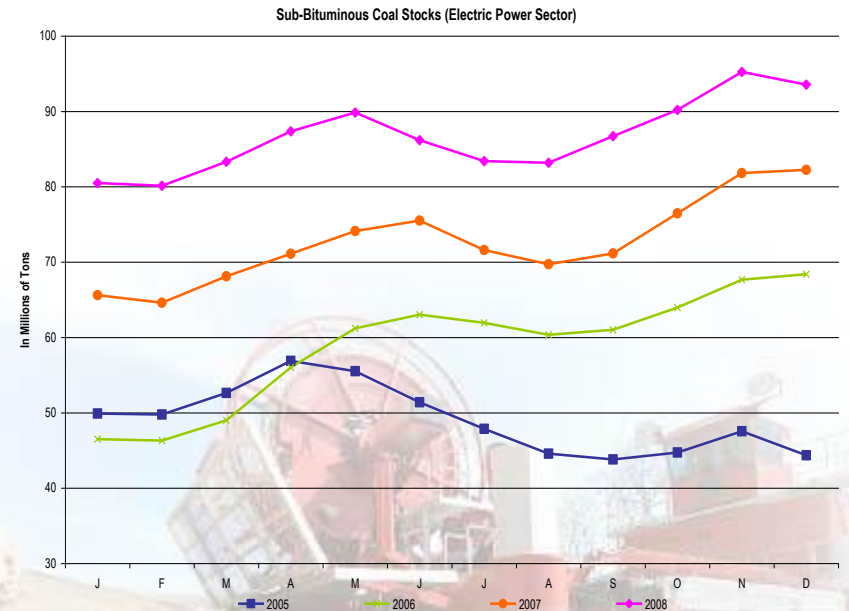
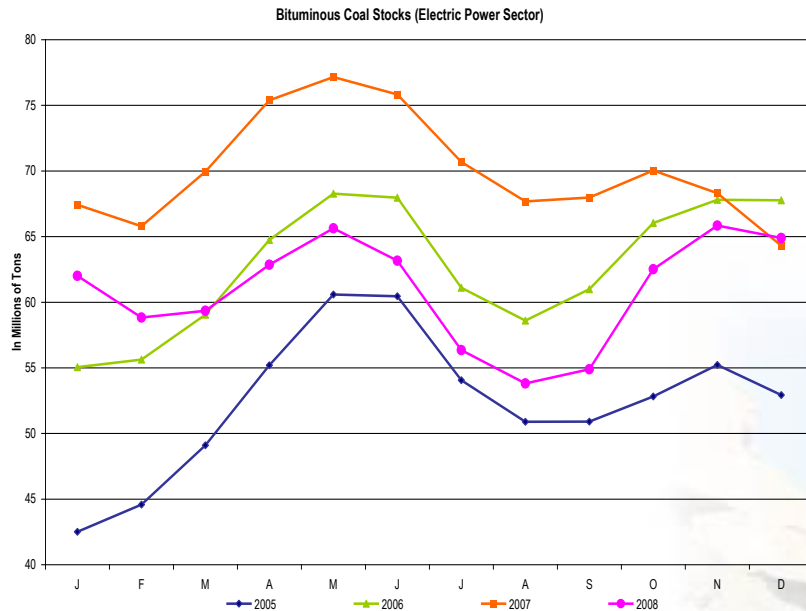
- Utility inventories were at a six-year high during November of 2008.
- Producers were contributing to the over-supply with their focus on volume.
- However, a decline in production and an increase in consumption have led to a decline in utility inventory levels.



Source: EIA

# U.S. Market

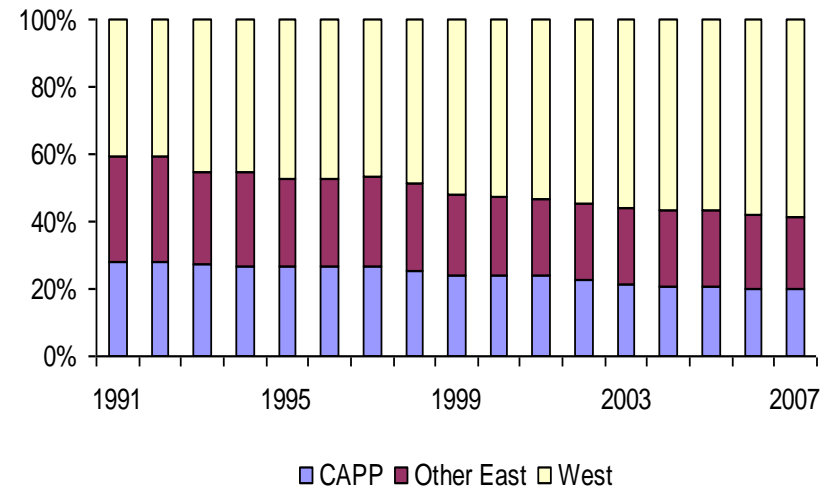
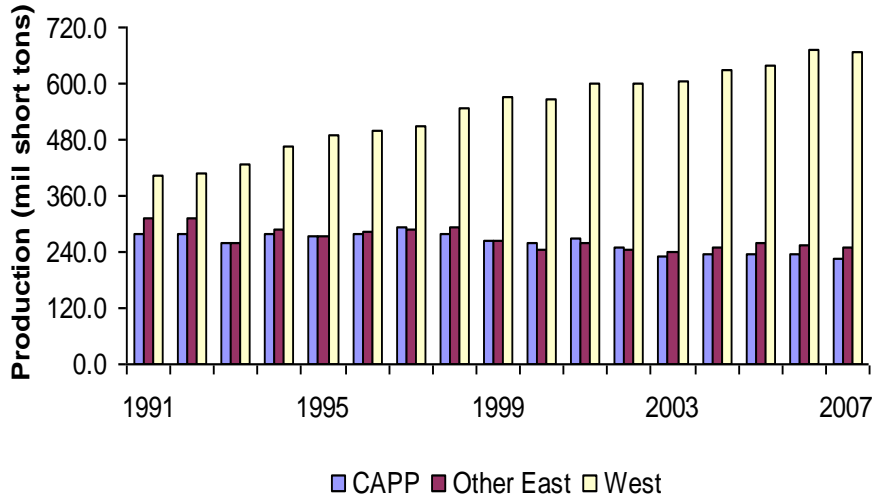
- Since June of 2006, sub-bituminous (mainly PRB) stocks have increased more than bituminous (mainly CAPP, NAPP, and Illinois) stocks.
- Bituminous stocks appear to be close to closing the gap with 2006 levels.
- However, the same cannot be said for sub-bituminous stocks.
- Does this imply a preference on burn, or less discipline from certain producers?



Source: EIA

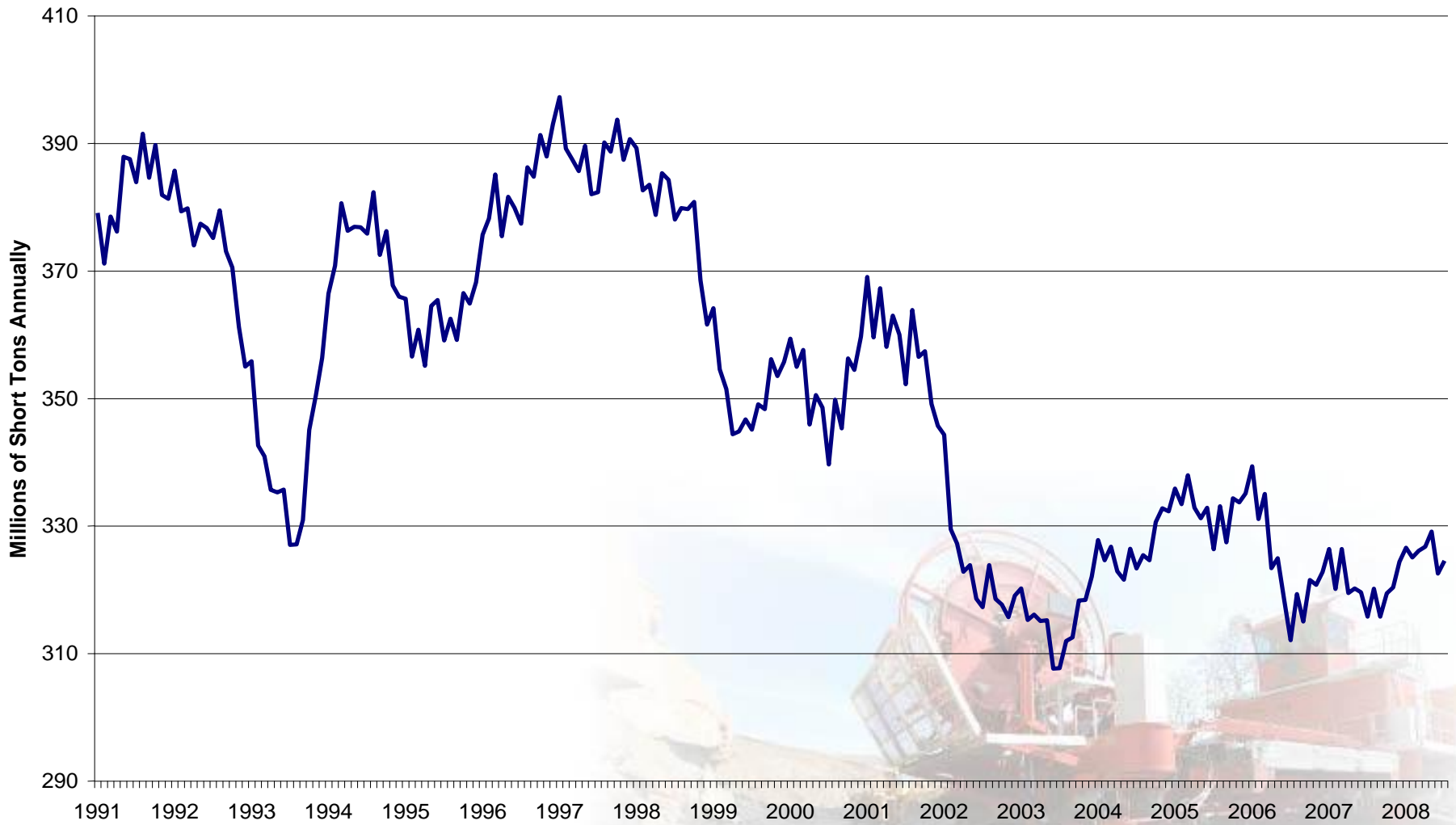
# U.S. Coal Production

- Since 1999, the majority of U.S. Coal production has come from the West.
- We estimate that coal production for 2008 will be flat to slightly up, with most of the increase in production coming from the West.
- Central Appalachian (CAPP) Coal Production peaked during 1997 at 287M Tons, but declined to 226M Tons during 2007.
- However, we believe that although there will be increased production from the West, total production may not be able to keep up with the energy demand.

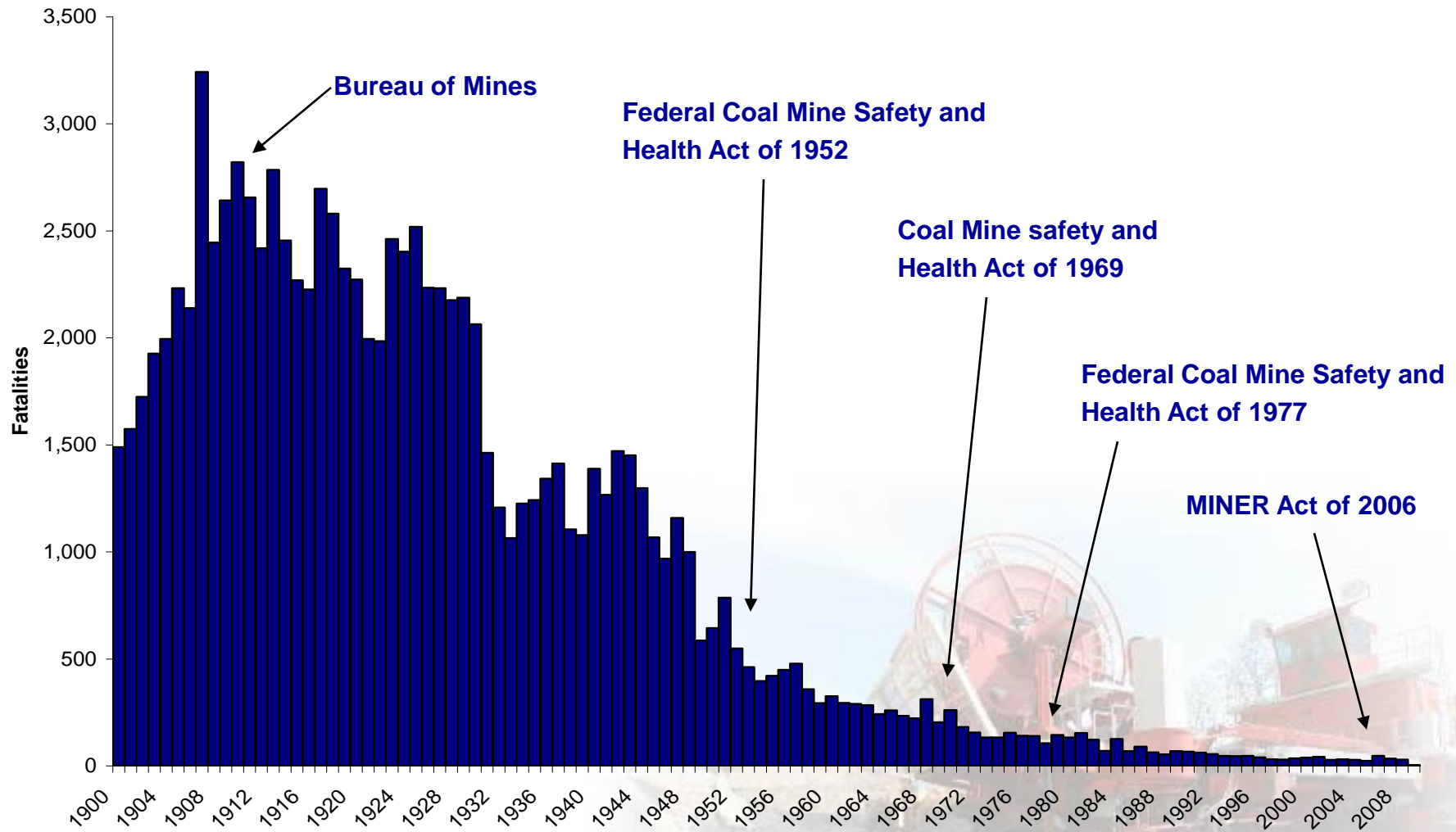


Source: 1989-1999 CAPP Data – Energy Publishing, All other EIA

# Appalachia Coal Production (6-Month Moving Average)

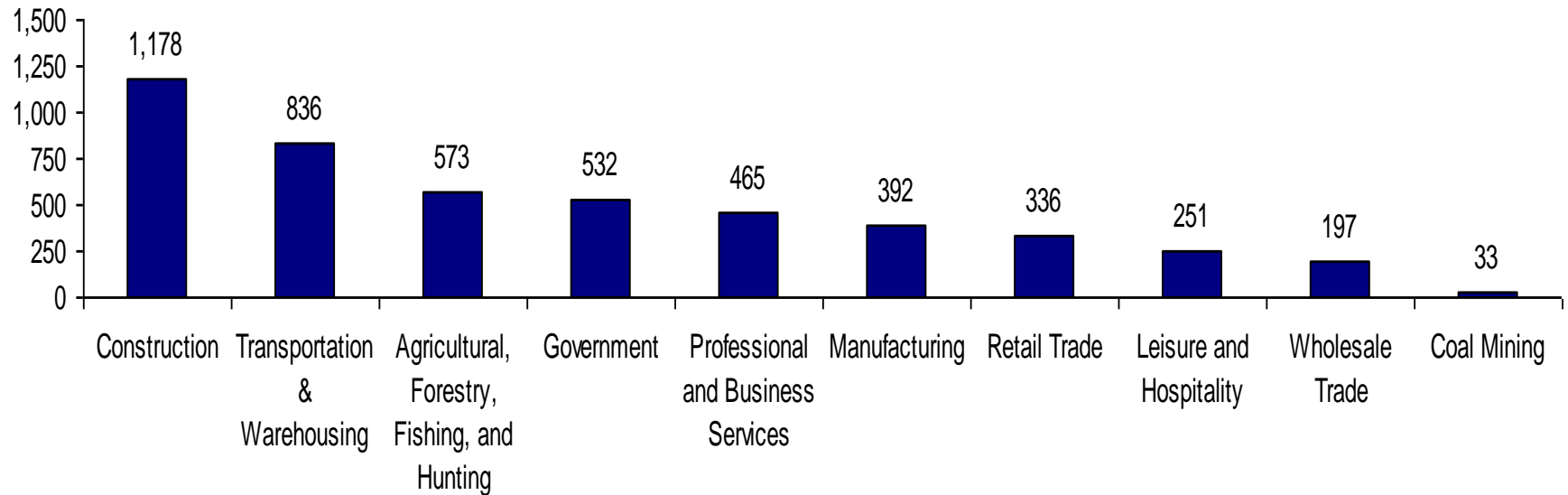


# Coal Fatalities 1900-2009



Source: Department of Labor Mine Safety and Health Administration – 2009 fatalities 4 (as of 3/6/09)

# Number of Fatal Occupational Injuries in 2007



Source: Bureau of Labor Statistics  
YTD (as of 3/6/09) Number of Coal Mining Fatalities: 4  
2008 Coal Mining Fatalities: 29

# Thank You

For more information please visit our website at [www.nationalcoal.com/investors.php](http://www.nationalcoal.com/investors.php)

## About National Coal Corp.

Headquartered in Knoxville, Tenn., National Coal Corp., through its wholly-owned subsidiary, National Coal Corporation, is engaged in coal mining in East Tennessee, and through its wholly-owned subsidiary, National Coal of Alabama, is engaged in coal mining in Alabama. Currently, National Coal employs about 350 people. National Coal sells steam coal to electric utilities and industrial companies in the Southeastern United States. For more information and to sign-up for instant news alerts visit [www.nationalcoal.com](http://www.nationalcoal.com).

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