

PRIOR TO COMPLETING THIS LETTER OF TRANSMITTAL, YOU ARE STRONGLY URGED TO READ THE INSTRUCTIONS SET FORTH HEREIN.

**LETTER OF TRANSMITTAL
FOR HOLDERS OF COMMON SHARES
of
COBALT COAL CORP.**

**To: Cobalt Coal Corp.
And to: Olympia Trust Company**

This letter of transmittal ("**Letter of Transmittal**") is for use by registered holders (each a "**Cobalt Shareholder**") of common shares ("**Cobalt Shares**") of Cobalt Coal Corp. (the "**Corporation**") in connection with the proposed consolidation of all of the issued and outstanding Cobalt Shares on the basis of one (1) post-consolidated Cobalt Share (a "**New Cobalt Share**") for each ten (10) pre-consolidated Cobalt Shares (the "**Consolidation**") and the proposed change of name of the Corporation to "Cobalt Coal Ltd." (the "**Name Change**"), which is being submitted for approval at the annual and special meeting of shareholders of the Corporation to be held on Wednesday, June 29, 2011 (the "**Meeting**").

You are referred to the Management Information Circular dated May 30, 2011 (the "**Circular**") that accompanies this Letter of Transmittal. Capitalized terms used but not defined in this Letter of Transmittal have the meanings set out in the Circular.

The Consolidation and Name Change shall take place, at the discretion of the Board, in the days following the Meeting, provided the resolutions with respect to the Consolidation and the Name Change are approved. To receive a New Cobalt Share certificate(s) representing the number of New Cobalt Shares to which a Cobalt Shareholder is entitled pursuant to the Consolidation and Name Change, the enclosed Letter of Transmittal must be validly completed, duly executed and returned with the Cobalt Shareholder's certificate(s) representing pre-consolidated Cobalt Shares, and any other documentation as provided in the Letter of Transmittal, to the offices of the Corporation's transfer agent, Olympia Trust Company ("**Olympia**"), as specified in the Letter of Transmittal. In the event that the Consolidation and Name Change are not completed, such certificates will be promptly returned. Upon surrender to Olympia of a validly completed and duly executed Letter of Transmittal, the original certificate(s) representing pre-consolidated Cobalt Shares and any other documentation as provided in the Letter of Transmittal, Olympia shall deliver to such holder, New Cobalt Share certificate(s) representing the number of New Cobalt Shares to which the holder is entitled pursuant to the Consolidation.

Olympia or your broker or other financial advisor will be able to assist you in completing this Letter of Transmittal. See the last page of this Letter of Transmittal for the Transfer Agent's email address and telephone number.

DESCRIPTION OF COBALT SHARES TRANSMITTED (if space is insufficient, please attach a signed list (see instruction 3))		
Certificate Number(s)	Name(s) of Registered Cobalt Shareholder(s)	Number of Cobalt Shares

Some or all of my Cobalt Share certificates have been lost, stolen or destroyed. Please review Instruction 7 for the procedure to replace lost or destroyed certificates. (Check box if applicable)

The undersigned Cobalt Shareholder(s) hereby represents and warrants that the Cobalt Shareholder is the owner of the Cobalt Shares represented by the certificate(s) described above and has good title to those Cobalt Shares free and clear of all liens, charges, encumbrances and adverse interests. The certificate(s) described above are enclosed and the Cobalt Shareholder irrevocably deposits the above-mentioned certificates for Cobalt Shares in exchange for the New Cobalt Shares issuable pursuant to the Name Change and Consolidation. The Cobalt Shareholder transmits the certificate(s) described above representing Cobalt Shares to be dealt with in accordance with this Letter of Transmittal.

Unless otherwise indicated in this Letter of Transmittal under "*Special Registration Instructions*", the Cobalt Shareholder requests that Olympia issue the certificate(s) for the New Cobalt Shares in the name(s) of the Cobalt Shareholder(s). Similarly, unless otherwise indicated under "*Special Delivery Instructions*", the Cobalt Shareholder requests that Olympia

Name: _____
(Please Print)

Address: _____

Daytime/Business Telephone No.: (____) _____

Social Insurance Number: _____

Dated: _____

SIGNATURE OF SHAREHOLDER(S)

GUARANTEE OF SIGNATURE(S)

Authorized Signature on behalf of an Eligible Institution.

See Instructions 1 and 4 below.

INSTRUCTIONS

1. Guarantee of Signatures

The signature guarantee on this Letter of Transmittal is not required if: (a) this Letter of Transmittal is signed by the Cobalt Shareholder(s) of the Cobalt Share certificate(s) transmitted by this Letter of Transmittal, unless the Cobalt Shareholder has completed either the box entitled “*Special Registration Instructions*” or the box entitled “*Special Delivery Instructions*”; or (b) the Cobalt Shares are transmitted for the account of an Eligible Institution (as defined below). In all other cases, all signatures on this Letter of Transmittal must be guaranteed by an Eligible Institution, by a member of a recognized Medallion Guarantee Program (Securities Transfer Association Medallion Program, Stock Exchange Medallion Program or New York Stock Exchange Inc. Medallion Signature Program) or in some other manner satisfactory to the Depository. See also Instruction 4.

An “Eligible Institution” means a Canadian Schedule I chartered bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the National Association of Securities Dealers or banks and trust companies in the United States.

2. Delivery of Letter of Transmittal and Certificates

This Letter of Transmittal is to be completed by the registered holder of the certificate(s) representing Cobalt Shares submitted with this Letter of Transmittal. Certificates of all Cobalt Shares, as well as a properly completed and duly executed Letter of Transmittal in the appropriate form, should be received by Olympia at the address set forth on the last page hereof in order to facilitate prompt delivery of the New Cobalt Shares commencing on or after the filing of the Articles of Amendment giving effect to the Name Change and Consolidation. The method of delivery of the certificate(s) representing Cobalt Shares is at the option and risk of the person transmitting the certificate(s). The Corporation recommends that these documents be delivered by hand to Olympia and a receipt be obtained for the documents or, if mailed, that registered mail be used (with proper insurance and an acknowledgment of receipt requested).

3. Inadequate Space

If the space provided in this Letter of Transmittal is inadequate, the certificate number(s) and the number of Cobalt Shares represented by the certificate(s) should be listed on a separate list attached to this Letter of Transmittal, which separate list must be signed by the Cobalt Shareholder.

4. Signatures on Letter of Transmittal, Powers and Endorsements

If this Letter of Transmittal is signed by the registered shareholder of the Cobalt Share certificate(s) transmitted by this Letter of Transmittal, the signature(s) must correspond with the name(s) as written on the face of the certificate(s) without alteration, enlargement or any change whatsoever. If any of the Cobalt Shares transmitted by this Letter of Transmittal are held of record by two or more joint owners, all the owners must sign this Letter of Transmittal. If any transmitted Cobalt Shares are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations or certificates. If this Letter of Transmittal or any certificates or powers are signed by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or any other person acting in a fiduciary or representative capacity, those persons should so indicate when signing, and proper evidence satisfactory to Olympia of their authority to act should be submitted. If this Letter of Transmittal is signed by the registered shareholder(s) evidenced by the certificate(s) listed and submitted with this Letter of Transmittal, no endorsements of certificates or separate powers are required unless the certificate(s) for the New Cobalt Shares are to be issued to a person other than the Cobalt Shareholder(s). Signatures on those certificate(s) or powers must be guaranteed in the manner specified in Instruction 1. If this Letter of Transmittal is signed by a person other than the registered shareholder(s) evidenced by certificate(s) listed and submitted by this Letter of Transmittal, the certificate(s) must be endorsed or accompanied by appropriate share transfer or stock transfer powers, in either case signed exactly as the name or names of the Cobalt Shareholder(s) appear on the certificate(s). Signatures on such certificate(s) or powers must be guaranteed in the manner specified in Instruction 1.

5. Special Registration and Delivery Instructions

If the certificate(s) for the New Cobalt Shares are to be issued in the name of a person other than the person(s) signing this Letter of Transmittal or if the certificate(s) are to be sent to someone other than the person(s) signing this Letter of Transmittal or if the certificate(s) are to be sent to an address other than that shown herein, the appropriate boxes on this Letter of Transmittal should be completed. If the certificate(s) for the New Cobalt Shares are to be issued in different names, attach duly completed copies of the “*Special Registration Instructions*” appearing on page 2 clearly indicating which instructions apply to each type of certificate.

6. Fractional New Cobalt Shares

No fractional shares will be issued as a result of the Consolidation. Any fractional New Cobalt Shares to which a holder of such shares would otherwise be entitled shall be aggregated to form whole New Cobalt Shares with any remaining fractional New Cobalt Shares rounded to the nearest whole number of a New Cobalt Share (with a fractional entitlement of 0.5 or higher being rounded up and with a fractional entitlement of less than 0.5 being rounded down), provided that no Cobalt Shareholder shall be entitled to more than one such rounding up.

7. Lost, Destroyed and Stolen Certificates

If a share certificate has been lost or destroyed, the Letter of Transmittal must be completed as fully as possible and forwarded to Olympia Trust Company together with a letter stating the loss. Olympia Trust Company will respond with the replacement requirements, which must be properly completed and returned prior to affecting the exchange.

8. Requests for Assistance or Additional Copies

Questions and requests for assistance with respect to this Letter of Transmittal may be directed to Olympia and additional copies of this Letter of Transmittal may be obtained upon request without charge from Olympia at the telephone number(s) and address set forth below.

OLYMPIA TRUST COMPANY

By Mail, Hand or Courier

Suite 2300, 125 – 9th Ave. S.E.
Calgary, Alberta T2G 0P6
Attention: Corporate Actions

**Any questions and requests for assistance with respect to this Letter of Transmittal may be directed
To Olympia Trust Company at:**

Phone: (403) 261-0900
Facsimile: (403) 265-1455
Email: corporateactions@olympiatrust.com

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