

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**1. Name and Address of Company:**

Cobalt Coal Ltd.  
2000, 840 - 7th Avenue S.W.  
Calgary, AB T2P 3G2

**2. Date of Material Change:** December 19, 2012

**3. News Release:** December 19, 2012

**4. Summary of Material Change:**

Cobalt Coal Ltd. is pleased to announce that it has closed its previously announced property acquisitions involving the acquisition of metallurgical coal bearing leases in Virginia, USA.

**5. 5.1 Full Description of Material Change:**

Please see the press release attached as Schedule "A" hereto.

**5.2 Disclosure for Restructuring Transactions**

N/A

**6. Reliance on Subsection 7.1(2) of National Instrument 51-102 *Continuous Disclosure Obligations*:**

N/A

**7. Omitted Information:**

None

**8. Executive Officer Knowledgeable of Material Change:**

Robert Gillies  
Chief Financial Officer  
Cobalt Coal Ltd.  
(403) 538-8455

**9. Date of Report:**

December 28, 2012

## SCHEDULE "A"



## NEWS RELEASE

### **Cobalt Coal Ltd. Announces Closing of Virginia Property Acquisitions**

**December 19, 2012 - CALGARY, AB**—Cobalt Coal Ltd. (TSX-V: CCF) ("**Cobalt**" or the "**Corporation**") is very pleased to announce the closing of the Virginia property acquisitions as previously disclosed in Cobalt's news releases of March 8, 2012, July 11, 2012, July 17, 2012, November 19, 2012 and November 20, 2012 (collectively, the "**Property Acquisitions**").

The Property Acquisitions involve the acquisition of metallurgical coal bearing leases in Virginia, USA which were the subject of the NI 43-101 compliant technical report entitled "Resource and Reserve Evaluation Including Pre-Feasibility Study, Steinman/ACIN Leases, Dickenson County, Commonwealth of Virginia, USA" which Cobalt filed on SEDAR on November 19, 2012.

One of the tracts associated with the Property Acquisitions, the Mill Creek Tract, is permitted for production and has received approval to allow for the construction of a coal preparation ("wash") plant.

In connection with the closing of the Property Acquisitions, Cobalt received a loan of \$700,000 from a non-arm's length party which was used to fund the amount payable at closing. Additionally, the closing particulars are summarized as follows:

- 1) A payment of \$700,000 was made to the vendors in connection with closing;
- 2) A promissory note in the amount of \$13,250,000 was granted to the Vendors on today's date that bears interest at a rate of 5% per annum. The promissory note is required to be repaid as:
  - a. \$1,000,000 on or before December 18, 2013; and
  - b. \$5,625,000 on or before December 18, 2014; and
  - c. \$6,625,000 on or before December 18, 2015,
- 3) As part of the Property Acquisitions, Cobalt has committed to:
  - a. drill 5 test holes to additionally evaluate the coal bearing strata on the leased lands by July 31, 2013; and
  - b. spend a minimum of \$500,000 on mine improvements on the Mill Creek Tract before July 31, 2012, with a minimum of \$250,000 having been spent before May 31, 2013.

Additionally, Cobalt has committed to pay a finder's fee of US\$586,000 to an arm's length party in connection with the Property Acquisitions, US\$136,000 of the finder's fee will be paid in cash and US\$450,000 will be paid in common shares in the capital of Cobalt to be issued at a deemed price of \$0.05 per share. The payment of the finder's fee is subject to TSX Venture Exchange approval.

### **About Cobalt**

Cobalt is a publicly traded coal exploration and production company headquartered in Calgary, Alberta, Canada with a regional office in Welch, West Virginia, USA. Cobalt was created to capitalize on the growth opportunities that exist in the metallurgical coal mining industry.

*Neither TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

For more information, please contact:

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### **Reader Advisory**

**This News Release contains certain forward-looking statements and other information (collectively “forward-looking information”) about the Corporation's current expectations, estimates and projections. Forward-looking information is often identified by words such as “anticipate”, “intend”, “believe”, “expect”, “plan”, “could”, “focus”, “proposed”, “scheduled”, “potential”, “may” or similar expressions and includes, but is not necessarily limited to, suggestions of future outcomes, including statements about the development of the Property Acquisitions. Readers are cautioned not to place undue reliance on forward-looking information as the Corporation's actual results may differ materially from those expressed or implied in the forward-looking information.**

**Developing forward-looking information involves reliance on a number of assumptions and consideration of certain risks and uncertainties, some of which are specific to the Corporation and**

others that apply to the industry generally. The factors or assumptions on which the forward-looking information is based include without limitation: assumptions inherent in our current guidance, including: foreign exchange and interest rates; the general activity of the coal industry and other risks and uncertainties described from time to time in the filings Cobalt makes with securities regulatory authorities. Actual results could differ materially from those currently anticipated due to a number of factors, risks and uncertainties. Such risks and uncertainties include, without limitation, risks associated with the ability of Cobalt to fund its ongoing capital requirements; delays resulting from or inability to obtain required regulatory approvals; the impact of general economic conditions in Canada, the United States and globally; industry conditions; changes in laws and regulations (including the adoption of new environmental laws and regulations) and changes in how they are interpreted and enforced; increased competition; the lack of availability of qualified personnel or management; fluctuations in foreign exchange or interest rates; and stock market volatility. Readers are cautioned that the foregoing list of factors is not exhaustive.

All subsequent forward-looking statements, whether written or oral, attributed to Cobalt or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Additional information on the foregoing risks and other factors that could affect Cobalt's operations are on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)). Furthermore, the forward-looking statements contained in this News Release are made as at the date of this News Release and Cobalt does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.