



## **NATIONAL COAL CORP. ANNOUNCES CONSTRUCTION OF MINE 12**

**Knoxville, Tenn.** – (July 1, 2010) – National Coal Corp. (Nasdaq: NCOCD), a Central and Southern Appalachian coal producer, today announces the beginning of construction on its new Mine 12, which when fully operational is anticipated to add about 40,000 tons per month, or 480,000 tons per year to the Company's production. Given the high quality coal of this block of reserves, sales will be targeted to the specialty coal market.

"With the beginning of construction on Mine 12, the Company reaffirms its focus on lower costs, higher selling prices, and improved margins. This mine should help us achieve one of our key goals – generating free cash flow," says Daniel A. Roling, President and CEO at National Coal. "I am also pleased to announce that a contract for the initial production has been signed, which will result in the Company's average selling price increasing by about 10% during 2011. Even though we are eager to participate in this kind of organic growth, it should not go unsaid that we are also focused on the challenge to refinance our debt."

After receiving the final permit, construction of Mine 12 has begun. Production at Mine 12 will be ramped-up over a period of 18 months, with first production planned in the fourth quarter of 2010. The Company has sufficient funds available to complete construction and to begin operation of this new mine from a recent sale of surplus equipment that generated about \$4.0 million in cash.

Mr. Roling went on to say, "A number of key indicators for our end markets appear to be showing improvement. Year-to-date electricity generation has increased 3.8%, utility coal stockpiles have declined an estimated 8.5% versus the year ago level, and coal production in Central Appalachia has declined about 7% year-to-date. These key indicators, along with an improving economy, point toward a better balance between coal supply and demand."

National Coal's operations in Tennessee include the coal mineral and mining rights to approximately 79,000 acres of land, along with mining complexes that currently include one active underground mine and one active surface mine. In addition, National Coal continues to own and operate one preparation plant and one unit train loading facility served by the Norfolk Southern Railroad.

### **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. Currently, National Coal employs about 155 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).

### **Information About Forward Looking Statements**

This release contains "forward-looking statements" that include information relating to future events and future financial and operating performance. Examples of forward looking-statements include the Company's belief that Mine 12 will add 480,000 tons of production per year, that opening Mine 12 will generate free cash flow, and the timing of Mine 12's opening. 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 risks 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.