



NATIONAL COAL CORP. REPORTS FIRST QUARTER 2010 RESULTS

- ***First quarter 2010 revenues from continuing operations totaled approximately \$16.2 million, down 19.1% from \$20.0 million in 2009***
- ***Tons of coal sold during the first quarter of 2010 decreased approximately 27.5% to 201,684 tons, down from 278,081 tons sold during the year-ago period***
- ***First quarter net loss from continuing operations totaled \$5.8 million compared to a \$5.7 million loss reported in the year-ago period***

Knoxville, Tenn. – (May 17, 2010) – National Coal Corp. (Nasdaq: NCOC), a Central and Southern Appalachian coal producer, reports that for the three months ended March 31, 2010, it achieved total revenues from continuing operations of \$16.2 million based primarily on the sale of 201,684 tons of coal. In the same prior-year period, National Coal generated revenues from continuing operations of \$20.0 million based primarily on the sale of 278,081 tons of coal.

For the three months ended March 31, 2010, National Coal reports a net loss from continuing operations of \$5.8 million or \$0.17 per diluted share compared to a net loss of \$5.7 million or \$0.17 per diluted share for the three months ended March 31, 2009. Also for the three month period ended March 31, 2010, National Coal had an Adjusted Earnings Before Interest, Taxes, and Depreciation and Amortization (“Adjusted EBITDA”) of (\$1.7) million, compared to an Adjusted EBITDA of (\$1.4) million for the first quarter of 2009.

During the first quarter of 2010, the Company’s liquidity was adversely affected when its largest customer exercised its rights of force majeure under a coal supply contract due to freezing weather in the Southeastern United States, which resulted in the suspension of shipments of approximately 40,000 tons of coal. While the customer is obligated under its contract with National Coal to purchase this coal within twelve months after the end of the event, the suspension of these shipments resulted in an immediate reduction in cash receipts of approximately \$3.0 million during January and February 2010.

Daniel A. Roling, President and CEO at National Coal Corp. says, “We’ve taken a number of steps to address the unanticipated cash shortfall resulting from the force majeure, including selling certain assets in order to help stabilize our situation. Although we continue to face a number of challenges, we are committed to positioning the Company to take advantage of any positive growth opportunities afforded throughout the year.”

National Coal currently satisfies its working capital requirements primarily through cash flows generated from operations. For the three months ended March 31, 2010, the Company had a net decrease in cash of approximately \$0.2 million.

On April 20, 2010, National Coal completed the sale to Ranger Energy Investments, LLC of a preparation plant and rail loadout facility located in Devonia, Tennessee, an active underground mine, two inactive mines, and related property, plant and equipment used in and located at its New River Tract operations, coal inventories located on the properties, associated permits and a coal supply agreement, for an aggregate sales price of \$11.8 million, the assumption by Ranger Energy of reclamation liabilities related to the sold operations, and the payment to the Company of an overriding royalty for each ton of coal sold by Ranger Energy pursuant to the coal supply agreement it acquired in the asset sale. As part of the sale, National Coal leased to Ranger Energy mineral rights on approximately 22,000 acres of the New River Tract, with royalties ranging from 6% to 8% of applicable revenues. Of the purchase price, \$6.6 million was paid by Ranger Energy assuming accounts payable National Coal owed to an affiliate of

Ranger Energy, and \$4.5 million was used to repay and terminate National Coal's short-term revolving credit facility. National Coal received an additional \$1.9 million in cash that was previously pledged to secure reclamation bonds and other liabilities associated with the New River Tract operation. Net cash proceeds to the Company as a result of the asset sale were \$1.4 million.

Prior to the closing of the asset sale, Ranger Energy purchased from Centaurus Energy Master Fund, LP \$30.3 million of National Coal's \$42.0 million of 10.5% Senior Secured Notes due 2010, which indebtedness remains outstanding. Ranger Energy also purchased from Centaurus, National Coal's \$5.0 million short-term revolving credit facility, of which \$4.5 million was outstanding and repaid from proceeds of the asset sale.

The Company's first quarter 2010 financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Its continuation as a going concern is dependent upon its ability to raise additional equity or refinance its existing debt and, ultimately, to attain profitability. There is no assurance that National Coal will be successful in raising additional funds to repay its \$42 million in senior secured debt or that, if it does, that it will be able to attain profitability.

Mr. Roling says that despite challenges, the Company is moving forward with cautious optimism. "As the economy improves, both prices and volumes for our coal should increase progressively as we advance through the year and transition into new contracts. As we continue producing in line with our plans, which include the construction and opening of our new mine 12, our costs are also anticipated to decline. We are, however, always subject to changes in the economy, and two significant challenges remain: first, to refinance our debt, and, second, to capitalize on any organic growth afforded the Company."

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 220 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.

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 efforts to address the deterioration in its financial position, including the results of its recent asset sale on future operations, and its intent to raise capital to repay its \$42 million of senior secured debt due December 2010. 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.

National Coal Corp.
Calculation of EBITDA
(Unaudited)

EBITDA is defined as net loss plus (i) other (income) expense, net, (ii) interest expense, (iii) depreciation, depletion, accretion and amortization minus (iv) interest income, and (v) income tax benefits. We present Adjusted EBITDA, including stock compensation expense and discontinued operations, net of tax, to enhance understanding of our operating performance. We use Adjusted EBITDA as a criterion for evaluating our performance relative to that of our peers, including measuring our cost effectiveness and return on capital, assessing our allocations of resources and production efficiencies and making compensation decisions. We believe that Adjusted EBITDA is an operating performance measure that provides investors and analysts with a measure of our operating performance and permits them to evaluate our cost effectiveness and production efficiencies relative to competitors. In addition, our management uses Adjusted EBITDA to monitor and evaluate our business operations. However, Adjusted EBITDA is not a measurement of financial performance under accounting principles generally accepted in the United States of America (“GAAP”) and may not be comparable to other similarly titled measures of other companies. Adjusted EBITDA should not be considered as an alternative to cash flows from operating activities, determined in accordance with GAAP, as indicators of cash flows. The following reconciles our net loss to Adjusted EBITDA:

	Three Months Ended	
	March 31,	
	2010	2009
Net loss	\$ (5,763,869)	\$ (7,890,415)
Other (income) expense, net	(1,962)	(65,446)
Interest income	(2,523)	(82,454)
Interest expense	1,733,531	1,296,544
Depreciation, depletion, amortization and accretion	1,814,648	2,754,677
EBITDA	(2,220,175)	(3,987,094)
Stock compensation expense	557,808	388,343
Discontinued operations, net of tax	-	2,218,900
Adjusted EBITDA	\$ (1,662,367)	\$ (1,379,851)

National Coal Corp.
Condensed Consolidated Balance Sheets
(Unaudited)

	March 31, 2010	December 31, 2009
Assets		
Current Assets:		
Cash and cash equivalents	\$ 977,564	\$ 1,185,725
Accounts receivable, net	517,513	366,680
Inventory	2,172,646	1,403,972
Prepaid and other current assets	1,339,795	1,550,919
Assets held for sale	13,685,114	-
Total Current Assets	18,692,632	4,507,296
Property, plant, equipment and mine development, net	24,628,642	40,298,450
Deferred financing costs	789,056	890,048
Restricted cash	6,163,309	6,211,637
Other non-current assets	899,422	906,097
Total Assets	\$ 51,173,061	\$ 52,813,528
 Liabilities and Stockholders' Deficit		
Current Liabilities:		
Accounts payable	\$ 13,627,118	\$ 11,551,663
Accrued expenses	2,159,843	1,065,355
Borrowings under short-term line of credit	4,500,000	3,000,000
Current maturities of long - term debt	42,321,443	42,372,933
Current installments of obligations under capital leases	772,904	1,237,358
Current portion of asset retirement obligations	98,528	98,528
Total Current Liabilities	63,479,836	59,325,837
Long - term debt, less current maturities, net of discount	113,839	270,291
Obligations under capital leases, less current installments	104,782	140,958
Asset retirement obligations, less current portion	3,397,631	3,790,212
Deferred revenue	1,000,000	1,000,000
Other non-current liabilities	585,944	589,139
Total Liabilities	68,682,032	65,116,437
Stockholders' Deficit:		
Common Stock, \$.0001 par value; 80 million shares authorized; 34,313,889 shares issued and outstanding at March 31, 2010 and December 31, 2009	3,431	3,431
Additional paid - in capital	116,749,647	116,191,838
Accumulated deficit	(134,262,049)	(128,498,178)
Total Stockholders' Deficit	(17,508,971)	(12,302,909)
Total Liabilities and Stockholders' Deficit	\$ 51,173,061	\$ 52,813,528

The Condensed Consolidated Balance Sheet as of December 31, 2009 was derived from Audited Financial Statements

See Accompanying Notes to Condensed Consolidated Financial Statements.

National Coal Corp.
Condensed Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended	
	March 31,	
	2010	2009
Revenues:		
Coal sales	\$ 16,195,233	\$ 19,108,015
Other revenues	-	918,652
Total revenues	<u>16,195,233</u>	<u>20,026,667</u>
Operating expenses:		
Cost of coal sales (exclusive of depreciation, depletion, amortization and accretion)	15,119,449	18,994,747
Cost of services (exclusive of depreciation, depletion, amortization and accretion)	-	942,379
Depreciation, depletion, amortization and accretion	1,814,648	2,754,677
Asset impairment	1,186,389	-
General and administrative	2,109,570	1,857,735
Total operating expenses	<u>20,230,056</u>	<u>24,549,538</u>
Loss from continuing operations	(4,034,823)	(4,522,871)
Other income (expense):		
Interest expense	(1,733,531)	(1,296,544)
Interest income	2,523	82,454
Other	1,962	65,446
Other income (expense), net	<u>(1,729,046)</u>	<u>(1,148,644)</u>
Loss from continuing operations before income taxes	<u>(5,763,869)</u>	<u>(5,671,515)</u>
Income tax benefit	-	-
Loss from continuing operations	(5,763,869)	(5,671,515)
Loss from discontinued operations, net of taxes	-	(2,218,900)
Net loss	<u>\$ (5,763,869)</u>	<u>\$ (7,890,415)</u>
Loss per common share from continuing operations - basic and diluted	<u>\$ (0.17)</u>	<u>\$ (0.17)</u>
Loss per common share from discontinued operations - basic and diluted	<u>\$ -</u>	<u>\$ (0.06)</u>
Loss per common share - basic and diluted	<u>\$ (0.17)</u>	<u>\$ (0.23)</u>
Weighted average common shares outstanding	<u>34,077,439</u>	<u>34,003,824</u>

See Accompanying Notes to Condensed Consolidated Financial Statements.

National Coal Corp.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Three Months Ended	
	March 31,	
	2010	2009
Operating Activities		
Net loss	\$ (5,763,869)	\$ (7,890,415)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Loss from discontinued operations, net of tax	-	2,218,900
Depreciation, depletion, amortization and accretion	1,814,648	2,754,677
Amortization of deferred financing costs	203,478	118,002
Amortization of debt discount	182,004	155,684
Gain on disposal of assets	(1,800)	(55,446)
Loss on asset impairment	1,186,389	-
Settlement of asset retirement obligations	(16,364)	(24,308)
Stock option expense	557,808	388,343
Changes in operating assets and liabilities:		
Accounts receivable	(150,833)	(1,743,431)
Inventory	(1,247,790)	746,676
Prepaid and other current assets	211,124	443,436
Other non - current assets	38,295	45,261
Accounts payable and accrued expenses	2,851,823	6,695,342
Deferred revenue	-	(1,241,840)
Other non - current liabilities	(3,195)	(193,375)
Net cash flows (used in) provided by operating activities from continuing operations	(138,282)	2,417,506
Net cash flows provided by operating activities from discontinued operations	-	2,123,024
Net cash flows (used in) provided by operating activities	(138,282)	4,540,530
Investing Activities		
Capital expenditures	(593,525)	(2,779,957)
Decrease in restricted cash	48,328	30,449
Additions to prepaid royalties	(31,620)	(19,500)
Net cash used in investing activities from continuing operations	(576,817)	(2,769,008)
Net cash used in investing activities from discontinued operations	-	(1,319,657)
Net cash used in investing activities	(576,817)	(4,088,665)
Financing Activities		
Proceeds under short-term line of credit	1,500,000	-
Repayments of long-term debt	(389,946)	(831,697)
Repayments of obligations under capital leases	(500,630)	(700,667)
Payments for deferred financing costs	(102,486)	(40,000)
Net cash flows provided by (used in) financing activities from continuing operations	506,938	(1,572,364)
Net cash flows used in financing activities from discontinued operations	-	(561,326)
Net cash flows provided by (used in) financing activities	506,938	(2,133,690)
Net decrease in cash and cash equivalents	(208,161)	(1,681,825)
Cash and cash equivalents at beginning of period	1,185,725	3,908,469
Cash and cash equivalents at end of period	\$ 977,564	\$ 2,226,644
Supplemental Cash Flow Information		
Cash paid during the period for interest from continuing operations	\$ 241,725	\$ 115,920
Cash paid during the period for interest from discontinued operations	-	520,092
Non-cash investing and financing activities from discontinued operations:		
Financed equipment acquisitions	\$ -	\$ 42,848
Asset retirement obligations incurred, acquired or recosted	-	324,332
Interest and fees paid in-kind or financed at National Coal of Alabama, Inc.	-	2,100,000

See Accompanying Notes to Condensed Consolidated Financial Statements.