

PHOENIX COAL INC.
POSITION DESCRIPTION FOR THE CHAIRMAN OF
THE CORPORATE GOVERNANCE, NOMINATING AND COMPENSATION
COMMITTEE

I. Purpose

The Chairman of the Corporate Governance, Nominating and Compensation Committee of the Board of Directors shall be an independent director who is elected by the Board of Directors to act as the leader of the Committee in, among other things: (i) assessing the effectiveness of the Board and the Company's governance; (ii) reviewing Board compensation on at least an annual basis; and (iii) proposing new nominees for appointment to the Board and its committees; (iv) reviewing and recommending to the Board compensation packages of the President and Chief Executive Officer, as well as other members of senior management; and (v) establishing periodic review of the management benefits and perquisites.

II. Who may be Chairman

The Chairman will be selected amongst the independent directors of the Company who have a sufficient level of experience with corporate governance, nomination and compensation issues to ensure the leadership and effectiveness of the Committee.

The Chairman will be selected annually at the organizational meeting of the Board of Directors, and serve for a one-year term.

III. Responsibilities

The following are the primary responsibilities of the Chairman:

- ◆ Chairing all meetings of the Committee in a manner that promotes meaningful discussion.
- ◆ Ensuring adherence to the Committee's Charter and that the adequacy of the Committee's Charter is reviewed annually.
- ◆ Providing leadership to the Committee to enhance the Committee's effectiveness, including:
 - Ensuring that the responsibilities of the Board are well understood by both the Board and management, and that the boundaries between Board and management responsibilities are clearly understood and respected to facilitate independent functioning and maintain an effective relationship between the Board and management;

- Providing the information to the Board relative to the Committee's issues and initiatives and reviewing and submitting to the Board recommendations concerning the Company's corporate governance performance and processes, recommendations concerning overall compensation and benefits, philosophies and programs for employees and management;
 - Ensuring that the Committee works as a cohesive team with open communication;
 - Ensuring that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;
 - Ensuring that a process is in place by which the effectiveness of the Board and its committees (including size and composition) and compensation of directors is assessed at least annually;
 - Ensuring that a process is in place by which the contribution of individual directors to the effectiveness of the board is assessed at least annually;
 - Ensuring procedures are established to orient and educate new directors;
 - Ensuring procedures are established to assess and recommend new nominees for appointment to the Board and its committees;
 - Ensuring the appropriate research and peer group review is done to identify and assess trends in employment benefits and other compensation data.
- ◆ Managing the Committee, including:
- Adopting procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
 - Preparing the agenda of the Committee meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
 - Ensuring meetings are appropriate in terms of frequency, length and content;
 - Overseeing and participating in the review and approval, on an annual basis, of a report of the Committee to be disclosed in the Company's annual reporting materials in connection with the Company's annual meeting;

- Ensuring the Company's adherence to its corporate governance principles and guidelines;
- Ensuring that the Committee reviews all executive compensation disclosure before it is publicly disclosed; and
- Annually reviewing with the Committee its own performance.