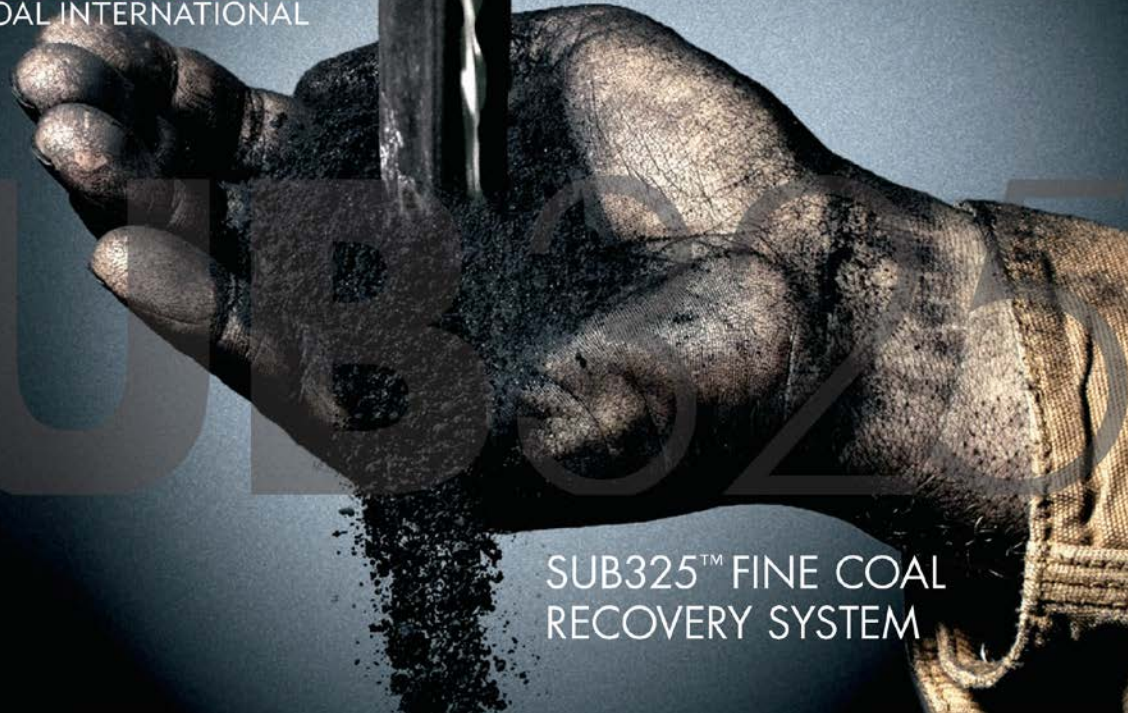




SOMERSET
COAL INTERNATIONAL



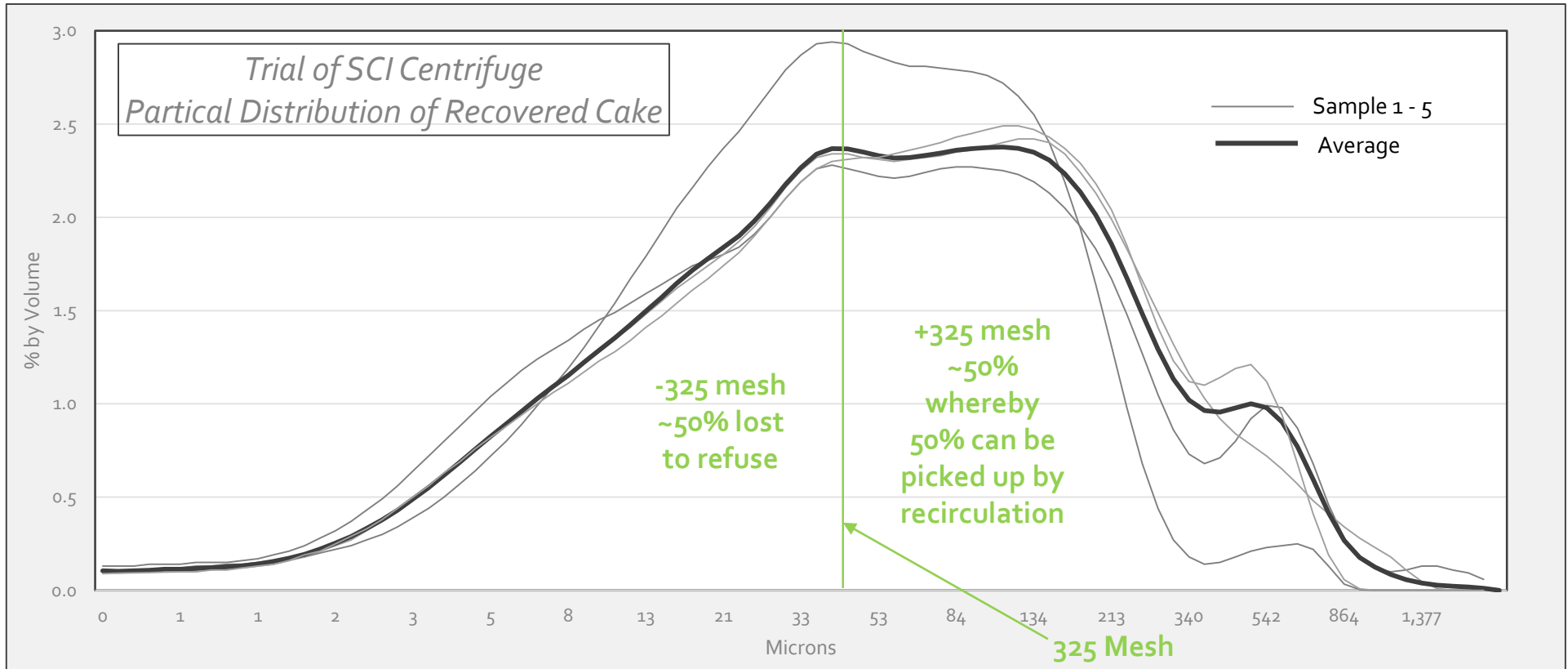
SUB325™ FINE COAL
RECOVERY SYSTEM

CAPP Region Prep Plant

A Risk Free Opportunity to Harness New Revenue

4/20/15

Results of Trial – conducted the week of 3/30/15



- Important takeaways:
1. At best, the plant can capture only 25% of the recirculation stream's coal (and that's with a new screen bowl)
 2. when running for 'driest tons', results = 10 tph @ 19.1% M
 3. when running for 'most tons', results = 14 tph @ 20.6% M

Management chooses →

Economic Proposal to Company

- No upfront Capex, SCI supplies capex intensive machine
- No installation cost, SCI will install machine up to \$350K at their risk
- No maintenance cost, SCI does all maintenance & service, including expensive rotating unit replacement
- 30%/70% to Company for 9 months, 70%/30% to Company for 74 months
 - % x actual spot coal sales price x tons per month
- **\$9.7MM NPV to Company**
(assumes 2 shifts/day, 5 days/week; excluding secondary benefits)
- Secondary Benefits to Company (up to \$500k annually)
 - Chemical cost drop at thickener (up to 33%)
 - Moisture drop of Screen Bowl product (up to 1%)
 - Torque drop in Screen Bowl
 - Opportunity to stretch the life of screen bowl rotating unit
 - Opportunity to increase output from floatation cells
 - Opportunity to increase plant feed rate
 - Reduce volume going to refuse
 - Increases slurry pond life
 - Decreases refuse footprint
- **Total Annual Economic Value to Company = \$3.0MM**

You could see a plant yield increase up to 2.0% !!

