

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF VIRGINIA
Lynchburg Division**

In re:

IBCS Mining, Inc., et al.,¹

Debtors.

Chapter 11

Case No. 14-61215

Jointly Administered

**JOINT PLAN OF REORGANIZATION FOR
IBCS MINING, INC., AND
IBCS MINING, INC., KENTUCKY DIVISION**

January 23, 2015

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number include: IBCS Mining, Inc. (8425) and IBCS Mining, Inc., Kentucky Division (8711). The location of the Debtors' service address is 3566 Teays Valley Road, Hurricane, West Virginia 25526.

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ARTICLE I
INTRODUCTION

IBCS Mining, Inc. and IBCS Mining, Inc. Kentucky Division, the Debtors and Debtors-in-Possession in these affiliated Chapter 11 Cases, hereby propose this Joint Plan of Reorganization for the resolution of outstanding Claims against, and Interests in, the Debtors. Any agreements and/or other documents that are referenced in the Plan, but which are not attached as exhibits to the Plan, are available upon reasonable written request to counsel for the Debtors indicated on the first page of the Plan. Holders of Claims and Interests may refer to the Disclosure Statement for a discussion of the Debtors' history, businesses, assets, results of operations, historical financial information, and projections of future operations, as well as a summary and description of the Plan. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ALL HOLDERS OF CLAIMS AND INTERESTS, TO THE EXTENT APPLICABLE, ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

ARTICLE II
DEFINITIONS, RULES OF INTERPRETATION,
COMPUTATION OF TIME, AND GOVERNING LAW

2.1. ***Defined Terms.*** Terms herein with an initial capital not required by standard capitalization rules are defined terms, and each such term shall have the respective meaning assigned to it below.

2.1.1. ***Accrued Professional Compensation*** means, at any given time, all accrued, contingent, and/or unpaid fees and expenses (including success fees) for legal, financial advisory, accounting, and other services and reimbursement of expenses rendered or incurred before the Effective Date under sections 328, 330, 331, or 363 of the Bankruptcy Code by any retained Professional in the Chapter 11 Cases, or under section 503 of the Bankruptcy Code, that the Bankruptcy Court has not denied by a Final Order, all to the extent that any such fees and expenses have not been previously paid. To the extent that the Court or any higher court of competent jurisdiction denies or reduces by a Final Order any amount of a Professional's fees or expenses, then those reduced or denied amounts shall no longer constitute Accrued Professional Compensation. For the avoidance of doubt, Accrued Professional Compensation includes unbilled fees and expenses incurred on account of services provided by Professionals that have not yet been submitted for payment, except to the extent that such fees and expenses are either denied or reduced by a Final Order by the Court or any higher court of competent jurisdiction.

2.1.2. ***Administrative Claim*** means any Claim for payment of costs and expenses of administration pursuant to sections 503(b), 507(a)(2), 507(b), and 546(c)(2) of the Bankruptcy Code, including without limitation: (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date to preserve the Estates and to operate the businesses of the Debtors; (b) compensation for Accrued Professional Compensation; (c) any fees or charges assessed against the Estates under 28 U.S.C. § 1930; (d) Cure Claims; (e) any Allowed Claims pursuant to section 507(b) of

the Bankruptcy Code; and (f) Allowed requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code.

2.1.3. *Administrative Claims Bar Date* means the first Business Day that is thirty days (30) days following the Effective Date, except as specifically set forth in the Plan or a Final Order.

2.1.4. *Affiliate* shall have the meaning set forth in section 101(2) of the Bankruptcy Code.

2.1.5. *Allowed* means, with reference to any Claim, including an Interest against the Debtor or the Debtors, a Claim (a) evidenced by a Proof of Claim or Proof of Interest, as applicable, Filed by the applicable Claims Bar Date (or for which Claim or Interest under the Plan, the Bankruptcy Code, or a Final Order of the Court a Proof of Claim is or shall not be required to be Filed), unless the Claim is an Administrative Claim for goods or non-professional services provided to the Debtor or the Debtors during the Case in the ordinary course of business; (b) if no Proof of Claim or Proof of Interest was Filed on or before the applicable Claims Bar Date, then such Claim or Interest as listed in the Debtors' Schedules and which is not listed as disputed, contingent, or unliquidated; that has not been withdrawn, paid, or otherwise satisfied; and (c) (i) as to which no objection or request for estimation has been filed on or before any deadline therefor set by the Bankruptcy Court or the expiration of such other applicable period fixed by the Bankruptcy Court or this Plan; (ii) as to which any objection has been settled, waived, withdrawn, or denied by a Final Order or in accordance with this Plan; or (iii) that is Allowed by a Final Order, by an agreement between the Holder of such Claim or Interest and the Debtors or Reorganized Debtors, or pursuant to the terms of this Plan; provided, however, that, notwithstanding anything herein to the contrary, by treating a Claim or Interest as Allowed, the Debtors do not waive their rights to contest the amount and validity of any disputed, contingent, and/or unliquidated Claim in the time, manner, and venue in which such Claim would or could have been determined, resolved, or adjudicated if these Chapter 11 Cases had not been commenced. Allowed means, with reference to any Administrative Claim, an Administrative Claim (a) applied for by motion or application to the Bankruptcy Court; and (b) (i) as to which no objection or request for estimation has been filed on or before any applicable deadline therefor set by the Bankruptcy Court or the expiration of such other applicable period fixed by the Bankruptcy Court or this Plan; (ii) as to which any objection has been settled, waived, withdrawn, or denied by a Final Order or in accordance with this Plan; or (iii) that is Allowed by a Final Order, by an agreement between the Holder of such Administrative Claim and the Debtors or Reorganized Debtors, or pursuant to the terms of this Plan; provided, however, that, notwithstanding anything herein to the contrary, by treating an Administrative Claim as Allowed, the Debtors do not waive their rights to contest the amount and validity of any disputed, contingent, and/or unliquidated Administrative Claim in the time, manner, and venue in which such Administrative Claim would or could have been determined, resolved, or adjudicated if these Chapter 11 Cases had not been commenced. Any Claim or Interest that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim or Proof of Interest is or has been timely Filed, is not considered Allowed and shall be

expunged without further action by the Debtors and without further notice to any party or action, approval, or order of the Court. An Allowed Claim includes a Disputed Claim to the extent such Disputed Claim becomes Allowed after the Effective Date and shall be net of any valid setoff exercised with respect to such Claim pursuant to the provisions of the Bankruptcy Code and applicable law. Unless otherwise specified in this Plan, in section 506(b) of the Bankruptcy Code, or by Final Order of the Bankruptcy Court, Allowed Claims shall not, for purposes of distributions under this Plan, include interest or fees on such Claim accruing from and after the Petition Date.

2.1.6. **Applicant Violator System** means the Applicant/Violator System maintained by the United States Office of Surface Mining Reclamation and Enforcement in connection with its enforcement responsibilities under section 510(c) of SMCRA and any analogous state or local system, law, or regulation.

2.1.7. **Assets** means all assets of the Debtors of any nature whatsoever, including, without limitation, all property of the Estate pursuant to section 541 of the Bankruptcy Code, Cash, Avoidance Actions, Causes of Action, equipment, inventory, tax refunds, claims of right, interests, and property, whether tangible, intangible, real or personal, and proceeds of any of the foregoing.

2.1.8. **Available Cash** means all Monies held by the Debtors for purposes of funding the Plan as of a date that is ten (10) Business Days prior to a Distribution Date.

2.1.9. **Avoidance Actions** means any and all actual or potential Claims and Causes of Action to avoid a transfer of property or an obligation incurred by the Debtors arising under Chapter 5 of the Bankruptcy Code, including sections 544, 545, 547, 548, 549, 550, 551, and 553(b) of the Bankruptcy Code.

2.1.10. **Baird** means Baird & Baird, P.S.C., the Debtors' special counsel in these Chapter 11 Cases, as approved by the Order Authorizing Employment and Retention of Baird & Baird, P.S.C. as Special Counsel to the Debtors Nunc Pro Tunc to the Petition Date [Docket No. 185].

2.1.11. **Ballot** means the ballot distributed to each eligible Holder of a Claim or Interest, on which ballot such Holder may, among other things, vote to accept or reject the Plan.

2.1.12. **Bankruptcy Code** means Title 11 of the United States Code, as amended and in effect or hereafter applicable during the pendency of the Chapter 11 Cases.

2.1.13. **Bankruptcy Court** means the United States Bankruptcy Court for the Western District of Virginia, Lynchburg Division, having jurisdiction over the Chapter 11 Cases.

2.1.14. **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure, as amended and promulgated under 28 U.S.C. § 2075, and the Local Rules of the Bankruptcy Court, as applicable to the Chapter 11 Cases.

2.1.15. **Business Day** means any day of the calendar week other than Saturday, Sunday, or a "legal holiday," within the meaning of Bankruptcy Rule 9006(a), or any day on which commercial banks are authorized or required by law to close in Charlottesville, Virginia.

2.1.16. **Cash** means cash, in the form of the legal tender of the United States of America and cash equivalents of the Debtors, including, without limitation, deposits in transit whether in the form of check or electronic transfer.

2.1.17. **Cash Collateral Order** means any order, whether interim or final, allowing the use by the Debtors during the Chapter 11 Cases of the cash collateral.

2.1.18. **Causes of Action** means any action, claim, cause of action, controversy, demand, right, action, lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, license, and franchise of any kind or character whatsoever, whether known, unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law, or in equity, or pursuant to any other theory of law. For the avoidance of doubt, "Cause of Action" includes: (a) any right of setoff, counterclaim, or recoupment and any claim for breach of contract or for breach of duties imposed by law or in equity; (b) the right to object to Claims or Interests; (c) any Claim pursuant to section 362 or Chapter 5 of the Bankruptcy Code; (d) any claim or defense, including without limitation, fraud, mistake, duress, and usury; and any other defenses set forth in section 558 of the Bankruptcy Code; and (e) any state or foreign law fraudulent transfer or similar claim.

2.1.19. **Chapter 11** means Chapter 11 of the Bankruptcy Code.

2.1.20. **Chapter 11 Cases** means (a) when used with reference to a particular Debtor, the case pending for that Debtor under Chapter 11 of the Bankruptcy Code in the Court; and (b) when used with reference to both of the Debtors, the jointly administered Chapter 11 bankruptcy cases commenced by the Debtors' filing of voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on June 27, 2014, which are pending in the Court.

2.1.21. **Claim** shall have the meaning assigned to that term in section 101(5) of the Bankruptcy Code.

2.1.22. **Claims Agent** shall refer to Epiq Bankruptcy Solutions, LLC, the Debtors' Claims, Noticing, and Balloting Agent as approved by the Order Authorizing and Approving the Employment and Retention of Epiq Bankruptcy Solutions, LLC as Claims, Noticing, and Balloting Agent for the Debtors and Debtors in Possession Retroactive to the Petition Date [Docket No. 177].

2.1.23. **Claims Bar Date Order** means the Order Establishing Deadline for filing Proofs of Claim and Approving the Form and Manner of Notice Thereof [Docket No. 181], which set the General Claims Bar Date as October 10, 2014 at 5:00 p.m. and the Governmental Claims Bar Date as October 31, 2014 at 5:00 p.m.

2.1.24. **Claims Objection Deadline** means the deadline for objecting to a Claim, other than Administrative Claims and Professional Fee Claims, which shall be on the date that is the later of (a) one hundred eighty (180) days after the Effective Date, or (b) such other date as may be specifically fixed by the Debtors or the Reorganized Debtors, as applicable, or by an order of the Court for objecting to such Claims.

2.1.25. **Claims Register** means the official register of claims maintained by the Claims Agent.

2.1.26. **Class** means a class or category of holders of Claims or Interests as set forth in Article III of this Plan pursuant to section 1122(a) of the Bankruptcy Code.

2.1.27. **Committee** or **Committees** means any official committee (and any and all subcommittees thereof), if any, appointed in these Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code.

2.1.28. **Confirmation** means the entry by the Bankruptcy Court of the Confirmation Order confirming the Plan under the provisions of Chapter 11.

2.1.29. **Confirmation Date** means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket, within the meaning of Bankruptcy Rules 5003 and 9021.

2.1.30. **Confirmation Hearing** means the hearing at which the Bankruptcy Court considers Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be adjourned from time to time.

2.1.31. **Confirmation Order** means the Final Order entered by the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code, which order shall be in form and substance reasonably acceptable to the Debtors.

2.1.32. **Consummation** means the substantial implementation of the Plan for each Debtor, as evidenced by distributions contemplated by this Plan

2.1.33. **Court** means the United States Bankruptcy Court for the Western District of Virginia, Lynchburg Division, having jurisdiction over the Chapter 11 Cases.

2.1.34. **CFO** means Michael Dean, the Chief Financial Officer of the Debtors, as approved by the Court by the Order Appointing Michael Dean as Chief Financial Officer of the Debtors Effective Nunc Pro Tunc to the Petition Date [Docket No. 187].

2.1.35. **CRO** means David Stetson, the Chief Restructuring Officer of the Debtors, as approved by the Court by the Order Appointing David Stetson as Chief Restructuring Officer of the Debtors Effective Nunc Pro Tunc to the Petition Date [Docket No. 61].

2.1.36. **Cure** means the payment of Cash by the Reorganized Debtors, or the distribution of other property (as the parties may agree or the Bankruptcy Court may order), as necessary to (a) cure a monetary default by the Debtor or the Debtors in accordance with the terms of an Executory Contract or Unexpired Lease of the Debtor or the Debtors; and (b) permit the Reorganized Debtor or the Reorganized Debtors to assume such Executory Contract or Unexpired Lease under section 365(a) of the Bankruptcy Code.

2.1.37. **Debtors** means IBCS Mining, Inc. and IBCS Mining, Inc., Kentucky Division, as Debtors and Debtors-in-Possession, and includes the Estates, where appropriate.

2.1.38. **Debtors-in-Possession** means IBCS Mining, Inc. and IBCS Mining, Inc., Kentucky Division, as Debtors and Debtors-in-Possession, and includes the Estates, where appropriate.

2.1.39. **Disallowed** means, with respect to any Claim or Interest, a Claim or Interest or any portion thereof that (a) has been disallowed by a Final Order; (b) is listed on the Debtors' Schedules as zero or as contingent, disputed, or unliquidated and as to which no Proof of Claim or request for payment of an Administrative Claim has been timely filed or deemed timely filed with the Court pursuant to either the Bankruptcy Code or any Final Order of the Court or otherwise deemed timely filed under applicable law or this Plan; (c) is not Scheduled and as to which no Proof of Claim or request for payment of an Administrative Claim has been timely filed or deemed timely filed with the Court pursuant to either the Bankruptcy Code or any Final Order of the Court or otherwise deemed timely filed under applicable law or this Plan; (d) has been withdrawn by agreement of the applicable Debtor and the Holder thereof; or (e) has been withdrawn by the Holder thereof. A Disallowed Claim or Interest shall not be an Allowed Claim or Interest.

2.1.40. **Disclosure Statement** means the Disclosure Statement for the Joint Plan of Reorganization of IBCS Mining, Inc. and IBCS Mining, Inc., Kentucky Division, Pursuant to Chapter 11 of the Bankruptcy Code, dated January 23, 2015, as the same may be altered, modified, or amended, and including all exhibits and schedules thereto and references therein that relate to the Plan, that is prepared and distributed in accordance with the Bankruptcy Code, the Bankruptcy Rules, and any other applicable law.

2.1.41. **Disputed** means, with respect to any Claim or Interest, any Claim or Interest that is not yet Allowed and is subject to a claims objection filed before any deadline set by the Bankruptcy Court or by the Plan. For purposes of this provision, any application, motion, complaint or other pleading or paper filed with the Bankruptcy Court seeking to subordinate or dismiss a Claim or an Administrative Claim shall be deemed an objection thereto.

2.1.42. **Distribution Date** means the date, on which a Reorganized Debtor first makes distributions to Holders of Allowed Claims as provided in this Plan and any date thereafter on which a Reorganized Debtor makes distributions to Holders of Allowed Claims as provided in this Plan.

2.1.43. **Distribution Record Date** means the date for determining which Holders of Claims or Interests are eligible to receive distributions hereunder and shall be the Effective Date or such other date as may be designated in a Final Order of the Court.

2.1.44. **Dove and Associates** means Dove and Associates, P.C., the Debtors' accountant in these Chapter 11 Cases, as approved by the Order Authorizing Employment and Retention of Dove and Associates, P.C. as Accountant to the Debtors Nunc Pro Tunc to the Petition Date [Docket No. 221].

2.1.45. **Effective Date** means a Business Day selected by the Debtors, which is, unless the Confirmation Order or other Final Order of the Court directs otherwise, no earlier than the date on which each of the conditions to this Plan's Effective Date set forth herein has either been satisfied or waived in accordance with this Plan.

2.1.46. **Employment Agreements** mean the employment agreements to be included in the Plan Supplement for certain employees of the Reorganized Debtors.

2.1.47. **Entity** shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

2.1.48. **Environmental Law** means any federal, state, local, or foreign statute, law, ordinance, regulation, code, rule, order, consent decree, or judgment, in each case, in existence as of the Effective Date, relating to pollution or protection of the environment.

2.1.49. **Estate** means, as to each Debtor, the estate created for the Debtor in its Chapter 11 Case, pursuant to section 541 of the Bankruptcy Code.

2.1.50. **Executory Contract** means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

2.1.51. **Existing Benefits Agreements** means the employment, severance, retirement, indemnification, and other similar or related agreements or arrangements in existence as of the Petition Date.

2.1.52. **Federal Judgment Rate** means the federal judgment rate in effect as of the Petition Date, compounded annually.

2.1.53. **File, Filed, or Filing** means file, filed, or filing in the Chapter 11 Cases with the Court.

2.1.54. **Final Order** means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in these Chapter 11 Cases that (1) has not been reversed, stayed, modified, or amended, (2) is not the subject of a pending appeal or motion for review or reconsideration, (3) has not been and may no longer be appealed from or otherwise reviewed or reconsidered, other than under Bankruptcy Rule 9024 and/or Federal Rule of Civil Procedure 60, and (4) is final and non-appealable in accordance with Bankruptcy Rule 8002 or any other applicable law or rule; provided, however, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed relating to such order, shall not cause an order not to be a Final Order.

2.1.55. **First Day Declaration** means the Declaration of Edmund Scarborough in Support of the Debtors' Chapter 11 Petitions and First Day Pleadings [Docket No. 19].

2.1.56. **General Unsecured Claim** means any Claim against any Debtor that is not (1) an Administrative Claim; (2) a Priority Tax Claim; (3) a Priority Non-Tax Claim; (4) a Secured Claim; (5) Intercompany Claims; or (6) that is based in whole or in part on the Holder's purchase or ownership of an Interest in the Debtor or the Debtors.

2.1.57. **General Claims Bar Date** means the deadline by which all creditors except a governmental unit must file a proof of claim and is October 10, 2014, at 5:00 p.m. (prevailing Eastern Time) as established in the Claims Bar Date Order. The Claims Bar Date for Rejection Claims, other than Claims arising as a result of the rejection of an Executory Contract or Unexpired Lease pursuant to a Final Order of the Bankruptcy Court entered prior to the Confirmation Date, shall be the date established pursuant to Section 7.3 of the Plan. Unless otherwise provided in the applicable Order approving the rejection, the General Claims Bar Date shall apply to Claims arising as a result of the

rejection of an Executory Contract or Unexpired Lease pursuant to a Final Order of the Bankruptcy Court entered prior to the Confirmation Date.

2.1.58. **Governmental Claims Bar Date** means the deadline by which all governmental units must file a proof and claim and is October 31, 2014, at 5:00 p.m. (prevailing Eastern Time) as established in the Claims Bar Date Order.

2.1.59. **Governmental Unit** shall have the meaning set forth in section 101(27) of the Bankruptcy Code.

2.1.60. **Hirschler Fleischer** means Hirschler Fleischer, P.C., the Debtors' retained and Court-approved counsel in these Chapter 11 Cases, as approved by the Order Authorizing Employment and Retention of Hirschler Fleischer, P.C. as Counsel to the Debtors Nunc Pro Tunc to the Petition Date [Docket No. 98].

2.1.61. **Holder** means the beneficial holder of a Claim or Interest and, when used in conjunction with a Class or type of Claim or Interest, means a beneficial holder of a Claim or Interest in such Class or of such type.

2.1.62. **IBCS** means IBCS Mining, Inc., a Debtor and Debtor-in-Possession in these Chapter 11 Cases.

2.1.63. **IBCS KY** means IBCS Mining, Inc., Kentucky Division., a Debtor and Debtor-in-Possession in these Chapter 11 Cases.

2.1.64. **Impaired** means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is not Unimpaired.

2.1.65. **Insider** shall have the meaning assigned to that term in section 101(31) of the Bankruptcy Code.

2.1.66. **Intercompany Claim** means any Claim held by one Debtor against another Debtor.

2.1.67. **Intercompany Interest** means an Interest in one Debtor held by another Debtor.

2.1.68. **Interest** means any legal, equitable, contractual, and other rights of a Person with respect to equity ownership interest in the Debtor or the Debtors, whether or not transferable and including, but not limited to, all rights, options, warrants, or other rights, contractual or otherwise, to acquire any such equity ownership interest as of the Petition Date.

2.1.69. **Judicial Code** means Title 28 of the United States Code, 28 U.S.C. §§ 1-4001.

2.1.70. **Lien** shall have the meaning assigned to that term in section 101(37) of the Bankruptcy Code.

2.1.71. **Other Priority Claim** means any Claim entitled to Priority under sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code.

2.1.72. **Person** means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a joint venture, an estate, a trust,

an unincorporated organization, a government or any political subdivision thereof, or other entity.

2.1.73. **Petition Date** means June 27, 2014, i.e., the date on which the Debtors filed their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

2.1.74. **Plan** means the Joint Plan of Reorganization, as of the date on the cover page hereof, filed and proposed by the Debtors, as the same may be amended or modified from time to time in accordance with the Bankruptcy Code and the Bankruptcy Rules, including all exhibits and schedules hereto.

2.1.75. **Plan Supplement** means the compilation of documents and forms of documents, schedules, and exhibits to the Plan (as may amended, supplemented, or modified from time to time in accordance with the terms hereof and the Bankruptcy Code and the Bankruptcy Rules), to be Filed prior to the Confirmation Hearing. Except as otherwise set forth herein, the Debtors shall have the right to amend the documents contained in, and exhibits to, the Plan Supplement through the Effective Date.

2.1.76. **Priority Claim** means Priority Tax Claim, Priority Non-Tax Claim, and Other Priority Claim.

2.1.77. **Priority Non-Tax Claim** means any allowed Claim against any Debtor entitled to priority in right of payment under section 507(a) of the Bankruptcy Code, other than: (a) an Administrative Claim; or (b) a Priority Tax Claim, to the extent such claim has not already been paid during the Chapter 11 Cases.

2.1.78. **Priority Tax Claim** means any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

2.1.79. **Pro Rata** means the proportion that an Allowed Claim or Allowed Interest in a particular Class bears to the aggregate amount of Allowed Claims or Allowed Interests in that respective Class, or the proportion that Allowed Claims or Allowed Interests in a particular Class bear to the aggregate amount of Allowed Claims or Allowed Interests in a particular Class and other Classes entitled to share in the same recovery as such Allowed Claims or Allowed Interests under the Plan.

2.1.80. **Professionals** means an Entity: (a) employed pursuant to a Court order in accordance with sections 327 or 1103 of the Bankruptcy Code and to be compensated for services rendered before or on the Effective Date, pursuant to sections 327, 328, 329, 330, or 331 of the Bankruptcy Code; or (b) awarded compensation and reimbursement by the Court pursuant to section 503(b)(4) of the Bankruptcy Code.

2.1.81. **Proof of Claim** means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases.

2.1.82. **Proof of Interest** means a proof of Interest Filed in any of the Debtors in the Chapter 11 Cases.

2.1.83. **Rejection Claim** means any Claim for damages arising as a proximate result of the rejection of an Executory Contract or Unexpired Lease under section 365 of the Bankruptcy Code.

2.1.84. **Reorganized Debtors** means, with respect to any Debtor, such Debtor on and after the Effective Date.

2.1.85. **Schedules** means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs Filed by the Debtors pursuant to section 521 of the Bankruptcy Code and in substantial accordance with the Official Bankruptcy Forms, as the same may have been amended, modified, or supplemented from time to time.

2.1.86. **Schedule of Assumed Executory Contracts and Unexpired Leases** means the schedule (including any amendments or modifications thereto) of certain Executory Contracts and Unexpired Leases to be assumed by the Debtors pursuant to the Plan. To the extent that the Schedule of Assumed Executory Contracts and Unexpired Leases contained in the Plan varies from the Schedule of Assumed Executory Contracts and Unexpired Leases contained in the Plan Supplement, the Plan Supplement shall control. The Plan Supplement may be amended from time to time prior to the Confirmation Hearing.

2.1.87. **Secured Claim** means when referring to a Claim, a Claim: (a) secured by a Lien on property in which the applicable Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in such Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) otherwise Allowed pursuant to the Plan as a Secured Claim.

2.1.88. **SMCRA** means the Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. §§ 1201-1328, as amended and in effect or hereafter applicable during the pendency of the Chapter 11 Cases.

2.1.89. **Surety** means Lexon Insurance Company.

2.1.90. **Surety Bonds** means the surety bonds issued by the Surety.

2.1.91. **Unexpired Lease** means any unexpired lease, subject to section 365 of the Bankruptcy Code, to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

2.1.92. **Unimpaired** means, with respect to a Class of Claims or Interests, a Claim or an Interest that is unimpaired within the meaning of section 1124 of the Bankruptcy Code, including through payment in full in cash.

2.1.93. **U.S. Trustee** means the Office of the United States Trustee for the Western District of Virginia.

2.1.94. **U.S. Trustee Fees** means all fees and charges arising under 28 U.S.C. § 1930(a)(6).

2.1.95. **Voting Deadline** means the deadline to vote to accept or reject the Plan as set forth in the Disclosure Statement or an Order of the Bankruptcy Court, as such deadline may be extended or modified from time to time.

2.2. Interpretation: Application of Definitions and Rules of Construction.

2.2.1 Interpretation. For purposes of the Plan: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (3) any reference herein to an existing document, schedule, or exhibit, whether or not Filed, having been Filed, or to be Filed shall mean that document, schedule, or exhibit, as it may thereafter be amended, modified, or supplemented; (4) any reference to an Entity as a holder of a Claim or Interest includes that Entity's successors and assigns; (5) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (6) unless otherwise specified, all references herein to exhibits are references to exhibits in the Plan Supplement; (7) unless otherwise specified, the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (8) subject to the provisions of any contract, certificate of incorporation, bylaw, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with the applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (9) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (10) unless otherwise specified herein, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (11) all references to docket numbers of documents Filed in the Chapter 11 Cases are references to the docket numbers under the Court's CM/ECF system; (12) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, and as applicable to the Chapter 11 Cases, unless otherwise stated; (13) references to "Proofs of Claim" and "Holders of Claim" shall include "Proofs of Interest" and "Holders of Interest" as applicable; and (14) any immaterial effectuating provisions may be interpreted by the Reorganized Debtors in such a manner that is consistent with the overall purpose and intent of the Plan all without further Court order.

2.2.2 Computation of Time. Unless otherwise specifically stated herein, the provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein.

2.2.3 Governing Law. Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated herein, the laws of the State of Virginia, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control), and corporate or limited liability company governance matters; provided that corporate or limited liability company governance matters relating to the Debtors or the Reorganized Debtors, as applicable, not incorporated or formed (as applicable) in Virginia shall be

governed by the laws of the state of incorporation or formation (as applicable) of the applicable Debtor or Reorganized Debtor.

2.2.4 **Reference to Monetary Figures.** All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided herein.

2.2.5 **Reference to the Debtors or the Reorganized Debtors.** Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors or the Reorganized Debtors shall mean the Debtors and the Reorganized Debtors, as applicable, to the extent the context requires.

2.2.6 **Controlling Document.** In the event of an inconsistency between the Plan and the Disclosure Statement, the terms of the Plan shall control in all respects. In the event of an inconsistency between the Plan and the Plan Supplement, the terms of the relevant document in the Plan Supplement shall control (unless stated otherwise in such Plan Supplement document). In the event of an inconsistency between the Confirmation Order and the Plan, the Confirmation Order shall control.

2.2.7 **Undefined Terms.** Terms used herein but not defined above shall have the meanings assigned to them, if any, in the Bankruptcy Code and/or the Bankruptcy Rules.

2.2.8 **Exhibits.** All exhibits to the Plan are incorporated by reference and made a part of the Plan as if set forth in full herein.

ARTICLE III **CLASSIFICATION OF CLAIMS AND INTERESTS**

3.1. **Classification and Specification of Treatment of Claims and Interests.** In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and, thus, are excluded from the following Classes. Article IV describes the treatment of Administrative Claims and Priority Tax Claims.

3.2. **Summary of Classification.** All Claims and Interests, other than Administrative Claims and Priority Tax Claims, are placed in the following Classes, pursuant to section 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class only to the extent that a Claim or Interest qualifies within the description of the Class and is classified in a different Class to the extent that the Claim or Interest qualifies within the description of that different Class. A Claim is in a particular Class only to the extent that the Claim is an Allowed Claim in that Class and has not been paid, released, withdrawn, waived, or otherwise satisfied under this Plan. Unless this Plan expressly provides otherwise, when a Class includes a subclass, each subclass is a separate Class for all purposes under the Bankruptcy Code, including, without limitation, voting and distribution.

Subject to all other applicable provisions of this Plan (including its distribution provisions), classified Claims shall receive the treatment set forth below. This Plan will not provide any distributions on account of a Claim to the extent that such Claim has been disallowed, released, withdrawn, waived, or otherwise satisfied or paid as of the Effective Date, including, without limitation, payments by third parties. Except as specifically provided in this Plan, this Plan will not provide any distributions on account of a Claim for which the obligation to pay has been assumed by a third party.

3.3. *Classes of Claims.* For the purposes of the Plan, Holders of Claims or Interests against or relating to the Debtors are classified as follows in accordance with section 1122(a) of the Bankruptcy Code:

| <u>Class</u> | <u>Claim</u> | <u>Status</u> | <u>Voting Rights</u> |
|-----------------|--------------------------|---------------|----------------------|
| IBCS KY Class 1 | Other Priority Claims | Unimpaired | Deemed to Accept |
| IBCS KY Class 2 | Mullins Secured Claim | Impaired | Entitled to Vote |
| IBCS KY Class 3 | BB&T Secured Claim | Impaired | Entitled to Vote |
| IBCS KY Class 4 | General Unsecured Claims | Impaired | Entitled to Vote |
| IBCS KY Class 5 | Interests | Impaired | Entitled to Vote |
| IBCS Class 1 | Other Priority Claims | Impaired | Entitled to Vote |
| IBCS Class 2 | Secured Claims | Impaired | Entitled to Vote |
| IBCS Class 3 | General Unsecured Claims | Impaired | Entitled to Vote |
| IBCS Class 4 | Interests | Impaired | Deemed to Reject |

ARTICLE IV
TREATMENT OF ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS

4.1. *Administrative Claims.* Except with respect to Administrative Claims that are Claims for Accrued Professional Compensation and except to the extent that an Administrative Claim has already been paid during the Chapter 11 Cases or a holder of an Allowed Administrative Claim and the applicable Debtor(s) agree to less favorable treatment with respect to such Holder, the Holder of each Administrative Claim that is an Allowed Administrative Claim shall be paid in full in Cash on the unpaid portion of its Allowed Administrative Claim on the latest of: (a) on the Effective Date if such Administrative Claim is Allowed as of the Effective Date; (b) on the date such Administrative Claim is Allowed; and (c) the date such Allowed Administrative Claim becomes due and payable; provided, however, that Allowed Administrative Claims that arise during these Chapter 11 Cases in the ordinary course of the Debtors’ businesses shall be paid in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be Filed with respect to an Administrative Claim previously Allowed by Final Order.

Except as otherwise provided in this Article IV and except with respect to Administrative Claims that are Claims for Accrued Professional Compensation, requests for payment of Allowed Administrative Claims must be Filed and served on the Reorganized Debtors pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order no later than the Administrative Claims Bar Date. Holders of Allowed Administrative Claims that are required to, but do not, File and serve a request for payment of such Administrative Claims by such date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors or their property and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests, if any, must be Filed and served on the Reorganized Debtors and the requesting party no later than thirty (30) days after the Administrative Claim Bar Date.

4.2. **Priority Tax Claims.** Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code. To the extent that a taxing authority has a Lien(s) securing a Priority Tax Claim, such Liens shall remain in place until the Priority Tax Claim has been paid in full. In the event of a payment default, the taxing authority shall be allowed to proceed with the type of collections it would normally have employed in the absence of bankruptcy.

4.3. **Full Satisfaction, Discharge, and Release.** The payments, distributions, and other treatment afforded to Holders of Allowed Administrative Claims and Allowed Priority Tax Claims under this Article shall be in full and complete satisfaction, discharge, and release of such Claims.

4.4. **Professional Compensation.**

4.4.1. **Final Fee Applications and Payment of Accrued Professional Compensation.** Professionals asserting a Claim for Accrued Professional Compensation for services rendered before the Effective Date must file and serve on the Debtors, the Reorganized Debtors, and such other Persons who are designated by the Bankruptcy Code, the Bankruptcy Rules, the Confirmation Order, or other Order of the Bankruptcy Court, an application for final allowance of such Claim for Accrued Professional Compensation no later than forty-five (45) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code, the Allowed amounts of such Accrued Professional Compensation shall be determined by the Court. Except to the extent that a holder of an Allowed Accrued Professional Compensation Claim and the Debtors agree to less favorable treatment with respect to such Holder, any Allowed Accrued Professional Compensation shall be paid in full over the life of the Plan through distributions by the Debtors.

4.4.2. **Post-Confirmation Date Fees and Expenses.** Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking approval from the Bankruptcy Court of retention and compensation for services rendered after such date shall terminate, and the Reorganized Debtors may employ and pay any professional for services rendered or expenses incurred after the Effective Date in the ordinary course of business without any further notice to any party or action, or order or approval of the Bankruptcy Court.

4.5. **U.S Trustee Fees.** U.S. Trustee Fees include all fees and charges assessed against the Debtors' Estates under section 1930 of Title 28 of the United States Code. All U.S. Trustee Fees will be paid in full by the Reorganized Debtors as they become due and owing up until the Chapter 11 Cases are closed.

ARTICLE V
TREATMENT AND IMPAIRMENT OF CLASSES

**Summary of Classification
and Treatment of Claims Under the Plan**

| <u>Class</u> | <u>Status</u> | <u>Treatment</u> |
|--|---------------|---|
| IBCS KY Class 1 – Other Priority Claims | Unimpaired | Except to the extent that a Holder of an Allowed IBCS KY Other Priority Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed IBCS KY Other Priority Claim, each such Holder shall be paid, to the extent such claim has not already been paid during the Chapter 11 Cases, in full in Cash in the ordinary course of business by the Debtors or the Reorganized Debtors, as applicable, on (i) the Effective Date, (ii) the date on which such Other Priority Claim against IBCS KY becomes Allowed, or (iii) such other date as may be ordered by the Court. |
| IBCS KY Class 2 – Mullins Secured Claim | Impaired | The Claim in IBCS KY 2 Class 2 will be paid through monthly payments as further detailed in section 6.3, supra. |
| IBCS KY Class 3 – BB&T Secured Claim | Impaired | IBCS KY Class 3 Claims will be paid through monthly payments as further detailed in section 6.3, supra. Payments to IBCS KY Class 3 shall only commence after IBCS KY Class 2 Claims are paid in full. |
| IBCS KY Class – General Unsecured Claims 4 | Impaired | IBCS KY Class 4 Claims will be paid through monthly payments as further detailed in section 6.3, supra. Payments to IBCS KY Class 4 Claims shall only commence after IBCS KY Class 2 Claims and IBCS KY Class 3 Claims are paid in full. |
| IBCS KY Class 5 – Interests | Impaired | IBCS KY Class 5 Claims will be paid through monthly payments as further detailed in section 6.3, supra. Payments to Holders of Interests in IBCS KY Class 5 shall only commence after IBCS KY Class 2 Claims, IBCS KY Class 3 Claims, and IBCS KY Class 4 Claims are paid in full. |
| IBCS Class 1 – Other Priority Claims | Impaired | Except to the extent that a Holder of an Allowed IBCS Other Priority Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed IBCS Other Priority Claim, each such Holder shall be paid, through distributions by IBCS KY to IBCS KY Class 5 Claims. |
| IBCS Class 2 – Secured Claims | Impaired | IBCS Class 2 Claims will be paid through distributions by IBCS KY to IBCS KY Class 5 Claims. Payments to IBCS Class 2 Claims shall only commence after IBCS Class 1 Claims are paid in full. |
| IBCS Class 3 – General Unsecured Claims | Impaired | IBCS Class 3 Claims will be paid through distributions by IBCS KY to IBCS KY Class 5 Claims. Payments to IBCS Class 3 Claims shall only commence after IBCS Class 1 Claims and IBCS Class 2 Claims are paid in full. |

| <u>Class</u> | <u>Status</u> | <u>Treatment</u> |
|--------------------------|---------------|---|
| IBCS Class 4 – Interests | Impaired | Holders of Interests in IBCS KY will receive no distribution under the Plan on account of such Interests. On the Effective Date, all Interests in IBCS KY shall be cancelled and discharged and shall be of no further force and effect, whether surrendered for cancellation or otherwise. |

5.1. ***IBCS KY Classes.***

5.1.1. **IBCS KY Class 1 – Other Priority Claims.**

Classification: IBCS KY Class 1 consists of Other Priority Claims against IBCS KY.

Treatment: Except to the extent that a Holder of an Allowed IBCS KY Other Priority Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed IBCS KY Other Priority Claim, each such Holder shall be paid, to the extent such claim has not already been paid during the Chapter 11 Cases, in full in Cash in the ordinary course of business by the Debtors or the Reorganized Debtors, as applicable, on (i) the Effective Date, (ii) the date on which such Other Priority Claim against IBCS KY becomes Allowed, or (iii) such other date as may be ordered by the Court.

Voting: IBCS KY Class 1 is Unimpaired under the Plan. Holders of Claims in IBCS KY Class 1 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders IBCS KY Class 1 Claims are not entitled to vote to accept or reject the Plan.

5.1.2. **IBCS KY Class 2 – Mullins Secured Claim.**

Classification: IBCS KY Class 2 consists of Secured Claim of Norman Mullins against IBCS KY.

Treatment: The Claim in IBCS KY Class 2 will be paid through monthly payments as further detailed in section 6.3, *supra*.

Voting: IBCS KY Class 2 is Impaired under the Plan. Therefore, Holders of Claims in IBCS KY Class 2 are entitled to vote to accept or reject the Plan.

5.1.3. **IBCS KY Class 3 – BB&T Secured Claim.**

Classification: IBCS KY Class 3 consists of Secured Claims of Branch Banking and Trust Company against IBCS KY.

Treatment: IBCS KY Class 3 Claims will be paid through monthly payments as further detailed in section 6.3, *supra*. Payments to IBCS KY Class 3 shall only commence after IBCS KY Class 2 Claims are paid in full.

Voting: IBCS KY Class 3 is Impaired under the Plan. Therefore, Holders of Claims in IBCS KY Class 3 are entitled to vote to accept or reject the Plan.

5.1.4. **IBCS KY Class 4 – General Unsecured Claims.**

Classification: IBCS KY Class 4 consists of General Unsecured Claims against IBCS KY.

Treatment: IBCS KY Class 4 Claims will be paid through monthly payments as further detailed in section 6.3, supra. Payments to IBCS KY Class 4 Claims shall only commence after IBCS KY Class 2 Claims and IBCS KY Class 3 Claims are paid in full.

Voting: IBCS KY Class 4 is Impaired under the Plan. Therefore, Holders of Claims in IBCS KY Class 4 are entitled to vote to accept or reject the Plan.

5.1.5. IBCS KY Class 5 – Interests.

Classification: IBCS KY Class 5 consists of all Interests in IBCS KY.

Treatment: IBCS KY Class 5 Claims will be paid through monthly payments as further detailed in section 6.3, supra. Payments to Holders of Interests in IBCS KY Class 5 shall only commence after IBCS KY Class 2 Claims, IBCS KY Class 3 Claims, and IBCS KY Class 4 Claims are paid in full.

Voting: IBCS KY Class 5 is Impaired under the Plan. Therefore, Holders of Interests in IBCS KY Class 5 are entitled to vote to accept or reject the Plan.

5.2. IBCS Classes.

5.2.1. IBCS Class 1 – Other Priority Claims.

Classification: IBCS Class 1 consists of Other Priority Claims against IBCS.

Treatment: Except to the extent that a Holder of an Allowed IBCS Other Priority Claim agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed IBCS Other Priority Claim, each such Holder shall be paid, through distributions by IBCS KY to IBCS KY Class 5 Claims.

Voting: IBCS Class 1 is Impaired under the Plan. Therefore, Holders of Claims in IBCS Class 1 are entitled to vote to accept or reject the Plan.

5.2.2. IBCS Class 2 – Secured Claims.

Classification: IBCS Class 2 consists of Secured Claims against IBCS

Treatment: IBCS Class 2 Claims will be paid through distributions by IBCS KY to IBCS KY Class 5 Claims. Payments to IBCS Class 2 Claims shall only commence after IBCS Class 1 Claims are paid in full.

Voting: IBCS Class 2 is Impaired under the Plan. Therefore, Holders of Claims in IBCS Class 2 are entitled to vote to accept or reject the Plan.

5.2.3. IBCS Class 3 – General Unsecured Claims.

Classification: IBCS Class 3 consists of General Unsecured Claims against IBCS.

Treatment: IBCS Class 3 Claims will be paid through distributions by IBCS KY to IBCS KY Class 5 Claims. Payments to IBCS Class 3 Claims shall only commence after IBCS Class 1 Claims and IBCS Class 2 Claims are paid in full.

Voting: IBCS Class 3 is Impaired under the Plan. Therefore, Holders of Claims in IBCS Class 3 are entitled to vote to accept or reject the Plan.

5.2.4. IBCS Class 4 – Interests.

Classification: IBCS Class 4 consists of all Interests in IBCS.

Treatment: Holders of Interests in IBCS will receive no distribution under the Plan on account of such Interests. On the Effective Date, all Interests in IBCS shall be cancelled and discharged and shall be of no further force and effect, whether surrendered for cancellation or otherwise.

Voting: IBCS Class 4 is Impaired under the Plan. The Debtors do not anticipate any recovery for Holders of Interests in IBCS Class 4. As such, Holders of Interests in IBCS Class 4 are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

5.2. *Special Provision Governing Unimpaired Claims.* Nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupment against any such Unimpaired Claims.

5.3. *Acceptance or Rejection of this Plan.*

5.3.1. *Acceptance by an Impaired Class.* In accordance with section 1126(c) of the Bankruptcy Code and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted this Plan if this Plan is accepted by the Holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject this Plan. In accordance with section 1126(d) of the Bankruptcy Code and except and provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Interests shall have accepted this Plan if this Plan is accepted by the Holders of at least two-thirds (2/3) in amount of the Allowed Interests of such Class that have timely and properly voted to accept or reject this Plan.

5.3.2. *Presumed Acceptance of this Plan.* IBCS KY Class 1 is Unimpaired under this Plan and is, therefore, conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

5.3.3. *Presumed Rejection of this Plan.* IBCS Class 4 will not receive or retain any property under this Plan and is, therefore, conclusively presumed to have rejected this Plan pursuant to section 1126(g) of the Bankruptcy Code.

5.4. *Voting Class.* IBCS KY Classes 2, 3, 4, and 5, and IBCS Classes 1, 2, and 3 are Impaired under this Plan and are entitled to vote to accept or reject this Plan.

5.5. *Votes Solicited in Good Faith.* Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and their respective affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code, and, therefore, will have no liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan.

ARTICLE VI
MEANS FOR IMPLEMENTATION OF THE PLAN

6.1. ***Operations Between the Confirmation Date and the Effective Date.*** During the period from the Confirmation Date through and until the Effective Date, the Debtors shall continue to operate their businesses as debtors-in-possession, subject to the oversight of the Bankruptcy Court, as provided in the Bankruptcy Code, the Bankruptcy Rules, and all orders of the Bankruptcy Court that are then in full force and effect. Any Claim arising between the Confirmation Date and the Effective Date shall be classified as an Administrative Claim.

6.2. ***Sources of Funds and Plan Feasibility.*** The Joint Plan of Reorganization for each Debtor is separately funded. The Plan for IBCS shall be funded through distributions from IBCS KY to Holders of Interests in IBCS KY Class 5. The Plan of Reorganization for IBCS KY shall be funded by Cash proceeds from ongoing operations.

6.3. ***Monthly Plan Payments.*** Within thirty (30) days of the prior quarter, after payment of all operating expenses for the prior quarter, net income of IBCS KY for the prior quarter will be paid as follows: (1) ninety (90) percent of such net income shall be paid to IBCS KY Classes 1, 2, 3, 4, or 5, as applicable; and (2) ten (10) percent of such net income shall be retained by IBCS KY to be paid into a reserve account maintained by IBCS KY for use for unexpected, necessary expenditures. Actual quarterly income and expenses may vary and, as such, distributions to IBCS KY Classes may vary.

6.4. ***Vesting of Assets.*** Except as otherwise provided in this Plan, all property, including property listed in the Schedules and not surrendered previously by the Debtors or otherwise provided for herein, of the Estate shall vest in the Debtors as of the Effective Date free and clear of all Liens, Claims, and Interests pursuant to section 1141(c) of the Bankruptcy Code. On and after the Effective Date, the Debtors may use, acquire, and dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or Confirmation Order. Without limiting the foregoing, the Debtors may pay the charges that they incur on or after the Effective Date for Professionals' fees, disbursements, expenses, or related support services without application to the Bankruptcy Court.

6.5. ***Working Capital.*** All general working capital requirements of the Reorganized Debtors on and after the Effective Date shall be funded with Cash receipts.

6.6. ***Post-Confirmation Officers and Directors.*** The CRO shall continue to serve as the Chief Restructuring Officer of the Reorganized Debtors and shall serve in accordance with applicable non-bankruptcy law. The CFO shall continue to serve as the Chief Financial Officer of the Reorganized Debtors and shall serve in accordance with applicable non-bankruptcy law.

6.7. ***Disbursement of Funds.*** The Debtors or their duly appointed disbursing agent shall make all distributions of cash or other property required under the Plan, unless the Plan specifically provides otherwise. Unless otherwise provided by the Plan, the Debtors shall make quarterly distributions of cash or other property required by the Plan.

For IBCS KY, the first distribution shall occur on October 1, 2015. For IBCS KY, distributions will continue on a quarterly basis through and including March 31, 2018. For

IBCS, the first distributions shall occur upon the first distribution by IBCS KY to Holders of Interests in IBCS KY Class 5.

6.8. ***Delivery of Distributions; Undeliverable Distributions.*** Distributions to Holders of Allowed Claims shall be made (1) at the address set forth on the respective Proofs of Claim filed by such Holders, (2) at the addresses set forth in any written notices of address change delivered to the Debtors after the date of any related Proof of Claim, or (3) at the address reflected in the Debtors' Schedules if no Proof of Claim has been filed and the Debtors have not received a written notice of a change of address.

If the distribution to the Holder of any Allowed Claim is returned to the Debtors as undeliverable, no further distribution shall be made to such Holder, and the Debtors shall have no obligation to make any further distribution to the Holder, unless and until the Debtors are notified in writing of such Holder's then current address. The Debtors shall retain undeliverable distributions until such time as a distribution becomes deliverable.

Any Holder of an Allowed Claim who does not assert a Claim for an undeliverable distribution within six (6) months after the Distribution Date on account of such Claim shall no longer have any claim to or interest in such undeliverable distribution and shall be forever barred from receiving any distribution under the Plan and such amount shall be distributed in accordance with the terms of the Plan or, if all other Holders of Allowed Claims have received all property to which they are entitled under the Plan, retained by the Debtors.

6.9. ***Disputed Claims.*** No payment or other distribution or treatment shall be made on account of a Disputed Claim, even if a portion of the Claim is not disputed, unless and until such Disputed Claim becomes an Allowed Claim and the amount of such Allowed Claim is determined by a Final Order or by stipulation between the Debtor and the Holder of the Claim.

Following the date on which a Disputed Claim becomes an Allowed Claim, and as soon as reasonably practicable, the Debtors shall pay directly to the Holder of such Allowed Claim the amount provided for under Articles IV or V of the Plan, as applicable. No distribution or other payment or treatment shall be made on account of a Disallowed Claim at any time.

The Debtors may, at any time, and from time to time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to such objection. Any Final Order of the Bankruptcy Court that estimates a Disputed Claim pursuant to this Section irrevocably shall constitute and be a conclusive and final determination of the maximum allowable amount of the Claim of such Creditor, should it become an Allowed Claim. Accordingly, the Holder of a Disputed Claim that is estimated by the Bankruptcy Court pursuant to this Section shall not be entitled to any subsequent reconsideration or upward adjustment of the maximum allowable amount of such Claim as a result of any subsequent adjudication or actual determination of the allowed amount of such Disputed Claim or otherwise, and the Holder of such Claim shall not have recourse against the Debtors, or against any Assets of the Debtors in the event the allowed amount of the Holder's Claim is at any time later determined to exceed the estimated maximum allowable amount.

6.10. **Amendments to Claims.** Except as otherwise provided herein, on or after the Effective Date, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court and any such new or amended Claim Filed shall be deemed disallowed and expunged without any further notice to or action, order, or approval of the Bankruptcy Court.

6.11. **Execution and Delivery of Other Agreements, etc.** In order to effect the treatment of the Allowed Claims and Allowed Interests pursuant to this Plan, the Debtors and any Holder of an affected Claim or Interest may execute and deliver, or join in the execution and delivery of, any agreement, instrument, or document, or perform any other act necessary or appropriate for the implementation or consummation of the Plan.

6.12. **Setoffs.** The Debtors may, to the extent permitted under applicable law, setoff against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim, the claims, rights and causes of action of any nature (other than claims arising under Chapter 5 of the Bankruptcy Code) that the Debtors may hold against the Holder of such Allowed Claim that are not otherwise waived, released, or compromised in accordance with the Plan; provided, however, that neither such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors of any such claims, rights, and causes of action that the Debtors possess against such Holder.

6.13. **Surety Bonds.** On or before the Effective Date, IBCS KY shall assume the Surety Bonds and execute new indemnity agreements on the Surety's standard forms, with terms reasonably acceptable to the Surety. Nothing in the Plan shall limit or restrain the Surety's rights, nor shall these provisions be interpreted to bar, impair, prevent or otherwise limit the Sureties from exercising their rights under any existing or replacement bonds, existing or replacement Letters of Credit or existing or replacement indemnity agreements, under SMCRA, or under the common law of suretyship.

6.14. **Conditions Precedent to Confirmation of the Plan and the Effective Date.**

6.14.1. **Conditions Precedent to Confirmation.** It will be a condition to confirmation of the Plan that each of the following provisions, terms, and conditions will have been satisfied or waived pursuant to the provisions of the Plan.

- (a) The Bankruptcy Court shall have entered an order, which shall not be subject to any stay or subject to an unresolved request for revocation under section 1144 of the Bankruptcy Code, in form and substance reasonably acceptable to the Debtors, approving the Disclosure Statement with respect to the Plan and the solicitation of votes thereon as being in compliance with section 1125 of the Bankruptcy Code and applicable non-bankruptcy law.
- (b) The Confirmation Order (i) shall be, in form and substance, reasonably acceptable to the Debtors; and (ii) shall not be subject to any stay or subject to an unresolved request for revocation under section 1144 of the Bankruptcy Code.
- (c) The Plan and the Plan Supplement, including any schedules, documents, supplements, and exhibits thereto shall be, in form and substance, reasonably acceptable to the Debtors.

6.14.2. **Conditions Precedent to the Effective Date.** It will be a condition to the Effective Date that each of the following provisions, terms, and conditions will have been satisfied or waived pursuant to the provisions of the Plan.

- (a) The Bankruptcy Court shall have entered one or more orders (which may include the Confirmation Order) authorizing the assumption and rejection of Executory Contracts and Unexpired Leases by the Debtors as contemplated herein in form and substance reasonably acceptable to the Debtors.
- (b) The Confirmation Order, in form and substance reasonably acceptable to the Debtors, shall have been entered by the Bankruptcy Court and shall not be subject to any stay or subject to an unresolved request for revocation under section 1144 of the Bankruptcy Code.
- (c) All of the schedules, documents, supplements, and exhibits to the Plan shall have been filed in form and substance reasonably acceptable to the Debtors.
- (d) All actions, documents, certificates, and agreements necessary to implement the Plan shall have been effected or executed and delivered to the required parties and, to the extent required, filed with the applicable governmental units in accordance with applicable laws.

The Debtors anticipate the Plan's Effective Date to be June 1, 2015.

6.14.3. **Waiver of Conditions.** The conditions to confirmation and consummation of the Plan set forth herein may be waived at any time by the Debtors; provided, however, that the Debtors may not waive entry of an order or orders approving the Disclosure Statement and confirming the Plan.

6.14.4. **Effect of Failure of Conditions.** If the consummation of the Plan does not occur, the Plan will be null and void in all respects and nothing contained in the Plan or the Disclosure Statement will:

- (a) constitute a waiver or release of any claims by or Claims against the Debtors;
- (b) prejudice in any manner the rights of the Debtors, any Holders of Claims or Interests, or any other Person; or
- (c) constitute an admission, acknowledgment, offer, or undertaking by the Debtors, any Holders of Claims or Interests, or any other Person in any respect.

6.15. **Modification, Revocation, or Withdrawal of the Plan.**

6.15.1. **Modification and Amendments.** Except as otherwise specifically provided in the Plan, the Debtors reserve the right to modify the Plan as to material terms and seek confirmation consistent with the Bankruptcy Code and, as appropriate, not re-solicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors expressly reserve their right to alter, amend, or modify materially the Plan with respect to the Debtors, one or more times, after confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan or remedy any defect or

omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement will be considered a modification of the Plan and shall be made in accordance with the Plan.

6.15.2. *Effect of Confirmation on Modifications.* Entry of a Confirmation Order will mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

6.15.3. *Revocation or Withdrawal of the Plan.* The Debtors reserve the right to, consistent with their fiduciary duties, revoke or withdraw the Plan before the Effective Date. If the Debtors revoke or withdraw the Plan, or if Confirmation does not occur, then:

- (a) the Plan will be null and void in all respects;
- (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, will be deemed null and void; and
- (c) nothing contained in the Plan will:
 - (1) constitute a waiver or release of any Claims or Interests;
 - (2) prejudice in any manner the rights of such Debtor or any other Person; or
 - (3) constitute an admission, acknowledgement, offer, or undertaking of any sort by such Debtor or any other Person.

ARTICLE VII

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1. *Assumption or Rejection of Executory Contracts and Unexpired Leases.* Except as otherwise provided in this Plan or in an order of the Bankruptcy Court, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with this Plan, each of the Executory Contracts and Leases of the Debtors shall be deemed rejected, unless such Executory Contract or Unexpired Lease: (a) was assumed or rejected previously pursuant to an Order of the Bankruptcy Court, including the Confirmation Order, entered prior to the Effective Date; (b) expired or terminated pursuant to its own terms before the Effective Date; (c) is the subject of a motion to assume or reject that is pending before the Bankruptcy Court on the Effective Date; or (d) is identified as an Executory Contract or Unexpired Lease to be assumed in the Plan or in the Plan Supplement Filed on or before the Effective Date.

Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the assumptions or rejections of such Executory Contracts and/or Unexpired Leases as set forth in this Plan, all pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated, all assumptions or rejections of Executory Contracts and Unexpired Leases are effective as of the Effective Date. Each Executory Contract or Unexpired lease assumed pursuant to this Plan or by Bankruptcy Court order but not assigned to a third party before the Effective Date shall revert in and be fully enforceable by the Reorganized Debtors in accordance

with its terms, except as such terms may have been modified by such order. Notwithstanding anything to the contrary in this Plan, the Debtors or the Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the list of Executory Contracts and Unexpired Leases identified in the Plan Supplement at any time before the Effective Date. Any motion to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by a final order of the Bankruptcy Court on or after the Effective Date.

7.2. ***Expired Executory Contracts and Unexpired Leases.*** Any Executory Contract or Unexpired Lease that expired pursuant to its own terms prior to the Effective Date, and that has not been assumed or rejected by the Final Order prior to the Effective Date, is hereby specifically rejected.

7.3. ***Claims Based on Rejection of Executory Contracts or Unexpired Leases.*** Unless otherwise provided in the applicable Order approving the rejection, the General Claims Bar Date shall apply to Claims arising as a result of the rejection of an Executory Contract or Unexpired Lease pursuant to a Final Order of the Bankruptcy Court entered prior to the Confirmation Date. **PROOFS OF CLAIM WITH RESPECT TO CLAIMS ARISING FROM THE REJECTION OF EXECUTORY CONTRACTS OR UNEXPIRED LEASES PURSUANT TO THE CONFIRMATION ORDER, IF ANY, MUST BE FILED WITH THE BANKRUPTCY COURT WITHIN THIRTY (30) DAYS AFTER THE DATE OF ENTRY OF THE CONFIRMATION ORDER.** Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed by the applicable deadline will be automatically Disallowed, forever barred from assertion, and shall not be enforceable against, as applicable, the Debtors, the Reorganized Debtors, the Estates, or property of the foregoing parties, without the need for any objection by the Debtors or the Reorganized Debtors, as applicable, or further notice to, or action, order, or approval of the Bankruptcy Court. Any Claim arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases, to the extent it is timely filed and is an Allowed Claim, shall be classified in as a General Unsecured Claim in the applicable Chapter 11 Case. To the extent Rejection Claims initially are Disputed Claims, but subsequently become Allowed Claims, the Debtors shall pay such Rejection Claims in accordance with the Plan, but nothing herein shall constitute a determination that any such rejection gives rise to or results in a Claim or constitutes a waiver of any objections to such Claim by the Debtors, or any party in interest.

7.4. ***Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.*** Any monetary defaults under an Executory Contract and Unexpired Lease shall be satisfied pursuant to section 365(b)(1) of the Bankruptcy Code. In the event of a dispute regarding (a) the nature or amount of any Cure; (2) the ability of the Reorganized Debtors or any assignee, to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed or assigned; or (3) any other matter pertaining to assumption, the Cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the date that the Debtors assume such

Executory Contract or Unexpired Lease. Any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed Disallowed and expunged, without further notice to or action, order, or approval of the Court.

7.5. ***Insurance Policies.*** All of the Debtors' insurance policies and any agreements, documents, or instruments relating thereto, are treated as and deemed to be Executory Contracts under the Plan. Notwithstanding anything herein to the contrary, as of the Effective Date, the Debtors shall assume (and assign to the Reorganized Debtors if necessary to continue the Insurance Policies in full force) all of the Debtors' insurance policies and any agreements, documents, or instruments relating thereto. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption (and assignment, if necessary) of each of the Insurance Policies.

7.6. ***Modifications, Amendments, Supplements, Restatements, or Other Agreements.*** Unless otherwise provided in this Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and Executory Contracts and Unexpired Leases related thereto, if any, including easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

7.7. ***Reservation of Rights.*** Nothing contained in this Plan or the Plan Supplement shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors, or, after the Effective Date, the Reorganized Debtors shall have forty-five (45) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

7.8. ***Contracts and Leases Entered Into After the Petition Date.*** Notwithstanding any other provision in this Plan, contracts and leases entered into after the Petition Date by the Debtors, including any Executory Contracts and Unexpired Leases assumed by the Debtors, will be performed by the Debtors or the Reorganized Debtors liable thereunder in the ordinary course of their business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

7.9. ***Nonoccurrence of Effective Date.*** In the event that the Effective Date does not occur, the Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

ARTICLE VIII

RETENTION OF JURISDICTION

8.1. ***General Scope of Jurisdiction.*** Following the Effective Date, the Bankruptcy Court shall retain jurisdiction over these Chapter 11 Cases to the extent legally permissible, including without limitation such jurisdiction as is necessary to ensure that the purposes and intent of the Plan are carried out.

8.2. **Claims and Actions.** The Bankruptcy Court shall retain jurisdiction (a) to classify, resolve objections to, and determine or estimate pursuant to section 502(c) of the Bankruptcy Code all Claims against, and Interests in, the Debtors, and (b) to adjudicate and enforce all claims and Causes of Action owned by the Debtors.

8.3. **Specific Jurisdiction.** Without in any way limiting the scope of the Bankruptcy Court's retention of jurisdiction over these Chapter 11 Cases as otherwise set forth in the Plan, the Bankruptcy Court shall retain jurisdiction for the following specific purposes:

- (a) To Allow, Disallow, determine, liquidate, classify, estimate, or establish the priority, secured, or unsecured status or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims;
- (b) To decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
- (c) To resolve any matters related to: (a) the assumption and assignment or rejection of any Executory Contract or Unexpired Lease to which a Debtor is a party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Claims related to the rejection of an Executory Contract or Unexpired Lease, Cure Costs pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease; (b) the Reorganized Debtor amending, modifying, or supplementing, after the Confirmation Date, pursuant to Article V hereof, any Executory Contracts or Unexpired Leases to the list of Executory Contracts and Unexpired Leases to be assumed and assigned or rejected or otherwise; and (c) any dispute regarding whether a contract or lease is or was executory or expired;
- (d) To ensure that distributions to holders of Allowed Claims and Interests are accomplished pursuant to the provisions of the Plan;
- (e) To adjudicate, decide, or resolve any motions, adversary proceedings, contested, or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;
- (f) To adjudicate, decide, or resolve any and all matters related to Causes of Action;
- (g) To enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;
- (h) To enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

- (i) To resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan;
- (j) To issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;
- (k) To resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, releases, injunctions, exculpations, and other provisions contained in Article VIII hereof and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
- (l) To resolve any cases, controversies, suits, or disputes related to distributions under the Plan;
- (m) To enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
- (n) To determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order; adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein;
- (o) To consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Court order, including the Confirmation Order;
- (p) To determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;
- (q) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- (r) To hear and determine all disputes involving the existence, nature, or scope of the Debtors' release, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;
- (s) To enforce all orders previously entered by the Court;
- (t) To hear any other matter not inconsistent with the Bankruptcy Code;
- (u) To enter an order concluding or closing the Chapter 11 Cases; and
- (v) To enforce the injunction, release, and exculpation provisions set forth in Article IX hereof.

8.4. ***Failure of Bankruptcy Court to Exercise Jurisdiction.*** If the Bankruptcy Court abstains from exercising, declines to exercise, or is otherwise without jurisdiction over any

matter arising out of these Chapter 11 Cases, this Article shall not prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

ARTICLE IX
INJUNCTION AGAINST INTERFERENCE WITH PLAN, RELEASES,
AND DISCHARGE OF DEBTORS

9.1. **No Interference.** No Person will be permitted to commence or continue any action or proceeding or perform any act to interfere with the implementation and consummation of the Plan or the payments required to be made hereunder.

9.2. **Injunction.** Except as otherwise provided in the Plan or the Confirmation Order, Confirmation of the Plan shall serve to satisfy all Claims or Causes of Action arising out of any Claim addressed by the terms of the Plan and will operate as an injunction against (i) the commencement or continuation in any manner of any action or other proceeding (other than a proceeding by a governmental entity to enforce its police and/or regulatory powers), including on account of any Claims, Interests, Causes of Action, or liabilities that have been compromised or settled against the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property or estate of any Entity, directly or indirectly, so released or exculpated), enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order, (ii) the creation, perfection, or enforcement of any Lien or encumbrance, (iii) the assertion of a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors, (iv) the refusal to approve mine permit transfers or changes in control over the right to conduct surface coal mining operations in any transaction involving the Debtors or the Reorganized Debtors under the terms of the Plan, on account of any unabated or uncorrected violations by the Debtors of or under SMCRA or any of its state law counterparts, or any rule, regulation or advisory memorandum promulgated thereunder or issued pursuant thereto (exclusive of any cessation orders not subject to agreed orders acceptable to the applicable federal and state regulatory agencies that may exist on the Effective Date), and from commencing or continuing in any manner any proceeding or other adverse action (including but not limited to noticing violations or issuing cessation orders, commencing bond forfeiture proceedings or refusing to honor bonds, denying mining permits, or listing on the Applicant Violator System) against the Debtors or the Reorganized Debtors, or any employees, Professionals, agents, officers, directors or principals or any of the foregoing for any such unabated or uncorrected violations (exclusive of any notices of violation or cessation orders or subject to agreed orders acceptable to the applicable federal and state regulatory agencies that may exist on the Effective Date), or (v) the taking any action detrimental or prejudicial to the Debtors or the Reorganized Debtors, or any employed, Professionals, agents, officers, directors or principals or any of the foregoing (including but not limited to noticing violations or issuing cessation orders, commencing bond forfeiture proceedings or refusing to honor bonds, denying mining permits, or listing on the Applicant Violator System) based on a claim or assertion that either a conveyance of any assets or a change of control under SMCRA or any of its state law counterparts of any mining permits has occurred; in each case, on account of or in connection with or with respect to any released, settled, compromised, or exculpated Claims, Interests, Causes of Action, or liabilities.

Notwithstanding anything herein to the contrary, nothing in this Plan or any Confirmation Order discharges, releases, nullifies, precludes, resolves, or enjoins the enforcement of (a) any liability, obligation, claim, or cause of action (including for penalties, damages, cost recovery, or

injunctive relief) to a Governmental Authority under any Environmental Law that any entity would be subject to as the owner, lessor, lessee, controller, operator (or other similar entity) of property or of any business and whether or not such liability, obligation, claim, or cause of action is based in whole or part on acts or omission prior to the Confirmation Date; or (b) any liability to any Governmental Authority on the part of any entity other than the Debtors or Reorganized Debtors. Notwithstanding anything herein to the contrary, nothing in this Plan or any Confirmation Order (x) authorizes the transfer of any governmental licenses, permits, registrations, authorizations or approvals without compliance with all applicable legal requirements under the laws and regulations governing such transfers; or (y) limits the Department of Interior's Office of Surface Mining or the State of Kentucky from taking appropriate action to (1) take enforcement actions pursuant to 30 C.F.R. Parts 842 and 843 or any similar state statute or regulation; (2) pursue the individuals who owned or controlled the Debtors through alternative enforcement actions under 30 C.F.R. Part 847 or any similar state statute or regulation; and (3) link any entity's owners or controllers to violations on OSM's Applicant Violator System or any similar state system.

For the avoidance of doubt, the releases contained in this Plan shall not apply to any Governmental Authority enforcing Environmental Laws.

9.3. **Releases by the Debtors.** Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, including the service of the CRO, the CFO, Hirschler Fleischer, Baird, and Dove & Associates to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, on and after the Effective Date, the CRO, the CFO, Hirschler Fleischer, Baird, and Dove & Associates are deemed released and discharged by the Debtors, the Reorganized Debtors, and the Estates from any and all Claims, obligations, rights, suits, damages, Causes of Action, setoffs, recoupments, remedies, and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, that the Debtors, the Reorganized Debtors, the Estates or their affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' Chapter 11 Cases, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements among any Debtors and the CRO, the CFO, Hirschler Fleischer, Baird, and/or Dove & Associates, the restructuring of Claims and Interests before or during the Debtors' Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, any Plan Supplement or related agreements, instruments, or other documents, (collectively, the "**Debtors Released Claims**"), other than Debtors Released Claims against the CRO, the CFO, Hirschler Fleischer, and Dove & Associates arising out of or relating to any act or omission of that party constituting willful misconduct or gross negligence.

9.4. **Releases by Holders of Claims.** As of the Effective Date and except as set forth in the Plan or the Plan Supplement, each holder of a Claim or Interest shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged the Debtors, the Reorganized Debtors, the CRO, the CFO, Hirschler Fleischer, Baird, and Dove & Associates from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative Claims assertable on behalf

of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Debtors' Chapter 11 Cases, the subject matter of, or the transactions or events giving rise to, any Claim that is treated in the Plan, the business or contractual arrangements among any Debtor and the CRO, the CFO, Hirschler Fleischer, Baird, and/or Dove & Associates, the restructuring of Claims and Interests before or during the Chapter 11 Cases, and the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, any Plan Supplement or related agreements, instruments, or other documents (collectively, "**Released Claims**"), other than Released Claims against a Debtor, the Reorganized Debtors, the CRO, the CFO, Hirschler Fleischer, Baird, and/or Dove & Associates arising out of or relating to any act or omission of that party constituting willful misconduct or gross negligence; provided, however, that the Plan shall not release the Debtors and the Reorganized Debtors from any Cause of Action held by a governmental entity existing as of the Effective Date based on (i) the Internal Revenue Code or other domestic state, city, or municipal tax code, (ii) the environmental laws of the United States or any domestic state, city, or municipality, (iii) any criminal laws of the United States or any domestic state, city, or municipality, (iv) the Securities and Exchange Act of 1934 (as now in effect or hereafter amended), the Securities Act of 1933 (as now in effect or hereafter amended), or other securities laws of the United States or any domestic state, city or municipality, (v) the Employee Retirement Income Security Act of 1974, as amended, or (vi) the laws and regulations of the Bureau of Customs and Border Protection of the United States Department of Homeland Security.

9.5. *Scope and Effect of Discharge.* Pursuant to section 1141(d) of the Bankruptcy Code, the Debtors hereby provide notice that they are seeking entry of an order from the Bankruptcy Court allowing discharge on the Effective Date of all claims and liens which existed prior to the confirmation of the Plan, except for the liens, payments, and distributions expressly provided for in the Plan. The Debtors submit that the proposed Plan provides payments on account of all Allowed claims. **The Debtors hereby give notice that they intend to seek the above-referenced relief at the hearing on the confirmation of the Plan. The discharge will be fully effective against all creditors and/or parties-in-interest regardless of whether they voted to accept or reject the Plan and regardless of whether the Plan is confirmed by consent or by resort to the provisions of section 1129(b) of the Bankruptcy Code. Except as otherwise provided in the Plan, the confirmation of the Plan vests all property of the Estate in the Debtors.**

ARTICLE X

MISCELLANEOUS PROVISIONS

10.1. ***Revocation and Withdrawal of the Plan.*** The Debtors reserve the right to revoke or withdraw the Plan at any time before entry of a Confirmation Order. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, or if Confirmation or the Effective Date does not occur, then the Plan shall be deemed to be null and void as to the Estates. In such event, nothing contained in the Plan or in any document relating to the Plan shall be deemed to constitute an admission of validity, waiver, or release of any Claims by or against the Debtors or any Person or to prejudice in any manner the rights of the Debtors or any Person in any proceeding involving the Debtors.

10.2. **Successors and Assigns.** The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the heir, executor, administrator, successor, or assign of such Person.

10.3. **Amendments.** The Plan may be amended, modified, or supplemented by the Debtors before the Effective Date and by the Debtors after the Effective Date, in each case only in the manner provided for by section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019, and applicable law.

10.4. **Post-Confirmation Effect of Evidences of Claims or Interests.** From and after the Effective Date, all promissory notes evidencing obligations of the Debtors and other evidences of Claims that arose prior to the Effective Date, and not reinstated herein, shall be deemed canceled, null, void, and of no force or effect whatsoever, and shall constitute no more than evidence of the Holder's right to treatment of the Claim so evidenced in accordance with the Plan.

10.5. **Term of Injunctions or Stays.** Unless otherwise provided in accordance with the Plan or an applicable order of the Bankruptcy Court, all injunctions or stays provided for in the Case pursuant to sections 105 or 362 of the Bankruptcy Code shall remain in full force and effect until the Chapter 11 Cases are closed.

10.6. **Closing of the Chapter 11 Cases.** IBCS KY and IBCS shall seek to close their Chapter 11 Cases by December 31, 2015. Allowing for early closure of the Chapter 11 Cases will reduce administrative expenses and increase the Plan's feasibility.

10.7. **No Waiver of Discharge.** Except as otherwise specifically provided herein, nothing in the Plan shall be deemed to waive, limit, or restrict in any way the discharge granted upon Confirmation of the Plan pursuant to section 1141 of the Bankruptcy Code.

10.8. **Section 1145 Exemption.** Pursuant to section 1145(a) of the Bankruptcy Code, neither section 5 of the Securities Act of 1933 nor any State or local law requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker or dealer in, shall apply with respect to any security being offered, sold, or transferred under the Plan.

10.9. **Section 1146 Exemption.** Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of any security under the Plan or the making or delivery of any instrument of transfer pursuant to, in implementation of, or as contemplated by the Plan, or the re-vesting, transfer, or sale of any real or personal property of the Debtors pursuant to, in implementation of, or as contemplated by the Plan shall not be taxed under any state or local law imposing a stamp tax, transfer tax, or similar tax or fee.

10.10. **Compliance with Tax Requirements.** In connection with the Plan, to the extent applicable, the Debtors or any agent thereof making disbursements in accordance with the Plan shall comply with all reporting and withholding requirements imposed on them by any governmental unit.

10.11. **No Attorney's Fees.** No attorney's fees shall be paid to any Holder with respect to any Claim or Interest except as specified herein, by prior agreement executed with a Holder of a Claim or Interest, and/or as allowed by a Final Order of the Bankruptcy Court.

10.12. **Further Actions.** The Debtors shall be authorized to execute, deliver, file, or record such documents, contracts, instruments, releases, and other agreements and take such other action as may be necessary to effectuate and further evidence the terms and conditions of the Plan.

10.13. **Preferences and Fraudulent Conveyances.** The Debtors shall retain the right to pursue any preferential transfers or fraudulent conveyances under sections 547 and 548 of the Bankruptcy Code, but must file any such actions within one hundred and eighty (180) days after the Effective Date.

10.14. **Plan Controls Disclosure Statement.** In the event and to the extent that any provision of the Disclosure Statement is inconsistent with or contrary to the provisions of this Plan and the Plan's attached Exhibit(s), the provisions of the Plan shall control and take precedence.

10.15. **Severability of Plan Provisions.** If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision then will be applicable as altered or interpreted; provided, however, that any such alteration or interpretation must be in form and substance acceptable to the Debtors. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

10.16. **Reservation of Rights.** Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the Plan, any statement or provision contained in the Plan, or any action taken or not taken by any Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement will be or will be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims or Interests before the Effective Date.

ARTICLE XI
REQUEST FOR CONFIRMATION

The Debtors request confirmation of the Plan under section 1129(a) or 1129(b) of the Bankruptcy Code, as appropriate.

IBCS MINING, INC.,
IBCS MINING, INC. KENTUCKY DIVISION

By: _____ /s/ David Stetson
Name: David Stetson
Title: CRO