

**PATRIOT COAL CORPORATION**  
**AUDIT COMMITTEE CHARTER**  
(effective October 18, 2011)

**Committee Organization**

This charter governs the operations of the Audit Committee (the “Committee”) of the Board of Directors (the “Board of Directors”) of Patriot Coal Corporation (the “Company”). The Committee shall be appointed by the Board of Directors and shall be comprised of at least three directors, each of whom shall meet the independence and experience requirements established by applicable laws, regulations and stock exchange rules, including without limitation the requirements of the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the rules and regulations promulgated by the Securities and Exchange Commission (the “Commission”). The Board of Directors must affirmatively determine that a director satisfies these independence requirements before such director’s appointment to the Committee and at least annually thereafter. In evaluating a member’s independence, the Board of Directors should consider all relevant facts and circumstances, including without limitation, any relationships that such member has with the Company and/or its management and their potential impact on the perception of the investment community. One member of the Committee shall be appointed as its Chairperson by the Board of Directors. The Board of Directors shall have the power at any time to replace any member or fill any vacancy on the Committee. A Committee member may resign by giving written notice to the Board of Directors and may resign Committee membership without resigning from the Board of Directors.

All Committee members shall be financially literate, or shall become financially literate within a reasonable period of time after their appointment to the Committee, and at least one member shall be an “audit committee financial expert” as defined by the Commission. Committee members shall not simultaneously serve on the audit committees of more than two other public companies (as defined by the New York Stock Exchange) except in extraordinary circumstances and only after the Board has determined that such simultaneous service would not impair the ability of the director to serve effectively on the Committee.

**Statement of Purpose**

The Committee shall provide assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders, the investment community, and others with respect to (i) the quality and integrity of the Company’s financial statements and financial reporting processes, (ii) the Company’s systems of internal accounting and financial controls and disclosure controls and procedures, (iii) the independent auditor’s qualifications and independence, (iv) the performance of the Company’s internal audit function and independent auditor, and (v) compliance with legal and regulatory requirements and codes of conduct, as applicable, and ethics programs established by management and the Board of Directors. In so doing,

it is the responsibility of the Committee to maintain free and open communication among the Committee, the independent auditor, the internal auditors and management of the Company.

### **Relationship with Independent Auditor**

The Committee shall have the sole authority and responsibility to appoint and, where appropriate, replace the Company's independent auditor. The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing an audit report or related work. The independent auditor shall report directly to the Committee.

The Committee shall pre-approve all auditing and audit-related services, internal control-related services and permitted non-audit services (including the terms thereof) to be performed for the Company by its independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Committee prior to the completion of the audit. The Committee shall review and discuss with the independent auditor any documentation supplied by the auditor as to the nature and scope of any tax services to be approved, as well as the potential effects of the provision of such services on the auditor's independence.

### **Authority**

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and its advisors. In this regard, the Committee shall have authority to retain outside legal, accounting or other advisors for any purpose deemed necessary or appropriate by the Committee, including the authority to approve the fees payable to such advisors and any other terms of retention. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company and to any advisors employed by the Committee, as well as funding for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

### **Meetings**

The Committee shall meet at least quarterly, or more frequently as the Committee may determine. As part of its goal to foster open communication, the Committee shall periodically meet separately in executive session with each of management (including the chief financial officer and chief accounting officer), the internal auditors and the independent auditor and have such other direct and independent interaction with such persons from time to time as the members of the Committee

deem appropriate. The Committee may request any officer or employee of the Company or the Company's outside legal counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The Chairman of the Board or any member of the Committee may call meetings of the Committee. Meetings of the Committee may be held in person or telephonically, and the Committee shall have the authority to act by written consent. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate; provided that any decision taken by a subcommittee to pre-approve audit and permitted non-audit services shall be presented to the full Committee at its next scheduled meeting.

The Chairperson shall preside at each meeting at which he is present and, in the absence of the Chairperson, one of the other members of the Committee shall be designated as the acting chair of the meeting. The Chairperson (or acting chair) may direct appropriate members of management and staff to prepare draft agendas and related background information for each Committee meeting. The draft agenda shall be reviewed and approved by the Chairperson (or acting chair) in advance of distribution to the other Committee members. Any background materials, together with the agenda, should be distributed to the Committee members in advance of the meeting. All meetings of the Committee shall be held pursuant to the Company's bylaws with regard to notice and waiver thereof, and written minutes of each meeting, in the form approved by the Committee, shall be duly filed in the Company records.

### **Responsibilities and Processes**

The Committee's specific responsibilities in carrying out its oversight role are delineated in the attached Audit Committee Responsibilities Checklist. This checklist will be updated from time to time as appropriate to reflect changes in regulatory requirements, authoritative guidance and evolving oversight practices.

While the Committee has the responsibilities and powers set forth in this charter and the accompanying checklist, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and fairly present in all material respects the financial condition, results of operations and cash flows of the Company in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

One of the primary responsibilities of the Committee is to oversee the Company's financial reporting process on behalf of the Board of Directors and report the results of its activities to the Board. Management is responsible for preparing the Company's financial statements, and the independent auditor is responsible for auditing those financial statements. The Committee is responsible for resolving any

disagreements between management and the independent auditor regarding the Company's financial reporting. The Committee should take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior.

The Committee shall make regular reports to the Board of Directors. Such reports shall address, without limitation, any issues that arise (i) with respect to the quality and integrity of the Company's financial statements, (ii) the Company's compliance with legal or regulatory requirements, (iii) the performance and independence of the Company's independent auditor, or (iv) the performance of the internal audit function.

The Committee shall annually review its own performance and report the results of this evaluation to the Board of Directors. The Committee shall also review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board of Directors for approval.

The Committee shall prepare the report required by the rules of the Commission to be included in the Company's annual proxy statement.

**PATRIOT COAL CORPORATION**

**AUDIT COMMITTEE RESPONSIBILITIES CHECKLIST**

**Financial Statement and Disclosure Matters**

| <b>Task/Responsibility</b>  | <b><u>AN</u><sup>(1)</sup></b> | <b><u>Q1</u></b> | <b><u>Q2</u></b> | <b><u>Q3</u></b> | <b><u>Year-end</u></b> |
|---|--------------------------------|------------------|------------------|------------------|------------------------|
| Review and discuss with management and the independent auditor the Company's quarterly financial statements (including disclosure in MD&A) prior to the filing of the Company's Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.   |                                | X                | X                | X                |                        |
| Review and discuss with management and the independent auditor the Company's annual audited financial statements (including disclosure in MD&A) and recommend to the Board of Directors whether such audited financial statements should be included in the Company's Form 10-K.  |                                |                  |                  |                  | X                      |
| In connection with each periodic report of the Company, review: <ul style="list-style-type: none"> <li>▪ Management's disclosure to the Committee under Section 302 of the Sarbanes-Oxley Act (the "Act"); and</li> <li>▪ The contents of the certificates to be filed by the CEO/CFO under Section 302 and 906 of the Act.</li> </ul>  | X                              | X                | X                | X                | X                      |
| Discuss with management and the independent auditor any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including: <ul style="list-style-type: none"> <li>▪ Significant changes in the Company's selection or application of accounting principles; and</li> <li>▪ Major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies and the adequacy of disclosure about changes in internal control over financial reporting.</li> </ul> | X                              | X                | X                | X                | X                      |
| Discuss with the independent auditor the matters required to be discussed by established auditing standards, as amended from time to time, relating to the conduct of the   |                                |                  |                  |                  | X                      |

| <b>Task/Responsibility</b>   | <b><u>AN</u><sup>(1)</sup></b> | <b><u>Q1</u></b> | <b><u>Q2</u></b> | <b><u>Q3</u></b> | <b>Year-end</b> |
|--|--------------------------------|------------------|------------------|------------------|-----------------|
| audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.  |                                |                  |                  |                  |                 |
| Review and discuss with management, the independent auditor and internal audit the Company's internal controls report and the independent auditor's attestation of the report prior to the filing of the Company's Form 10-K.  | X                              |                  |                  |                  | X               |
| Review and discuss with management and the independent auditor quarterly reports (if applicable) from the independent auditor on: <ul style="list-style-type: none"> <li>▪ All critical accounting policies and practices to be used;</li> <li>▪ Alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and</li> <li>▪ Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.</li> </ul> |                                | X                | X                | X                |                 |
| Discuss with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the Company's financial statements.   | X                              |                  |                  |                  | X               |
| Review and discuss with management the Company's earnings press releases, including use of 'pro-forma' or 'adjusted' non-GAAP information, as well as financial information and earnings guidance provided to analysts and ratings agencies.   |                                | X                | X                | X                | X               |
| Discuss with management and the independent auditor: <ul style="list-style-type: none"> <li>▪ The Company's guidelines and policies with respect to risk assessment and risk management; and</li> <li>▪ The Company's major financial risk exposures and the steps management has taken to monitor and</li> </ul>  |                                |                  |                  | X                |                 |

| <b>Task/Responsibility</b> | <b><u>AN<sup>(1)</sup></u></b> | <b><u>Q1</u></b> | <b><u>Q2</u></b> | <b><u>Q3</u></b> | <b>Year-end</b> |
|----------------------------|--------------------------------|------------------|------------------|------------------|-----------------|
| control such exposures.    |                                |                  |                  |                  |                 |

### **Oversight of Independent Auditor**

| <b>Task/Responsibility</b>  | <b><u>AN<sup>(1)</sup></u></b> | <b><u>Q1</u></b> | <b><u>Q2</u></b> | <b><u>Q3</u></b> | <b>Year-end</b> |
|---|--------------------------------|------------------|------------------|------------------|-----------------|
| <p>Review and evaluate the qualifications, performance and independence of the independent auditor, including consideration of whether:</p> <ul style="list-style-type: none"> <li>▪ The auditor’s quality controls are adequate; and</li> <li>▪ The provision of permitted non-audit services is compatible with maintaining the auditor’s independence.</li> </ul>  |                                |                  |                  | X                |                 |
| <p>Obtain and review a report by the independent auditor describing (a) such firm’s internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues, and (c) all relationships between the independent auditor and the Company. Evaluate the qualifications, performance, and independence of the independent auditor, including considering whether the auditor’s quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor’s independence, taking into account the opinions of management and internal auditors. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board</p> |                                |                  |                  | X                |                 |
| <p>Review and evaluate the lead partner of the independent auditor’s team, and ensure the rotation of the audit partners on the audit engagement teams as required by law.</p>  |                                |                  |                  | X                |                 |
| <p>Establish and periodically review hiring policies for</p>  | X                              |                  |                  |                  | X               |

| <b>Task/Responsibility</b>   | <b><u>AN<sup>(1)</sup></u></b> | <b><u>Q1</u></b> | <b><u>Q2</u></b> | <b><u>Q3</u></b> | <b>Year-end</b> |
|--|--------------------------------|------------------|------------------|------------------|-----------------|
| employees or former employees of the independent auditor who participated in any capacity in the Company's audit.  |                                |                  |                  |                  |                 |
| Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.  |                                |                  | X                | X                |                 |
| Discuss with the independent auditor issues on which the national office was consulted by the Company's audit team and matters of audit quality and consistency. | X                              |                  |                  |                  |                 |
| Obtain and review independence letter required by the applicable requirements of the PCAOB.  |                                |                  |                  |                  | X               |
| Hold separate executive session with independent auditor at least quarterly.   |                                | X                | X                | X                | X               |
| Approve terms of engagement letter for external audit provider.  |                                |                  |                  | X                |                 |

### **Oversight of Internal Audit Function**

| <b>Task/Responsibility</b>  | <b><u>AN<sup>(1)</sup></u></b> | <b><u>Q1</u></b> | <b><u>Q2</u></b> | <b><u>Q3</u></b> | <b>Year-end</b> |
|---|--------------------------------|------------------|------------------|------------------|-----------------|
| Ensure that the Company maintains an internal audit function, and review the appointment and replacement of the Company's senior internal audit team and/or provider. |                                | X                |                  |                  |                 |
| Approve terms of engagement for internal audit team and/or provider.  |                                | X                |                  |                  |                 |
| Review significant reports to management prepared by the internal audit function and management's responses.  | X                              |                  | X                | X                | X               |
| Discuss with the internal auditor and management the overall scope and plans for their audit, including the adequacy of staffing and compensation.                    |                                | X                |                  |                  |                 |
| Discuss with the independent auditor and management the internal audit team responsibilities, and any recommended changes in the planned scope for the audit,         |                                | X                |                  |                  |                 |

| <b>Task/Responsibility</b>  | <b><u>AN<sup>(1)</sup></u></b> | <b><u>Q1</u></b> | <b><u>Q2</u></b> | <b><u>Q3</u></b> | <b>Year-end</b> |
|---|--------------------------------|------------------|------------------|------------------|-----------------|
| including the adequacy of staffing and compensation.                      |                                |                  |                  |                  |                 |
| Hold separate executive session with internal auditor at least quarterly. |                                | X                | X                | X                | X               |

### **Compliance Oversight Responsibilities/Miscellaneous**

| <b>Task/Responsibility</b>   | <b><u>AN<sup>(1)</sup></u></b> | <b><u>Q1</u></b> | <b><u>Q2</u></b> | <b><u>Q3</u></b> | <b>Year-end</b> |
|--|--------------------------------|------------------|------------------|------------------|-----------------|
| Review periodically, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements or the Company's compliance policies and internal controls.   |                                | X                | X                | X                | X               |
| Hold separate executive sessions with the Chief Financial Officer, Chief Accounting Officer and General Counsel.   | X                              |                  |                  |                  |                 |
| Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, in compliance with applicable laws and regulations. |                                |                  |                  |                  | X               |
| Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.  | X                              |                  |                  |                  |                 |
| Confirm with the independent auditor that no event has occurred implicating Section 10A(b) of the Exchange Act.  | X                              | X                | X                | X                | X               |
| Prepare the Committee report to be included in the Company's annual proxy statement.   |                                |                  |                  |                  | X               |
| Review the Committee charter at least annually and recommend any proposed changes for Board approval.  |                                | X                |                  |                  |                 |

| <b>Task/Responsibility</b>  | <b><u>AN</u><sup>(1)</sup></b> | <b><u>Q1</u></b> | <b><u>Q2</u></b> | <b><u>Q3</u></b> | <b>Year-end</b> |
|---|--------------------------------|------------------|------------------|------------------|-----------------|
| Perform an annual review and evaluation of the Committee's performance and report the results of this review and evaluation to the Board. |                                | X                |                  |                  |                 |
| Consider qualifications of financial experts.   |                                | X                |                  |                  |                 |

(1) AN = As Necessary

(2) C = Completed

(3) X = Scheduled for current/future meeting