

CLOUD PEAK ENERGY INC.

CHARTER OF THE HEALTH, SAFETY, ENVIRONMENT AND COMMUNITIES COMMITTEE OF THE BOARD OF DIRECTORS

July 2014

I. Purpose and Role

The Health, Safety, Environment and Communities Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Cloud Peak Energy Inc. (the “Company”) to assist the Board in overseeing the Company’s Health, Safety, Environment and Sustainable Development Policy (“HSESD Policy”) and other such policies and programs which the Company may, from time to time, develop. In connection therewith, the Committee’s primary duties and responsibilities are to oversee:

- the Company’s compliance with safety, health, environmental and sustainability-related laws and other regulatory requirements applicable to the Company’s business;
- the Company’s initiatives to enhance sustainable business practices and its reputation as a responsible corporate citizen, including the promulgation and enforcement of policies, procedures and practices which promote the protection of the safety and health of its employees, contractors, customers, the public and the environment;
- the plans, programs and processes established by the Company to evaluate and manage safety, health, environmental and sustainability risks to its business, operations, products and reputation generally;
- the Company’s response to significant safety, health, environmental and sustainability-related public policy, legislative, regulatory, political and social issues, trends or incidents that may affect the business operations, financial performance or public image of the Company or the industry in which it operates; and
- such other functions as the Board may assign to the Committee from time to time.

This Health, Safety, Environment and Communities 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.

II. Composition and Organization of the Committee

The Committee shall be comprised of at least three directors. The Nominating and Corporate Governance 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 Nominating and Corporate Governance 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 two times 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. Review appropriate objectives and policies for the Company relative to the protection of the health and safety of employees, contractors, customers, the public, the communities in which the Company operates and the

environment, and assist management in the formulation and oversight of policies, principles and practices designed to foster the sustainable growth of the Company.

2. Oversee the Company's monitoring and enforcement of these policies and related procedures and practices and review with management the quality of the Company's procedures for identifying, assessing, monitoring and managing the principal risks in the Company's business associated with safety and occupational health, the protection of the environment and sustainable development, assess reports and other information provided by management and such external resources as the Committee deems appropriate, and advise the Audit Committee of the Board, as deemed necessary or appropriate, regarding financial risk-related matters.
3. Discuss annually with management the scope and plans for conducting audits of the Company's safety, health, environment and sustainable development practices and performance. The Committee will also meet with management to discuss the significant results of the audits.
4. Review significant Company sustainability reports prior to final issuance, and the Company's public disclosures regarding its safety, health, environmental and sustainability policies and programs.
5. Review and discuss with management any material noncompliance with safety, health, environment and sustainability-related laws, and management's response to such noncompliance.
6. Review and discuss with management pending or threatened administrative, regulatory, or judicial proceedings related to the Committee's oversight that are material to the Company and management's response to such proceedings.
7. Review and discuss any significant safety, health, environment and sustainability public policy, legislative, regulatory, political and social issues, trends or incidents that may affect the business operations, financial performance, or public image of the Company or the industry, and management's response to such matters.
8. Review with management the Company's policies and procedures relative to the handling of significant internal or external complaints regarding safety, health, environmental and sustainability-related matters.
9. Review Company policies and procedures relative to major mine site incidents.

10. Review the environmental and mine safety disclosures required to be included in the Company's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.
11. As may be requested from time to time, consider and advise the Compensation Committee on incentive compensation metrics relating to health, safety, environmental or sustainability matters and the Company's performance with respect thereto.
12. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
13. Prepare and 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. Perform such other duties and responsibilities, consistent with this Charter and governing laws, as may be delegated to the Committee from time to time by the Board.
15. Report to the Board on a regular basis and make such recommendations with respect to any of the above matters as the Committee deems necessary or appropriate.

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; Function of the Committee

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and to obtain any information it requests from Company employees and outside advisors, which persons will be directed to cooperate and comply with the Committee's requests. The Committee shall have the resources and authority to discharge its duties and responsibilities, including the sole authority to retain and terminate 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.

The function of the Committee is oversight. It is the responsibility of management to assess and manage the Company's exposure to safety, health, environmental and sustainability risks, and the Committee will provide oversight by reviewing policies that govern these procedures. While the Committee has the responsibilities and powers set forth in this Charter, each member of the Committee, in the performance of his or her duties, shall be entitled to rely in good faith upon reports and information presented to the Committee by the Company's officers or employees or other persons as to matters the Committee members reasonably believe are within such other person's professional or expert competence and who have been selected with reasonable care by or on behalf of the Company.

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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.