

**NATIONAL COAL CORP.  
COMPENSATION COMMITTEE CHARTER**

The Compensation Committee's primary functions are to (i) discharge the oversight responsibilities of the Corporation's Board of Directors ("Board") with respect to compensation of the Corporation's executives; (ii) produce a report on executive compensation to be included in the Corporation's proxy statement in accordance with applicable rules and regulations; and (iii) administer designated executive compensation plans of the Corporation. The Committee reports to the full Board on all matters within the Committee's responsibilities. The Committee shall have the authority to engage independent legal, accounting and other advisors, as it determines necessary to carry out its duties. The Committee shall have authority to approve related fees and retention terms for such advisors. The Committee shall be composed of at least three directors determined by the Board to meet the independence requirements of The NASDAQ Stock Market, Inc. ("NASDAQ") and any applicable eligibility requirements of the Securities and Exchange Commission ("SEC"). The Board shall interpret these requirements and determine the qualifications of Committee members in its business judgment. The Committee shall review and reassess the adequacy of its charter annually. The Committee shall cause to be provided to NASDAQ such appropriate written confirmation concerning these matters as NASDAQ may from time to time require.

If any members of the Committee are not "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code and the regulations thereunder or "non-employee directors" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, the Committee may (but is not required to) delegate to a subcommittee responsibility for any determinations required to be made by "outside directors" under Section 162(m) and applicable regulations or by "non-employee directors" under Rule 16b-3.

The following duties and responsibilities shall be the common recurring activities of the Committee in carrying out its purposes, as outlined above. These duties and responsibilities are set forth as a guide with the understanding that, except as otherwise provided by requirements of NASDAQ or the SEC, the Committee may diverge from this guide as appropriate given the circumstances. Subject to the foregoing, the Committee shall:

1. Review and approve any statement of general principles governing payment of compensation to, or ownership of the Corporation's stock by, the Corporation's executives.
2. Recommend to the Board the executive compensation and benefit plans to be adopted by the Corporation and any amendment, termination or discontinuance of such plans.
3. Administer and perform specified functions under the Corporation's equity-based, incentive compensation, deferral and other executive compensation plans as designated from time to time by the Board or by the terms of such plans. In discharging this responsibility, the Committee will (a) grant, or delegate authority to grant, equity-based awards, (b) review management's recommendations regarding incentive compensation awards (other than for the chief executive officer) and grant, or delegate authority to grant, such awards as the Committee believes appropriate, (c) determine the incentive compensation award to be granted to the chief executive officer, and (d) perform such other functions as are specified by the terms of such plans or by the Board.

4. Review and approve (a) general performance goals established under the Corporation's incentive compensation plans, and (b) the specific goals under which compensation is to be paid to designated executives under the plans.
5. Review and approve salaries to be paid to executive officers of the Corporation, including the chief executive officer. The chief executive officer may not be present during voting or deliberating on his compensation.
6. Review on a periodic basis (soliciting necessary information from corporate personnel, independent consultants and others, as the Committee believes appropriate) (a) competitive market analyses of the Corporation's executive compensation program (including benefits and perquisites paid or available to executives) and (b) executive compensation alternatives and significant new trends and issues.
7. Review, with the assistance of appropriate corporate personnel or independent consultants, the impact of tax, accounting and regulatory requirements on executive compensation.
8. Review and approve the terms of any severance, change in control or employment agreements with executive officers or other key employees of the Corporation, including the designation of individuals to enter into such agreements.
9. Review and approve any contract providing for consulting fees or other special compensation payable to an executive officer of the corporation after termination of his or her regular employment.
10. Produce and approve the Committee's report on executive compensation to be included in the proxy statement and the Corporation's response to any comments of the Securities and Exchange Commission on the report.