



NATIONAL COAL CORPORATION BACKGROUND INFORMATION

- National Coal Corp. (Nasdaq: NCOC), through its wholly owned subsidiary, National Coal Corporation engages principally in the business of mining coal by locating, leasing, assessing, permitting, and developing coal properties in the Central Appalachian region of the United States. The Company owns or leases more than 115,500 acres of coal and other mineral rights in Alabama and Southeastern Tennessee.
- NCC operates its mining activities under U.S. Department of the Interior and Kentucky Office of Surface Mining permits, and holds reclamation bonds for each of its producing properties.
- In April 2008, National Coal completed the sale of the balance of its Kentucky assets, also known as Straight Creek, for \$11.0 million to Xinergy Corp. At that time the Company had committed under contract approximately 2.0 million tons of coal for production from Alabama and Tennessee for 2008, 1.5 million tons for 2009, and 630 thousand tons for 2010. In addition, the Company had the capacity to produce above those commitments should market conditions warrant.
- In October 2007, the Company completed the acquisition of Alabama-based Mann Steel Products, Inc. for \$55 million. The acquisition of Mann Steel adds one million tons of annual capacity to National Coal's existing two million tons of annual capacity. Mann Steel produces about one million tons of steam and industrial coal for the domestic market.
- In September 2007, the Company announced the opening of a new high-wall mine in Eastern Kentucky, which is expected to produce approximately 20,000 tons of high quality steam coal per month. The opening is in conjunction with the Company's receipt of two additional high-wall permits in the State of Kentucky, which will make it possible for the Company to keep the high-wall mine open for at least two years.
- In February 2007, the Company sold 3.0 million shares of common stock through a private placement which generated proceeds of \$14.0 million. Two institutional investors agreed to purchase 2.8 million shares with the remainder purchased by Daniel A. Roling, President and CEO of National Coal.
- In October 2006, National Coal entered into a term loan credit facility that provided borrowings of up to \$10 million with Guggenheim Corporate Funding, LLC, and borrowed \$5.0 million at closing to be used to pay the costs of the transaction and to fund general operating and working capital needs. The Company drew down the balance; \$3.0 million on December 19, 2006 and \$2.0 million on March 9, 2007.
- In May 2006, the Company announced the appointment of Daniel A. Roling to serve as Chief Executive Officer. He replaces Jon E. Nix, the founder of National Coal, who served as CEO for three years and who will remain as Chairman of its Board of Directors. Mr. Roling previously worked with Merrill Lynch as its First Vice President and Global Senior Metals and Mining Analyst.
- In April 2006, National Coal announced its common stock began trading on the Nasdaq Global Market under its current ticker symbol "NCOC". National Coal had been previously trading on the Nasdaq Capital Market (formerly the Nasdaq SmallCap Market) since April 2005.
- In March 2006, National Coal announced the purchase, by its wholly-owned subsidiary, NC Railroad, Inc., of 42 miles of railroad track between Oneida and Devonia, Tennessee, from Norfolk-Southern Railroad for about \$2.0 million. The rail line gives National Coal unprecedented access to its largest reserve location, the New River Tract, located between its Smoky Junction preparation plant in

Oneida and the Baldwin Facility, a 750 ton per-hour heavy media cyclone preparation plant and load-out facility in Devonia, Tennessee.

- In December 2005, the Company completed a \$55.0 million high yield debt offering of Notes bearing 10.5% interest due in 2010, and common stock purchase warrants.
- In July 2005, National Coal announced its acquisition of one permitted mine, a preparation plant, haul road and other miscellaneous assets (the "Baldwin Facility") located within the boundaries of the Company's coal reserves in Devonia, Tennessee. National Coal Corp. previously leased a portion of these facilities.
- In April 2005, the Company's common stock is approved for listing on the Nasdaq Capital Market (formerly the Nasdaq SmallCap Market).
- In January 2005, NCC initiated a 1 – 4 reverse stock split and changed its ticker symbol to NCOC.
- In November 2004, NCC closed on an acquisition with Appalachian Fuels LLC to purchase coal mining rights, leases and permits on 40,000 acres in South Eastern Kentucky. The Company will replace \$6.5 million of Appalachian's reclamation bonds and will acquire all coal mineral rights, leases, permits and mining equipment for \$12.5 million, plus the assumption of some current liabilities.
- In October 2004, completed an acquisition with Robert Clear Coal Corporation to purchase mining rights and permits on 7,000 acres of land in Eastern Tennessee and replaced \$3.9 million in reclamation bonds as well as acquire all leases, permits and mining equipment in addition to the assumption of some current liabilities.
- In July 2004, the Company announced its intent to eventually secure assets, including land, five existing mining permits and some miscellaneous mining equipment from Tennessee Mining, Inc. (Horizon Natural Resources).
- NCC acquired both active and non-active mining permits, miscellaneous mining equipment, a rail load-out facility and a coal wash plant from U.S. Coal, Inc. in April 2004. Later that summer, the Company acquired the surface ownership of 1,738 acres of land on the New River Tract in Eastern Tennessee.
- In July 2003, mining operations broke ground at a surface mine near Devonia, Tennessee.
- In March 2003, NCC purchased coal mineral rights to the New River Tract in Tennessee. The total land area was more than 65,000 acres in Anderson, Campbell, and Scott counties approximately 25 miles northwest of Knoxville, Tennessee.

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