

CLOUD PEAK ENERGY INC.

**CHARTER OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE
OF THE BOARD OF DIRECTORS**

July 2013

I. Purpose and Role

The Nominating and Corporate Governance Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Cloud Peak Energy Inc. (the “Company”) to assist the Board with matters related to corporate governance. The Committee’s primary duties and responsibilities are to:

- advise the Board and make recommendations regarding appropriate corporate governance practices and assist the Board in implementing those practices;
- assist the Board by identifying individuals qualified to become members of the Board, consistent with the criteria approved by the Board, and recommending director nominees to the Board for election at the annual meetings of stockholders or for appointment to fill vacancies on the Board;
- advise the Board about the appropriate composition of the Board and its committees;
- lead the Board in the annual performance evaluation of the Board and its committees, and of management;
- direct all matters relating to the succession of the Company’s Chief Executive Officer (“CEO”); and
- perform such other functions as the Board may assign to the Committee from time to time.

This Nominating and Corporate Governance Committee charter (this “Charter”) has been adopted by the Board and may be amended by the Board from time to time in compliance with applicable laws, rules and regulations, including the applicable rules of the Securities and Exchange Commission (the “SEC”) and the New York Stock Exchange (the “NYSE”).

II. Composition and Organization of the Committee

The Committee shall consist of at least three directors, each of whom satisfies the independence criteria of the NYSE and the *Guidelines on the Independence of the Directors* as set forth in Annex A of the Company’s Corporate Governance Guidelines. Notwithstanding the foregoing membership requirements, no action of the Committee shall be invalid by reason of any such requirement not being met at the time such action is taken.

The Committee or a subcommittee thereof shall recommend nominees for appointment to the Committee annually and as vacancies or newly created positions occur. Members of the Committee shall be appointed by the Board and shall serve for such term as the Board may determine. The Committee shall recommend, and the Board shall designate, one member of the

Committee to act as its Chairperson. The Secretary or an Assistant Secretary of the Company shall act as secretary to the Committee.

Committee members shall serve until their failure to qualify, resignation, retirement, removal by the Board or until their successors shall be duly appointed and qualified. A member of the Committee shall be deemed to have resigned from the Committee at such time that the member shall no longer be a director of the Company.

III. Meetings of the Committee

The Committee shall meet at the call of its Chairperson, two or more members of the Committee or the Chairperson of the Board. Meetings of the Committee shall be held at such time and place, and upon such notice, as its Chairperson may determine, and may be in person or by telephone. The Committee shall maintain minutes of its meetings. The Committee shall meet at least one time per year, and may meet more frequently if circumstances so dictate.

The Committee may request any other member of the Board, any officer or employee of the Company or any other person whose presence the Committee believes to be necessary or appropriate to attend a meeting of the Committee or to meet with any member of the Committee, subject to the maintenance of confidentiality where appropriate or required.

A majority of the Committee's members shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. The Committee may also act by unanimous consent, either in writing or by electronic transmission, in lieu of a meeting. For purposes of this Charter, "electronic transmission" means any form of communication not directly involving the physical transmission of paper that creates a dated record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such recipient through an automated process.

The Committee may determine such additional rules and procedures as it believes are necessary or appropriate.

IV. Duties and Responsibilities of the Committee

The Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Committee. Without limiting the generality of the preceding statements, the Committee shall have authority, and is entrusted with the responsibility, to take the following actions:

1. to make recommendations to the Board from time to time as to changes that the Committee believes are desirable to the size of the Board or any committee thereof;
2. to recommend nominees for election as directors at the Company's annual meetings of stockholders, and persons to be appointed by the Board to fill any vacancies on the Board, taking into account the qualities required to add value to the Company, its Board, and Board committees such as independence, financial expertise,

diversity, experience with businesses and other organizations of comparable size, the interplay of the candidate's experience with the experience of other Board members, the candidate's personal and professional integrity and business judgment, the candidate's willingness to commit the required time to serve as a Board member, the extent to which the candidate would be a desirable addition to the Board and its committees and any other factors it deems appropriate (including with respect to continuing directors, the director's past Board and committee meeting attendance and performance and length of Board service), as well as the expected qualities of Board members set forth in the Company's Corporate Governance Guidelines and any legal, regulatory and listing requirements applicable to the Company;

3. to periodically review the above criteria for the nomination or appointment of directors and approve changes to such criteria, as appropriate;
4. to develop and to recommend to the Board standards to be applied in making determinations as to the presence or absence of material relationships between the Company and a director, and to review the relationships between the Company and each director and report the results of its review to the Board;
5. to identify directors qualified to become members of any committee of the Board and to recommend that the Board appoint the identified directors to the respective committee (in nominating a candidate for committee membership, the Committee shall take into consideration the factors set out in the charter of the particular committee as well as any other factors it deems appropriate as well as any legal, regulatory and listing requirements applicable to the Company);
6. to oversee the evaluation of management, the Board, its Committees and the contribution of individual directors;
7. to review the Company's *Corporate Governance Guidelines* and *Code of Conduct* at least annually, and to consider any other corporate governance issue that may arise from time to time and develop appropriate recommendations for the Board with respect thereto;
8. to review and recommend to the Board a nomination for appointment of the Chairperson of the Board in the event of an impending vacancy;
9. to review and recommend to the Board a nomination for appointment of the Chief Executive Officer in the event of an impending vacancy, and otherwise to generally review and discuss the Company's senior management succession planning;
10. to make a recommendation to the Board concerning the selection and designation of a lead director to preside over the meetings of the non-management directors in executive session, if applicable;

11. to periodically review the Board's leadership structure;
12. to review and recommend to the Board proposed changes to the Company's certificate of incorporation and bylaws, as necessary or appropriate;
13. to prepare and to review with the Board an annual performance evaluation of the Committee in such manner as the Committee (or other appropriate committee designated by the Board) deems appropriate;
14. to report to the Board after each of its meetings;
15. to review this Charter at least annually and to recommend any changes to the Board; and
16. to carry out any other duties or responsibilities as delegated to the Committee by the Board.

V. Delegation to Subcommittee

The Committee may, in its discretion and as appropriate, delegate duties and responsibilities to a member or to a subcommittee of the Committee.

VI. Resources and Authority

The Committee shall have the resources and authority to discharge its duties and responsibilities, including the sole authority to retain and terminate any search firm used to identify director candidates, independent legal counsel or other experts or advisors, as it deems necessary or appropriate, without seeking approval of the Board or management. The Committee shall have sole authority to approve related fees and retention terms associated with the retention of any such firm or individual. The Company shall provide for appropriate funding, as determined by the Committee, for payment of (a) compensation to any advisors employed by the Committee; and (b) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Each member of the Committee shall be paid the fee set by the Board for his or her services as a member, or Chairperson, as the case may be, of the Committee. Committee members shall be reimbursed by the Company for all reasonable expenses incurred in connection with their duties as Committee members.

VII. Posting Requirement

The Company shall make this Charter available on or through the Company's website as required by applicable rules and regulations. In addition, the Company shall disclose in its annual proxy statement that a copy of this Charter is available on the Company's website and provide the website address.

* * *

While the Committee members have the duties and responsibilities set forth in this Charter, nothing contained herein is intended to create, or should be construed as creating, any responsibility or liability of the Committee members, except to the extent otherwise provided under applicable federal or state law. Further, nothing in this Charter is intended to preclude or impair the protection provided in Section 141(e) of the Delaware General Corporation Law for good faith reliance by Committee members on reports or other information provided by others.