

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF WEST VIRGINIA

IN RE:
PRINCESS POLLY ANNA COAL, INC.;
Debtor

CHAPTER 11
CASE NO. 17-50060

1st AMENDED DISCLOSURE STATEMENT

This Disclosure Statement (“Disclosure Statement”) and the accompanying ballots are being furnished Princess Polly Anna Coal, Inc (hereinafter, the “Debtor”), to the Debtor’s known creditors pursuant to §§1125(a) and 1126(b) of the United States Bankruptcy Code (“Code”) in connection with a solicitation by the Debtor of ballots for the acceptance of the Plan of Reorganization (“Plan”) under Chapter 11 of the Code. As required by the Code, confirmation of a reorganization plan pursuant to Chapter 11 depends upon receipt of a sufficient number of votes in favor of the Plan. Your vote, therefore, is important.

All capitalized phrases, words or terms as used in this Disclosure Statement, unless the context dictates otherwise, shall have the definitions contained in the Plan of Reorganization, which should be read first.

Pursuant to Rule 3018 of the Bankruptcy Rules and the Code, by later Notice the Bankruptcy Court (“Court”) will fix the record date for the receipt of ballots accepting or rejecting the Plan. This solicitation period for ballots will expire on the noticed date, unless and until the Court, in its discretion, extends the period of time in which ballots may be accepted. EXCEPT TO THE EXTENT ALLOWED BY THE COURT, BALLOTS THAT ARE RECEIVED AFTER THE EXPIRATION OF THE VOTING PERIOD MAY NOT BE ACCEPTED OR USED BY THE DEBTOR IN CONNECTION WITH THE DEBTOR’S MOTION FOR CONFIRMATION OF THE PLAN OR ANY MODIFICATION THEREOF.

Pursuant to §1126 of the Code, certain holders of impaired claims or interests, as determined by the Court, will be entitled to vote to accept or to reject the Plan, or, in some cases, will be deemed to have accepted the Plan.

This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan, and nothing contained herein shall constitute an admission of any fact or liability by the Debtor or be deemed advice on the legal effect of the Plan to any Claimant. Some items of information in this Disclosure Statement are estimates and assumptions which may prove not to be true or realistic, and some financial projections may be materially different from actual future experience.

Amendments to the Plan’s classification of Creditors and treatment of those Classes that do not materially and adversely change the treatment of that Class or the other Classes may be made to the Plan either before or after the Confirmation hearing without re-solicitation of

Creditors in the Classes that are not impaired by such an amendment. No such amendments, however, are envisioned at this time.

Amendments to the Plan's classification of Creditors and treatment of those Classes that do not materially and adversely change the treatment of that Class or the other Classes may be made to the Plan either before or after the Confirmation hearing without re-solicitation of Creditors in the Classes that are not impaired by such an amendment. No such amendments, however, are envisioned at this time.

The Debtor is required under Code §1122 to classify the Claims or interests of its Creditors and Member into Classes that contain Claims or interests that are substantially similar to the other Claims or interests in such Class. While the Debtor believes that it has classified all Claims and interests in compliance with Code §1122, it is possible that a party may challenge the Debtor's classification of such Claims or interests and the Court may find that a different classification is required for the Plan to be confirmed. In such event, the Debtor intends to modify the Plan to provide for whatever reasonable classification may be required by the Court for Confirmation and to use the acceptances received from any Creditor pursuant to this Disclosure Statement for obtaining the approval of the Class or Classes of which such Creditor is ultimately deemed to be a member. Any such reclassification of Creditors could adversely affect the Class in which such Creditor was initially a member, or any other Class under the Plan, by changing the composition of such Class and the required vote thereof for approval of the Plan. A reclassification of the Claims of Creditors after approval of the Plan could necessitate the re-solicitation of ballots for a completely new plan of reorganization.

Likewise, there are often changes required by the Court in the Plan, which changes arise prior to or during the Confirmation hearing. These changes often are technical matters relating to Code provisions; other times they are substantive matters that affect only one or a limited number of Creditors. If such changes are required to the Plan, the Debtor intend to make those changes so without obtaining the approval of the Class or Classes affected so long as such change or changes do not materially and adversely affect the rights of such Creditors. The statements contained in this Disclosure Statement are made as of the date hereof, and neither the delivery of this Disclosure Statement nor any exchange of rights made in connection with the Plan shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

1. INTRODUCTION

A. General

The Plan is being proposed by the Debtor after negotiations with various Creditors, and after much discussion with Frederick J. Taylor, the sole Shareholder of the Debtor. The Confirmation of the Plan described herein is also subject to other conditions in addition to the acceptances by one or more Impaired Classes of Creditors so there can be no assurance that such Plan will be confirmed.

This Disclosure Statement describes various transactions contemplated under the Plan. The following overview is qualified in its entirety by the specific terms of the Plan, and those terms and phrases as defined in the Plan are used in this Disclosure Statement. You are urged to read carefully the entire Plan and to consult with your attorney about the Plan and its impact upon your legal rights prior to voting for or against the Plan. Any inconsistency between statements in this Disclosure Statement and terms in the Plan shall be governed by the terms of the Plan.

B. Purpose of the Disclosure Statement

The Debtor's sole shareholder, Frederick J. Taylor, believes that the financial circumstances dictate the need to reorganize the Debtor's operations as a going concern. Reorganization will provide distributions greater than the distributions that Creditors would have otherwise received if the Debtor were liquidated under Chapter 7 by a Trustee in Bankruptcy or under Chapter 11 by Creditors. The Debtor believes that the Plan will provide for Creditors the maximum possible recovery from the Debtor's assets and future earnings.

For a Class to accept the Plan, votes representing at least two-thirds (2/3) in dollar amount and more than half in number of Claims voting in that Class must be cast in favor of acceptance of the Plan. If, upon the expiration of the solicitation period, the Debtor receives ballots approving the Plan from the requisite number of holders of Claims in each Class of Impaired Classes voting on the Plan, the Debtor, subject to certain conditions described herein, will move the Court for confirmation of the Plan. For the Plan to be confirmed, the Plan must be accepted by at least one Impaired Class of Claims or interests. A Claim that will not be repaid in full or a Claim which Claimant's legal rights connected to that Claim have been altered, or which Claimant has an interest that is adversely affected is "impaired." Generally, a holder of an impaired Claim or interest is entitled to vote to accept or reject the Plan if such Claim or interest has been at least provisionally allowed under §502 of the Code. In certain situations, an Impaired Class of Creditors may not be authorized to vote because that Class has legally waived its right to vote for or against the Plan.

The Debtor also believes that this Disclosure Statement contains information that is in compliance with the "adequate information" requirement of §1125(a) of the Code. Under the Code, the solicitation of acceptances of a plan of reorganization must be preceded or accompanied by disclosure materials containing information of a kind, sufficient in detail, to enable solicited Creditors and the equity holders to make informed judgments about the Plan and the acceptance or rejection thereof. The Debtor believes that this Disclosure Statement contains information that is sufficient to enable its Impaired Creditors to make informed judgments regarding the Plan, and to the best of the Debtor's knowledge, the contents of this Disclosure Statement are accurate and complete in all material respects.

2. BUSINESS OF THE DEBTOR

A. Background

The Debtor began its existence April 24, 1984 when it was organized Frederick J. Taylor with the filing of its Articles with the West Virginia Secretary of State's Office. In 2012 the Debtor was to begin contract mining services on Big Mountain in Greenbrier County, West Virginia The Debtor acquired equipment, growing its mining production capabilities over the next 3 years. The Debtor had gross sales of:

\$6,682,972.74 in 2014;
\$10,481,214.13 in 2015;
6,977,756.74 in 2016; and
3,800,687.68 in 2017

B. Events Prior to the Chapter 11 Case

Unfortunately, its economic and financial troubles began in 2016 at its contract mining job on Big Mountain Greenbrier County, West Virginia. The Debtor expended significant sums to build roads, ponds and other infrastructure to begin said job; however, when the Debtor began its operations, much of the permitted area had already been mined decades earlier from another direction. Despite difficult mining conditions, coal prices were high and Debtor was able to operate profitably. Beginning 2016 coal prices began falling precipitously. The Debtor's gross sales dropped over \$3,000,000 in 2016. They dropped another \$3,000,000 in 2017. During this period of time, the Debtor sold virtually all of its production of coal Greenbrier Minerals LLC. on a long term contract. In October 2016 Debtor's problems were further complicated when Frederick Taylor, Debtor's President and CEO suffered a serious stroke. Mr. Taylor was incapacitated for more than six months. During this time family members attempted to fill in for Mr. Taylor but with poor results.

C. Future Operations

The Debtor will continue its operations under the direction of its sole shareholder, Frederick J. Taylor, and will repay its Creditors in conformity with and pursuant to the terms of the Plan. Coal prices are up significantly. The Debtor will endeavor to keep its operating costs low. Exhibit 1 describes the anticipated projections of revenue and expenditures/distributions for the term of April, 2018 through December, 2019.

D. Reclamation Liabilities

The debtor operates a surface mining facility. It is not possible to extract coal by surface mining method without disturbing the overburden above the coal. This process creates a reclamation liability that is strictly regulated by federal and state law and regulatory agencies. To insure reclamation occurs Debtor is required to post bonds. The bonds remain posted until the reclamation is complete. It is Debtors practice to reclaim the mining area it disturbs as it mines. Government regulators provide constant supervision to require that reclamation remains current. In Debtor's judgment the reclamation bonds currently posted with the state of West Virginia are more than adequate to cover the complete reclamation of debtor's disturbed area.

3. RECOMMENDATION OF THE DEBTOR

The Debtor has approved the terms of the Plan and believes that the Plan is in the best interests of all Creditors; will permit the maximum recovery for all Classes of Claims; and will be the fairest method of distribution of the Debtor's profits earned in the future. The Debtor believes all Classes voting should support the Plan with favorable votes on the Plan. Since there are a number of favorable terms in the Plan that justify Confirmation, it is believed that all voting Creditors will be in favor of the Plan. The Debtor projects that of all secured claims shall be paid the fair market value of the collateral of each secured creditor. The plan provides that approximate 50% unsecured creditors are claims will be paid.

Upon the Effective Date of the Plan, the Debtor will devote the business operations from its Big Mountain Mine to the payment of its operating costs and payments to its secured creditors, defined in the Plan as the "Secured Creditors Funds" in Article 1.77. The Class 2, 10 and 11 priority and non-priority unsecured creditors will receive \$1.50 per ton from all coal sales arising from the Big Mountain Mine, plus such additional amounts determined by the Debtor to be surplus funds not necessary for the continued mining operations, and finally, the Prosecutable Claims Proceeds, defined in the Plan as the "Unsecured Creditors Funds" in Article 1.82. The Debtor shall directly pay the Secured Creditors Funds to Classes 1, 3, 4, 5, 6, 7, 8 and 9; the Disbursing Agent shall receive the Unsecured Creditors Funds from the Debtor and distribute those funds to the Creditors in Classes 2, 10 and 11 pursuant to the Plan.

B. Unclassified Expenses - Article 2 of the Plan

The Unclassified Expenses comprise the various Claims granted priority under Code §§ 503(b) and 507(b) and all fees and charges assessed against the estate under Chapter 123 of Title 28, United States Code, including the U.S. Trustee's fees. Such fees and expenses normally include all allowances of compensation and reimbursement of expenses to the extent allowed by the Code for Professionals, including Counsel, other attorneys & accountants. Under Code §1129(a)(9), all administrative claims are to be paid in cash, in full. Also, the Disbursing Agent shall pay from the Unsecured Creditors Fund all reasonable fees and expenses incurred in connection with the Post- Confirmation implementation and consummation of the Plan, including reasonable fees and expenses of Counsel and other hired professionals.

The Debtor has estimated that allowances of compensation and reimbursement of expenses of all Professionals and other costs and expenses associated with this Chapter 11 Case after the filing of the Petitions through the Confirmation Date may amount to approximately \$30,000.00; Further, such estimate assumes that there will be no material litigation in the Chapter 11 Case involving any aspect of the Plan or any Claims thereunder, and that the Plan will be confirmed without substantial controversy. If there is material litigation in this Chapter 11 Case involving any aspect of the Plan or any Claims, or if Confirmation of the Plan is delayed for any reason, such fees for Counsel and the Professionals could be substantially greater than estimated herein.

All Professionals performing services for the Reorganized Debtor Post-Confirmation will

submit an application to the Disbursing Agent for payment of services rendered and expenses incurred after the Effective Date, with copies to such other parties described in the Plan. All applications for Professionals' fees may be monitored by the U.S. Trustee.

Article 2.8, 2.9 and 2.10 of the Plan states that the Debtor shall pay all operating expenses and on-going taxes in the ordinary course of business as said expenses become due and payable, including, but not limited to, all Reclamation Obligations, and the insurance premium finance obligations owed any bank or finance company for the Debtor's general liability and casualty policies. Upon the Debtor performing all reclamation obligations to the State of West Virginia, such reclamation bonds will be released, thus terminating the cash bonds pledged by Frederick J. Taylor.

C. Classification and Treatment of Claims and Interests

Section 1123 of the Code provides that a plan of reorganization shall classify the claims of a debtor's creditors and interest holders. The Plan divides claims and interests into Classes and sets forth the treatment afforded to each Class. Under the Plan, each Claim or interest is either unimpaired or impaired. A Claim is unimpaired under the Plan if the Plan (i) leaves unaltered the legal, equitable and contractual rights of the holder of such Claim, (ii) provides for cash payment of the full amount of such Claim on the effective date of the Plan, and (iii) notwithstanding any contractual provision or law that entitles the holder of the Claim to demand or receive accelerated payment after the occurrence of a default, cures any such default, reinstates the maturity of the Claim as it existed before the default, and compensates the holder of the Claim for any damages incurred as a result of any reasonable reliance by such holder on any provision or law that entitles the holder of such Claim to demand accelerated payment. All Claims that are not unimpaired by this definition are impaired. Only the Creditors that are or may be impaired under the Plan are entitled to vote to accept or reject the Plan.

Similarly, §1123(a)(4) of the Code requires that a plan must provide the same treatment for each claim or interest of a particular class, unless the holder of a particular claim or interest agrees to a less favorable treatment of its claim or interest. The Debtor believes that it has complied with §1123(a)(4) in drafting the Plan.

The following is a summary of the various Classes of Creditors' Claims of the Debtor under the Plan and of the payment provisions made therein for each Class:

(1) Class 1 consists of the Claims held by Persons who are parties to the Assumed Contracts and Leases set forth in Article 10.2 and 10.3. The Creditors in this Class shall be treated in conformity with the original contract documents and any future obligations and/or expenses shall be paid by the Reorganized Debtor in the ordinary course of business. With the exception of the lessor identified in Article 10.3 who shall be treated as set forth therein, the Debtor shall cure all monetary defaults if any within twenty-one (21) days after the Effective Date of the Plan by payment in full of all past-due royalties and which shall be paid from the Secured Creditors Funds.

(2) Class 2 consists of the Pre-Petition Tax Claims held by the Internal Revenue Service, West Virginia State Tax Department, the Greenbrier County Sherriff and any other taxing entity, known or unknown, holding a Tax Claim against the Debtor. After payment of the Article 2 Unclassified Expenses and reservation of future Article 2 expenses, Class 2 shall be paid by the Disbursing Agent from the Unsecured Creditors Funds until their Claims are paid in full with statutory interest. All penalties shall become Unsecured Claims allowable in Class 13.

(3) Class 3 consists of the Claim of Ford Motor Credit Company. Ford Motor Credit Company shall have an Allowed Secured Claim equal to the amount of its debt as shown on its Proof of Claim, Claim Nos. 2 and 3 The rights and remedies of Ford Motor Credit Company shall remain unaltered, and its claim shall be paid in full out of the Secured Creditors Funds; provided, however, that any arrearages that were past-due on the Petition Date shall be paid by the Debtor by extending the original term of the loan by the number of months required to pay all such arrearages in full. Upon payment in full, Ford Motor Credit Company shall release its lien upon its collateral.

(4) Class 4 Intentionally Blank

(5) Class 5 Intentionally Blank

(6) Class 6 consists of the Claims of Terex Financial Service. The Terex Financial Service shall have an Allowed Secured Claim equal to the amount of its debt a shown on the Proof of Claim, Claim Nos. 20 net of adequate protection payments and credits. The Debtor shall make sixty (60) monthly payments of this Allowed Secured Claim with interest at the rate of 5% per annum from the Secured Creditors Funds beginning in the first month following the Effective Date until the Allowed Secured Claim is paid in full, at which time Terex Financial Service shall release its title lien

(7) Class 7 consists of the Claim of Caterpillar Financial Services Corp. Debtor shall pay Caterpillar Financial Services Corp. an amount equal to the fair market value of its collateral. (\$1,200,000.00) The Debtor shall make sixty (60) monthly payments of this amount with interest at the rate of 5% per annum from the Secured Creditors Funds beginning in the first month following the Effective Date until the amount equal to the fair market value of its collateral is paid in full, at which time Caterpillar Financial Services Corp. shall release its lien upon its collateral. Debtor is five months in arrears on post petition payments to this creditor. Debtor seeks to have this arrearage treated as an administrative claim and paid from the Unsecured Creditors Fund until such arrearage is satisfied.

(8) Class 8 consists of the Claim of Spring Creek Energy Company, LLC. Spring Creek Energy Company, LLC shall have an Allowed Secured Claim equal to the amount of its debt a shown on its Proof of Claim net of adequate protection payments. Claim No. 14. The Debtor shall make sixty (60) monthly payments of this Allowed Secured Claim with interest at the rate of 5% per annum from the Secured Creditors Funds beginning in the first month following the Effective Date until the Allowed Secured Claim is paid in full, at which time Spring Creek Energy Company, LLC shall release its lien upon its collateral.

(9) Class 9 consists of the Claim of United Bank, Inc. United Bank, Inc. shall have an Allowed Secured Claim in the amount equal to the amount of its debt as shown on its Proof of Claim net of adequate protection payments, Claim _____. The rights and remedies of United Bank, Inc. shall remain unaltered, and its claim shall be paid in full out of the Secured Creditors Funds; provided, however, that all arrearages that were past-due on the Petition Date shall be paid by the debtor by extending the original term of the loan by the number of months required to pay all such arrearages in full. Upon payment in full, United Bank, Inc. shall release its lien upon its collateral. The Debtor is two (2) monthly payments in arrears to United Bank, Inc..

(10) Class 10 consists of the Unsecured Claims under \$2,500.00 as a "convenience class" for purposes of administration and payment of these smaller Unsecured Creditors. Any Unsecured Creditor in Class 11 with a claim greater than \$2,500 may opt into Class 10, forgive their debt in excess of \$2,500 and receive a distribution of \$2,500 before the Class 11 Unsecured Claims are paid. After deductions of the Article 2 expenses and the projections and reservation of future Article 2 expenses, and after payment in full of the Class 1 Arrearages arising from Assumed Contracts and Leases and the Class 2 Priority Tax Claims, then the Creditors in this Class shall be paid from the Unsecured Creditors Funds until their Allowed Claims are paid in full.

(11) Class 11 consists of the Allowed Unsecured Claims, being Creditors who hold nonpriority Claims against the Debtor, not secured by any collateral. The Unsecured Claims include the Deficiency Claims, Rejection Claims, Guarantee Claims and subordinated tax penalties. After payment in full of Administrative Claims, Classes 1, 2 and 12, the Creditors in this Class shall be paid from the unsecured Creditors Funds, *Pro Rata*, until their Claims are all paid in full or until the end of the Term, whichever event occurs first. Any Creditor in this Class 13 may make an election on its ballot to be treated as a Creditor in Class 12 with an Allowed Claim of \$2,500 and to receive the maximum distribution in that Class of \$2,500; provided, however, that the election may be made only on its ballot during the voting on the Confirmation of the Plan and once made shall be irrevocable.

(12) Class 12 consists of the sole Shareholder of the Debtor, Frederick J. Taylor. Taylor shall retain his ownership of the Reorganized Debtor, but shall be subject to the provisions and limitations of Article 2.12 and 6.7. Article 2.12 states that the Member shall continue to direct the operations of the Reorganized Debtor after Confirmation, determine its expenditures of Operating Expenses in the exercise of his business judgment, and shall continue to receive compensation for his duties of the Reorganized Debtor.

Class 1 is not impaired and will not be entitled to vote for or against the Plan. Classes 2 through 11 are impaired and shall be entitled to vote for or against the Plan. Class 12 is the proponent of the Plan and will be presumed to vote in favor of the Plan and its Confirmation by the Court.

Refinancing of Secured Debt. The Debtor shall have the right to refinance the Secured Creditors in Classes 3 through 11 during the Term upon such terms and conditions that are more favorable than the existing terms; provided, however, that such refinancing coupled with borrowing additional money can occur during the Term if such decision is made by the Debtor in

the ordinary course of business as necessary for the continued operation or expansion of the mining business.

D. Allowance and Payment of Claims

The payment to the Creditors will be dependent upon a Claim being an Allowed Claim. Allowance will be determined per the provisions in Plan Article 8, summarized below:

1. Distribution Based on Allowed Claims Only. No Creditor shall receive any distribution under this Plan unless such Person holds an Allowed Claim.

2. Filing of Proofs of Claim. No Creditor shall receive any distribution under this Plan unless such Person files or has filed a Proof of Claim with the Court on or before the Bar Date an such Claim becomes an Allowed Claim.

3. Bar Date. The time within which a Creditor must file a Proof of Claim shall be fixed at forty (40) days after the Effective Date, notice of which shall be included in bold print in the Confirmation Order. Any Creditor who has previously filed a Proof of Claim shall not be required to file a new Proof of Claim.

4. Late Claims. Except as otherwise expressly provided for in this Plan, any Claim not timely filed pursuant to the terms of this Plan, shall ipso facto not be an Allowed Claim. Neither the Reorganized Debtor, Counsel, nor the Disbursing Agent shall be required or obligated to file any objection or motion to disallow such late claim with the Court, but Counsel shall file a notice of disallowance pursuant to the terms of this paragraph on any such late-filing creditor. The rights of judicial review shall be available to any aggrieved creditor.

5. Time for Objections to Claims. Any objection(s) to a Claim shall be filed before the first distribution to Class 13 Unsecured Claims under this Plan has been made, or within eighteen (18) months after the Effective Date, whichever is longer, unless such time limitation is extended by a Court Order at the request of the Reorganized Debtor. Distribution to any disputed Claim in a Class shall be subject to the provisions set forth in Article 9.2 unless such objections have been resolved by agreement.

6. Who May Object to Claims. The Reorganized Debtor, any Committee, the U.S. Trustee and any Creditor who holds an Allowed Claim may file objections to claims in conformity with the time limitations set for the Article 8.1.5 above, provided, however, that only the Reorganized Debtor may request an extension of such time limitation.

7. Unclassified Expenses Reserve. Prior to making any distributions to the Creditors in Classes 2, 12 and 13, the Disbursing Agent shall first make distribution to the Allowed Administrative Expenses in conformity with Article 2.1, 2.3 and/or 2.7, and reservations of funds for those Unclassified Expenses in conformity with Article 2.2 and/or 2.4.

8. Dates for Distribution. The Disbursing Agent shall commence payments from the

Unsecured Creditors Funds in accordance with the terms of this Plan and shall commence payment to the Creditors in Class 2 on or before the day that is ninety (90) days after the payments in full of the Administrative Expenses ("Initial Distribution Date"), and shall continue such payments no less than every ninety (90) days thereafter until all such Unsecured Creditors Funds are exhausted ("Final Distribution Date"). The Disbursing Agent may, in his discretion, shorten or extend the Initial Distribution Date for good cause. Such distributions shall conform to the priorities fixed by the terms of this Plan. All payments to be made by the Disbursing Agent pursuant to this Plan shall be made by a check drawn on the Disbursing Agent's IOLTA escrow account maintained in a U.S. Trustee-approved depository.

9. De Minimis Payments. In no event shall the Disbursing Agent be obligated to make a distribution if, in the discretion of the Disbursing Agent, there are insufficient funds available to make a cost-efficient distribution, taking into account the size of the distribution to be made and the number of recipients of such distribution. In the event the Disbursing Agent deems a distribution impractical such funds shall, in the Disbursing Agent's discretion, either be paid into the Court and disposed of under Chapter 129 of Title 28 of the United States Code or be donated to a reputable charitable organization of the Disbursing Agent's choice. In no event shall the foregoing impair the right of the Disbursing Agent to use funds to satisfy the costs of administering or fully consummating this Plan as authorized in Article 8.2.

10. Delivery of Distributions and Undeliverable Distributions. Distributions to the holder of an Allowed Claim shall be made at the address of such holder as set forth on the Proof of Claim filed by such holder or by a separate written notice to the Disbursing Agent providing actual knowledge to the Disbursing Agent of a mailing address or a change of address. If any holder distribution is returned as undeliverable, no further distributions to such holder shall be made unless and until the Disbursing Agent is notified in writing by such holder, within six months of the distribution date, of such holder's then current address, at which time all distributions shall be made to such holder, without interest. All Claims for undeliverable distributions shall be made within six months after the date such undeliverable distribution was initially made. If any address correction is not timely made as provided herein, such Claim shall be disallowed and forever barred from all distribution under the Plan, with prejudice. After such date, all unclaimed property shall be applied first to satisfy the costs of administering and fully consummating this Plan, then for distribution in accordance with this Plan, and the holder of any such Claim shall not be entitled to any other or further distribution under this Plan on account of such undeliverable distribution or such Claim. IT SHALL BE THE RESPONSIBILITY OF EVERY CREDITOR TO KEEP THE DISBURSING AGENT ADVISED OF ANY CREDITOR'S CHANGE OF ADDRESS.

11. Time Bar to Payments and Disallowances. Checks issued by the Disbursing Agent in respect of Allowed Claims shall be void if not negotiated within six months after the date of issuance thereof. Requests for reissuance of any unnegotiated check shall be made to the Disbursing Agent by the holder of the Allowed Claim to whom such check originally was issued, on or before the expiration of six months following the date of issuance of such check. After such date, all funds held on account of such void check shall be applied first to satisfy the costs of administering and fully consummating this Plan, then for distribution in accordance with this Plan. If the holder of an unnegotiated check does not send a request for reissuance of its check

within the six months limitation, then such Creditor's Claim shall be disallowed in its entirety and such holder shall not be entitled to, and shall be barred from, any other or further distribution on account of such void check or such Claim.

12. Minimum Distributions. If a distribution to be made to a holder of an Allowed Claim on any distribution date, including the Final Distribution Date, would be \$100.00 or less, notwithstanding any contrary provision of this Plan, no distribution will be made to such holder and such Claimant shall not be entitled to any future distribution under this Plan. Transactions on Business Days. If the Effective Date or any other date on which a transaction, event or act may occur or arise under this Plan shall occur on Saturday, Sunday or any day that is not a Business Day, the transaction, event or act contemplated by this Plan to occur on such day shall instead occur on the next day which is a Business Day.

13. Set Off and Recoupment Rights by Creditors. No Person shall retain any contractual or statutory right to set off or to recoup any asset in which the Debtor has an interest in satisfaction of that Claimant's prepetition Claim. Any right to set off or to recoup a Claim against an Asset or, any of the Debtor's Assets that are not specifically retained by a Creditor is waived and forever barred.

E. Procedures for Resolving and Treating Disputed Claims

1. Objections to Claims and Proofs of Claims. The Reorganized Debtor or any Creditor shall have the right to object to Claims and the allowances of such Claims, subject to the procedures and limitations set forth in Article 8.1.5, the Bankruptcy Rules, and the Code.

2. No Distribution Pending Determination of Allowability of Disputed Claims; Distributions to be Made on Undisputed Balances of Partially Disputed Claims. No Unsecured Creditors Funds shall be distributed under this Plan on account of any Disputed Claim, unless and until such Claim becomes an Allowed Claim; provided, however, that, except as otherwise required by §502(d) of the Code, if a Claim is partially disputed, contingent or unliquidated but the balance of the Claim is undisputed, liquidated and not contingent (the "Undisputed Balance"), then distribution shall be made to the holder of the Claim on such Undisputed Balance and distribution shall be withheld on the part of the Claim that is disputed, unliquidated, or contingent unless and until such part becomes an Allowed Claim.

3. Reserve Accounts for Disputed Claims. On or prior to the Initial Distribution Date and each subsequent distribution, the Disbursing Agent shall reserve cash in an aggregate amount sufficient to pay each holder of a Disputed Claim (a) the amount of cash that such holder would have been entitled to receive under the Plan if such Claim had been an Allowed Claim on the Initial Distribution Date, or (b) such lesser amount as the Court may estimate or may otherwise order ("Disputed Claims Reserve").

4. Allowance and Payment of Disputed Claims. If, on or after the Effective Date, any Disputed Claim becomes an Allowed Claim, the Disbursing Agent shall, within 30 days after the date on which such Disputed Claim becomes an Allowed Claim or as soon thereafter as is practicable, distribute from the Disputed Claims Reserve to the holder of such Allowed Claim

the amount of distributions that such holder would have been entitled to receive under the Plan if such Claim had been an Allowed Claim on the Effective Date.

5. Release of Excess Funds from Disputed Claims Reserve. If at any time or from time to time after the Effective Date, there shall be cash in the Disputed Claims Reserve in an amount in excess of the amount which the Disbursing Agent is required at such time to reserve on account of Disputed Claims under this Plan or pursuant to any Order of the Court, such excess funds shall become available to the Disbursing Agent generally and shall be applied first to satisfy the costs of administration of the Plan and then for distribution in accordance with the Plan.

6. Set Offs and Recoupment by Disbursing Agent. The Disbursing Agent may, upon obtaining an Order after opportunity notice and a hearing, setoff against or recoup from any Allowed Claim and the distributions to be made pursuant to this Plan on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), the claims, rights and causes of action of any nature (including Prosecutable Claims) that the Debtor may have against the holder of such Allowed Claim; provided, however, that neither the failure to effect such a setoff or assert a recoupment nor the allowance of any Claim shall constitute a waiver or release of such claims, rights and causes of action (including Prosecutable Claims) that the Debtor may possess against such holder.

5. BACKGROUND OF THE DEBTOR'S OFFICERS

A. Debtor's Sole Shareholder -. Frederick J/ Taylor is the sole shareholder of the Debtor. Mr. Taylor has been an independent coal operator for over 30 years. He formed Princess Polly Anna Coal, Inc. in 1984. During its existence PPA has profitably conducted both deep mine and surface mine operation exclusively in the Greenbrier County West Virginia coal fields.

B. Debtor's Counsel -John F. Leaberry will continue Post- Confirmation as Debtor's Counsel. Mr. Leaberry obtained BBA-Accounting from Marshall University in 1977, an MBA-Finance from Marshall University I 1979. He received his JD degree from West Virginia University Collage of Law and an LLM- Taxation degree from the University of Miami in Coral Gables Florida in 1991. He has been admitted to the West Virginia State Bar since 1981. He practices in Lewisburg West Virginia. He has been admitted to the US District Court and the US Bankruptcy Court in the Northern and Southern Districts of West Virginia and the US Fourth Circuit Court of Appeals.

He will continue Post-Confirmation as Debtor's Counsel to assist with the legal duties in the claims reconciliation process and the Prosecutable Claims actions.

6. METHOD OF EFFECTING PAYMENTS TO CLASSES

A. Duties of Disbursing Agent

1. Disbursing Agent. After the Confirmation Date, all funds in the possession of the Debtor or which come into the possession of the Reorganized Debtor (Prosecutable Claims Proceeds and Unsecured Creditors Funds) are to be transferred to the Disbursing Agent, who will maintain all

funds received by him in a bank authorized by the U.S. Trustee as an acceptable debtor-in-possession depository or in investments made in conformity with Code §345. He is to hold and to disburse these monies to the Creditors in accordance with the priorities set forth in Articles 2, 3 and 5 of the Plan. Any employment of professionals to assist the Disbursing Agent in his duties will be at reasonable rates and subject to objection by the U.S. Trustee.

2. Appointment of Disbursing Agent. In the Confirmation Order, the Court is to fix a bond for the Disbursing Agent and his successors in conformity with Code §322(a) and the Disbursing Agent and her successors are to maintain such bond at all times until final distribution of all funds that come or are to come into his hands under the Plan. The cost of said bond premiums will be paid out of the Distribution Proceeds (or by the Reorganized Debtor). The Court may, from time to time, increase or reduce the Disbursing Agent's bond whenever needed.

3. Monitoring of Disbursements. The U.S. Trustee has the right to monitor and to direct the collection, accounting, treatment, and distributions made by the Disbursing Agent and payments to any professional employed by him. This monitoring is subject to the following:

(A) Availability of Records. The Disbursing Agent will make available his books, records, office, and personnel to the U.S. Trustee, or any Creditor at any reasonable time, but so as not to interfere with the Disbursing Agent's business, upon at least a 24-hour fax or e-mail notice.

(B) Payment of Compensation. The Disbursing Agent will be paid compensation for his services as Disbursing Agent at the rate of \$300 per hour and shall be reimbursed for all reasonable expenses incurred. He will pay his monthly billing invoices for services as Disbursing Agent from the Distribution Proceeds (or from the Reorganized Debtor) in accordance with the terms set forth in the Plan.

(C) Creditors' Option to Remove Disbursing Agent. At any time during the Term, the U.S. Trustee has the right to remove the Disbursing Agent, but only for good cause. Any successor thereof will be appointed by the Court subject to the bonding requirements in Section 6.2.1 prior to taking possession of the funds for which the Disbursing Agent is responsible.

(D) Duties and Authority of Disbursing Agent. Except as otherwise limited herein, the Disbursing Agent will have authority to (a) receive and hold all Cash from the Distribution Proceeds (b) collect, account for, and make distributions provided for herein, (c) act in any way that is in conformity with or in furtherance of the terms of this Plan, (d) with the assistance of Counsel, object to and litigate objections to any Claims or claim which are asserted against the Debtor as a result of actions following the Petition Date, (e) negotiate and settle any Claim or claim dispute in amounts in controversy, (f) to prepare the quarterly reports, and (g) perform such other duties as approved by the Reorganized Debtor.

(E) Resignation of Disbursement Agent. If the Disbursing Agent resigns, dies, or is unable to perform her duties as such due to illness or disability, the Court will appoint a

successor Disbursing Agent who shall be subject to the provisions of this Plan as successor disbursing agent.

(F) Liability of Disbursing Agent. The Disbursing Agent will not be held personally liable, directly or indirectly, for any decision, action, inaction, activity or inactivity arising from the exercise of its duties as Disbursing Agent, except for fraud or gross negligence.

B. Duties of Debtor's Counsel

The Plan provides that John F. Leaberry will stand reappointed and perform the duties of Counsel for the Reorganized Debtor.

(A) Duties of Counsel. Debtor's Counsel will have authority on behalf of the Debtor to (a) perform the legal services required by the work outlined in Plan Section 6.1.3.5, (b) perform the legal duties for the Reorganized Debtor as required by the Code, this Plan and the Court, (c) prosecute the Prosecutable Claims, (d) appear in Court and argue any matter on behalf of the Debtor as is authorized, permitted, or envisioned by the terms of this Plan or as required by the Code or the Court, (e) to file the quarterly reports with the Court, and (f) perform such other duties as assigned to him by the Reorganized Debtor.

(B) Liability of Counsel. Counsel will not be held personally liable, directly or indirectly, for any decision, action, inaction, activity or inactivity arising from the exercise of their duties as Counsel, except for fraud or gross negligence.

C. Prosecutable Claims'

The Plan provides that the Prosecutable Claims (preferences and fraudulent conveyance claims and other causes of action) shall be prosecuted in the Reorganized Debtor's name by the Reorganized Debtor, its attorneys or such other attorney(s) designated by the Reorganized Debtor, the latter under a grant of derivative authority approved by the Court in the Confirmation Order. Debtor's Counsel, will prosecute the Prosecutable Claims, using accountants and such other professionals as are necessary or appropriate, with payment for them as set forth in Article 2 of the Plan. The collected Prosecutable Claims Proceeds will be turned over to the Disbursing Agent for distribution in accordance with the terms of the Plan. There is no way to estimate exactly what amounts will be collected from the Prosecutable Claims' targets. Thus, the Plan does not set forth a specific figure for Prosecutable Claims Proceeds, other than to say that the net receipts will be paid to the Disbursing Agent to be distributed in accordance with the terms of the Plan.

D. Final Distribution

Upon the distribution of all funds proposed by this Plan to be distributed, the Disbursing Agent is to file with the Court a final report of distribution at which time the Reorganized Debtor shall be released from the jurisdiction of the Court. The Court will, after the filing of the final report, cancel the bond and discharge the Disbursing Agent from all further duties.

E. Quarterly Reports and U.S. Trustees Fees

The Debtor's obligation of filing monthly financial reports with the U.S. Trustee shall pass to and become the obligation of the Reorganized Debtor and such obligation shall continue following Confirmation until the obligation to pay the U.S. Trustee's fees required to be paid pursuant to 28 U.S.C. Section 1930(a)(6) ends; provided, however, that (a) such reports by the Disbursing Agent shall be provided to Creditors upon request, and (b) such reports shall be filed quarterly instead of monthly. The Disbursing Agent shall prepare, sign, and file all Post-Confirmation reports and shall pay the U.S. Trustee's fees out of the Distribution Proceeds as Unclassified Claims. Copies of such reports shall be served on the U.S. Trustee, Counsel and on any Creditor requesting continued service of same. No assessment of U.S. Trustee's fees shall be made against the Disbursing Agent, Counsel, or any professionals in their individual capacity.

F. Administration of Reorganized Debtor

(1) On-going Business. From and after the Confirmation Date, the Debtor will continue in existence as the Reorganized Debtor for the purpose of (a) assisting Counsel, the Disbursing Agent and their Attorneys in enforcing and prosecuting the Prosecutable Claims, (b) assisting Debtor's Counsel, and the other professionals in reconciling Claims and resolving Disputed Claims, (c) signing and filing appropriate tax returns, (d) making the distributions to the Creditors, and (e) taking such other action as may be necessary or appropriate to effectuate this Plan.

(2) Officers. Frederick J. Taylor will also serve as the sole shareholder of the Debtor from the Confirmation Date through the earlier of (a) the date the Plan is fully consummated, (b) the date the sole Shareholder resigns or dies, or (c) the end of the Term. In his capacity President, he will have all operational duties and may be required to testify in the claims reconciliation stage of the Case and in any Prosecutable Claims litigation.

(3) End of Payout Term. Upon the distribution of all proceeds envisioned under the Plan, the Disbursing Agent will file with the Court a report that payout has been accomplished, at which time the Debtor shall be finally dismissed from all Court jurisdiction without the necessity for any other or further actions to be taken by or on behalf of the Debtor or payments to be made in connection therewith.

7. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Under Code §365, the Debtor may assume or reject executory contracts and unexpired leases. To the extent that the Debtor is party to any executory contract and/or unexpired lease that are governed by Code §365, all executory contracts and/or unexpired leases are expressly rejected pursuant to Code §365, (a) except as set forth in Article 10.2 and 10.3, or (b) unless the Debtor previously assumed or rejected same by separate Court Order.

Assumed Executory Contracts and Unexpired Leases. Notwithstanding Article 10.1 to the

contrary and to the extent that the following are executory contracts and unexpired leases within the definitions of same in Code §365, the Debtor specifically assumes the following:

- (a) that certain "Contract Mining Agreement" with Princess Polly Anna & JCT Enterprises LLC; and
- (b) all Insurance Policies.

8. LEGALLY BINDING EFFECT; DISCHARGE OF CLAIMS AND INTERESTS

Upon Confirmation, the provisions of the Plan will bind all Creditors and the Member, whether or not they voted to accept or to reject the Plan. At the end of the Term, the Disbursing Agent will file a final report of distribution and the Debtor will file the appropriate local form requesting entry of an order of discharge for the Court's consideration. Upon the entry of an order of discharge, the Debtor will stand discharged of all Claims treated by the Plan even if such Claims have not been paid in full.

9. MODIFICATION OF THE PLAN

The Reorganized Debtor may propose amendments to or modifications of this Plan under Code §1127 at any time prior to the entry of the Confirmation Order.

After the Confirmation Date, the Reorganized Debtor may remedy any defects or omissions or reconcile any inconsistencies in this Plan or in the Confirmation Order in such manner as may be necessary to carry out the purposes and intent of this Plan so long as the interests of the Creditors are not materially and adversely affected. After Confirmation, the Reorganized Debtor may modify the Plan pursuant to the reservation of the right to modify as contained within the Plan, and to modify the plan after hearings on objections thereto if either an Order of the Court or the terms of the Plan either require or mandate modification.

10. JURISDICTION OF THE BANKRUPTCY COURT

The Court will retain all legally permissible jurisdiction including that necessary to insure that the purpose and intent of this Plan are carried out, to hear and determine all Claims, to determine any matter treated in this Plan for which reference to retained jurisdiction is made, and to hear and determine all Prosecutable Claims.

The Court will further retain jurisdiction Post-Confirmation for the purpose of resolving all disputes concerning the meaning and effect of any of the Court's Orders, including the Confirmation Order, or the application or interpretation of any provision of this Plan.

The Court will retain jurisdiction for the following additional specific purposes after the Confirmation Date: (a) to modify this Plan pursuant to the Code and the Bankruptcy Rules, or

pursuant to the Reorganized Debtor's motion to modify in case of the death, disability, or retirement of the Member; (b) to assure performance by the Reorganized Debtor of its obligations to make distributions under this Plan and any other obligations and duties; (c) to enforce and interpret the terms of this Plan; (d) to enter such orders, including injunctions, as are necessary to enforce the title, rights, and powers of the Reorganized Debtor and the Disbursing Agent, and to interpret any limitations, restrictions, terms, or conditions on such title, rights, and powers, as may be necessary; (e) to enter an order concluding, terminating, and/or closing this Case; (f) to correct any defect, cure any omission, or reconcile any inconsistency in this Plan or the Order of Confirmation as may be necessary to carry out the purposes and intent of this Plan; (g) to decide issues concerning federal, state, and local tax reporting and payment which arise in connection with the Confirmation, execution, or performance of this Plan; (h) to hear and determine all Prosecutable Claims; (i) to appoint successor Counsel or a successor Disbursing Agent; and (j) to determine and enter final orders in all adversary actions pending on the Confirmation Date or filed thereafter.

11. PROSECUTABLE CLAIMS

Prosecutable Claims include all of the Debtor's present and future rights, claims, remedies, defenses, setoffs, recoupments, interests, suits, actions, and proceedings against any Person, whether arising before or after the Petition Date, including by not limited to (a) the preference or fraudulent conveyance claims or other rights to recover money or property pursuant to Code §§ 542, 543, 544, 545, 547, 548, 549, 550, 551, or 553; or (b) any and all other claims, causes of action, avoiding powers, or remedies arising under the Code or any other state or federal law, rule or regulation.

Any proceeds collected from prosecution of the Prosecutable Claims, the Prosecutable Claims Proceeds, shall become part of the Unsecured Creditors Funds and shall be available solely for distribution to the Unsecured Creditors. These claims include, but are not limited to, actions by which the Debtor, pursuant to federal law and sometimes state law, can require or force certain Creditors to pay back to the Debtor monies paid out to these Creditors within certain time periods before the Petition Date. A preference is defined in Code §547(b) and is paraphrased as follows:

. . . any transfer of an interest in property (1) to or for the benefit of a creditor; (2) for or on account of an antecedent debt owed by the Debtor before such transfer was made; (3) made while the Debtor was insolvent; (4) made (a) on or within 90 days before the date of the filing of the petition; or (b) between 90 days and one year before the date of the filing of the petition, if such creditor at the time of such transfer was an insider; and (5) that enables such creditor to receive more than such creditor would receive if - (a) the case were a case under Chapter 7 of this title; (b) the transfer had not been made; and (c) such creditor received payment of such debt to the extent provided by the provisions of this title.

Thus if a preference payment (a late payment made within 90 days (or one year if made to an insider) under federal law exists and is determined, after investigation by the Reorganized Debtor who is designated as the entity to prosecute these claims, to be worthwhile to be pursued,

then demands will be made to the preference targets (the affected Pre-Petition Creditors) to return the preference amount or an adversary action will be filed against them in the Court.

Pursuant to and in accordance with §§ 105(a), 1123(b)(3), and 1141(b) of the Code and except as provided below, upon the entry of the Confirmation Order, all Prosecutable Claims are to be reserved, retained and vested in the Reorganized Debtor for the benefit of the Creditors, and are hereby assigned to the Reorganized Debtor, their attorneys, or such other attorney(s) designated by the Reorganized Debtor, for prosecution derivatively on behalf of the Reorganized Debtor. All Prosecutable Claims will survive and continue post-Confirmation, free and clear of all liens, claims, interests, encumbrances, defenses of res judicata, waiver, laches and estoppel, for investigation, prosecution, enforcement, settlement, abandonment, adjustment or collection by the Reorganized Debtor for the benefit of the Allowed Unsecured Creditors.

These reserved claims are not limited to only preference claims. The definition of "Prosecutable Claims" in the Plan is broad enough to include, and is intended to include but is not limited to direct or indirect set-offs, fraudulent conveyance claims, recoupments, rebates, offsets, post-petition transfer claims, including payments made by cashiers' checks purchased by the Debtor, by missing checks and by cash payments, and any other claim covered by the Code's "strong-arm" powers.

Without limiting the generality of the foregoing, all Creditors and other parties in interest are hereby expressly advised and notified that the Reorganized Debtor shall have the right to investigate, prosecute, enforce, settle, adjust, collect, or otherwise dispose of the Prosecutable Claims, and **ALL CREDITORS, PERSONS, ENTITIES, AND OTHER PARTIES WHO RECEIVED DIRECTLY OR INDIRECTLY, PAYMENTS, OFFSETS, RECOUPMENTS OR TRANSFERS OF PROPERTY FROM THE DEBTOR WITHIN THE ONE (1) YEAR PERIOD PRECEDING THE PETITION DATE, OR WITHIN SUCH LONGER PERIOD OF TIME AS MAY APPLY UNDER APPLICABLE LAW INCLUDING, WITHOUT LIMITATION, PERSONS INCLUDED IN THE "LIST OF PROSECUTABLE CLAIMS TARGETS," WHICH INCLUDES A LIST OF PAYMENTS MADE WITHIN ONE YEAR PRIOR TO THE PETITION DATE ATTACHED HERETO AS EXHIBIT 1 (AND INCORPORATED HEREIN BY THIS REFERENCE THE SAME AS IF SET FORTH AT LENGTH HEREIN), ARE HEREBY NOTIFIED THAT THEY MAY BE SUBJECT TO SUIT TO RECOVER ANY PREFERENCES, FRAUDULENT TRANSFERS, OR OTHER AVOIDABLE TRANSFERS AND TO PURSUE ANY PROSECUTABLE CLAIMS.** At this time, no determination has been made to pursue any particular Prosecutable Claim.

The Reorganized Debtor specifically reserves the Prosecutable Claims and, by setting forth notice to each currently known potential target of such Prosecutable Claim, expressly reserve such rights to survive beyond Confirmation, the finality of Confirmation, and all other legal effects of such Confirmation, provided, however, this reservation shall not mean and shall not be construed to mean that any exclusion of any Person from Exhibit 1 frees, releases, or exonerates such Person from a Prosecutable Claim by way of any defenses, including but limited to the defenses set forth in Article 6.9.1 and 6.9.2, and the Reorganized Debtor shall have the right to investigate, pursue, prosecute and collect any unknown, but later discovered, Prosecutable Claims against any Person.

The Court will include in the Confirmation Order appropriate provisions incorporating the terms set forth above, including but not by way of limitation, the survival of the Prosecutable Claims from the defenses of res judicata, laches, waiver and estoppel and any other unknown but later discovered claim or claims after Confirmation.

The Reorganized Debtor and its Counsel will prosecute the Prosecutable Claims. In accordance with Code §502(d), Confirmation of this Plan will constitute a temporary disallowance of any Claim of a Creditor who has a preference claim asserted against such Creditor unless and until such Creditor has paid to the Debtor the amount adjudged by the Court as a preference liability.

The Plan provides that the Reorganized Debtor will have absolute discretion to pursue or not to pursue, to settle or not to settle, or to try and/or to appeal, any of the Prosecutable Claims as it determines in the exercise of its business judgment and without any further approval of the Court thereof. Neither the Reorganized Debtor nor its professionals, including Counsel, will have any liability for the outcome of its decisions.

Notwithstanding any legal decisions to the contrary, the Reorganized Debtor maintains and believes that it has explicitly and expressly reserved all Prosecutable Claims to survive the res judicata effect of the entry of the Confirmation Order. The currently-known potential targets of such collection suits are set forth in Exhibit 1 and the potential collection efforts are set forth herein and in other parts of this Disclosure Statement and the Plan.

12. FEASIBILITY OF THE PLAN

For the Plan to be confirmed, the Debtor has the obligation to present to the Court evidence of feasibility of the Plan. Such feasibility is traditionally shown by estimates of the Debtor's anticipated gross profit, expenses and net profit, and that the Plan can be performed by the Debtor. Here, however, the Debtor's Plan is dependent upon the performance of its mines, which may be affected by risks beyond the control of the Debtor, such as weather-related delays in production, delays in payment from the buyers of its coal, etc. The Debtor has reviewed its future costs and anticipated coal production and believes that the projections attached to this Disclosure Statement is an accurate financial model for the Debtor.

Debtor projects producing between 7,000 and 10,000 tons of clean coal per month in the near term. The Debtor believes it can increase its production to approximately 12,000 tons per month during the next 12 months and lower its average cost per ton.. The Debtor believes that it can hold the operating costs of the Debtor to those amounts in the projections. Thus, the budgets for the two (2) years after the Effective Date will be different compared to 2016 and 2017 as reflected in the projections of income, expenses (overhead), payments to Secured Creditors and the Unsecured Creditors, under the Plan.

13. CHAPTER 7 LIQUIDATION ANALYSIS

This estimated distribution to the Classes, however, is believed to be superior under a

confirmed Chapter 11 Plan than if this Case were converted Chapter 7 Case. In the event this Case were converted to a Chapter 7, the Chapter 7 Trustee would only be entitled to the unencumbered assets of the Debtor. Secured Creditors have liens against every other asset, including the Debtor's cash collateral, for approximately \$4,000,000.00. Such secured claims are in excess of the value of the liquidation value of the Debtor's Assets. See attached Liquidation Analysis Schedule.

Further, additional administrative costs that would diminish the amount paid to Unsecured Creditors includes the Chapter 7 Trustee's commission and the cost of the Trustee's attorneys and accountants. These additional costs, along with Trustee's commissions (not present in a Chapter 11), indicate that projected payments to secured and unsecured creditors will be greater in this Chapter 11 compared to a converted Chapter 7 case.

14. VOTING PROCEDURES AND REQUIREMENTS

A. Ballots and Voting Deadline

Ballots to be used for voting to accept or reject the Plan will be made available after the entry of an Order approving this Disclosure Statement. There is a separate Ballot available for each Class of Creditors except as follows: Creditors in Class 12 and Class 13 will utilize the same Ballot and which ballot will contain the election language set forth in Part 4(C) of this Disclosure Statement pertaining to the election of Class 13 Creditors into the Class of Convenience Claims being Class 12.

Creditors may submit a written request to Counsel seeking delivery of the Plan, Disclosure Statement, Ballots, and/or the Disclosure Statement Approval Order. Ballots must be returned to Counsel via email (with signed and voted ballot included as a PDF attachment), fax, or US mail prior to the deadline fixed by the Court.

Pursuant to Bankruptcy Rule 3018, the Court will fix a specific date shown on the face of the Disclosure Statement and on the Notice of Voting Period transmitted to the impaired Creditors after the entry of the Order approving the Disclosure Statement as the deadline for the impaired Creditors to vote their acceptances or rejections of the Plan and for the ballots to be received by Counsel for tallying the vote. Except to the extent allowed by the Court, ballots that are received after the expiration of the aforesaid date will not be accepted or counted by the Debtor for or against Confirmation of the Plan or for any modification thereof.

B. Classes Entitled to Vote

A. Classes

Only Classes that are impaired under the Plan are entitled to vote to accept or reject the Plan. Code §1124 provides that a class of claims or interests is considered to be impaired under a plan of reorganization if the plan alters the legal, equitable, and contractual rights of the holders of such claims or interests. Such classes are considered impaired unless all outstanding defaults,

other than defaults relating to the insolvency or financial condition of the debtor or the commencement of a bankruptcy case, are to be cured and the holders of claims or interests in such classes are to be compensated for any damages incurred as a result of any reasonable reliance by such holders on any contractual provisions or applicable law to demand accelerated payment. The Debtor has therefore determined that Class 2-11 are impaired. Due to such impaired status, the Creditors and these Classes will be entitled to vote for or against the Plan. Debtor's sole Shareholder, as Plan proponent, is deemed to have voted in favor of the Plan.

B. Vote Required For Class Acceptance

The Court will determine whether the impaired Classes described above have accepted the Plan by determining whether sufficient acceptances have been received from the holders of Allowed Claims in such classes after a review of Counsel's report of balloting. An impaired Class of Claims will be determined to have accepted the Plan if the holders of Allowed Claims in that Class casting votes in favor of the Plan (i) hold at least two-thirds of the allowed amount of the Allowed Claims of the holders in such Class who vote and (ii) comprise more than one-half the number of holders of the Allowed Claims in such class voting on the Plan. Ballots of holders of impaired Claims that are signed and returned, but not expressly voted either for acceptance or rejection of the Plan, will be counted as ballots for the acceptance of the Plan. Except as may be allowed by the Court, a ballot accepting the Plan may not be revoked. Ballots that are not signed, but are otherwise complete, shall be counted as a vote.

C. Confirmation Hearing

The Code requires the Court, after notice, to hold a Confirmation Hearing. The confirmation hearing will be heard on the date fixed by notice to all Creditors, a few days after the deadline for the voting period has lapsed. The confirmation hearing may be adjourned from time to time by the Court without further notice except for an announcement made at the Confirmation Hearing.

D. Requirements For Confirmation Of The Plan

At the Confirmation Hearing, the Court will determine whether the requirements of Code §1129 have been satisfied, in which event the Court will enter an order confirming the Plan. Such requirements include:

(A) Best Interests Test. With respect to each impaired Class of Creditors, each holder of an Allowed Claim in such Class has either (i) accepted the Plan or (ii) receives or retains under the Plan, on account of its claim or interest, property of value, as of the Effective Date, which is not less than the amount such holder would receive or retain if the Debtor were to be liquidated under Chapter 7 of the Code.

To determine what the holders in each impaired Class would receive if the Debtor were to be liquidated, the Court must determine the dollar amount that would be generated from the liquidation of the Debtor's Assets in the context of a hypothetical Chapter 7 liquidation case.

Projected funds that would be available for satisfaction of the Allowed Claims and allowed interests of the Debtor would consist of the proceeds resulting from the disposition and systematic liquidation of the Debtor's Assets augmented by the cash held by the Debtor at the time of the commencement of the Chapter 7 case. Such cash amount would be reduced by the costs and expenses of the liquidation and by such additional administrative and priority claims that might result from the termination of the Debtor's business and the use of a Chapter 7 proceeding for the purposes of liquidation.

The Debtor's costs of liquidation under Chapter 7 would include the fees payable to the trustee appointed in the Chapter 7 case, as well as those that might be payable to additional attorneys and other professionals that the trustee might engage. Such costs of liquidation would also include any unpaid expenses incurred by the Debtor during the Chapter 11 case, such as compensation for attorneys and accountants. In addition, claims may arise by reason of the breach or rejection of obligations incurred and executory contracts entered into by the Debtor during the pendency of the Chapter 11 case.

To determine if the Plan is in the best interests of each impaired Class of the Creditors, the present value of the distributions from the proceeds of the liquidation of the Assets (after subtracting the amounts attributable to the Claims described above) are compared with the present value offered to each of the Classes of Creditors recognized under the Plan.

In applying the best interests test, it is possible that claims and interests in a Chapter 7 case may not be classified in the same manner as provided in the Plan. In the absence of a contrary determination by the Court, all allowed claims which have the same rights upon liquidation would be treated as one class for the purpose of determining the potential distribution of the liquidation proceeds under a Chapter 7 case of the Debtor. The distributions from the liquidation proceeds would be calculated *Pro Rata* according to the amount of the Allowed Claim held by each creditor in such class. The Debtor believe that the most likely outcome of a liquidation proceeding under Chapter 7 would be the application of the rule of absolute priority of distributions. Under that rule, no junior class of creditors receives any distribution until all senior classes of creditors are paid in full with interest.

(B) Feasibility of the Plan. In order for the Plan to be confirmed, the Court must also determine that the need for further reorganization or a subsequent Chapter 7 liquidation of the Debtor is not likely to result following Confirmation of the Plan. Part 12 of this Disclosure Statement examines the feasibility of the proposed Plan.

(C) Acceptance by Impaired Classes. Code §1129(a)(8) requires that each impaired Class must accept the Plan by the requisite votes for Confirmation to occur. As described herein, an impaired Class will have accepted the Plan if at least two-thirds in amount and more than half in number of Claims in such class voting to accept or reject the Plan have voted in favor of acceptance. Because of the commitment of the Reorganized Debtor to enter into an overriding royalty agreement for continued contribution into the Unsecured Creditors Funds after the conclusion of the Term, it is expected that all Creditors will accept the Plan and vote in favor of the Plan, rather than risk getting much less in liquidation.

D. Effect Of Confirmation

If the Court orders Confirmation of the Plan, then the Debtor and the Disbursing Agent will be obligated to implement the Plan upon the Effective Date, and shall begin paying the Allowed Claims in accordance with the terms and provisions of the Plan. Confirmation makes the Plan binding upon the Debtor and all Creditors, regardless of whether or not they have accepted or rejected the Plan.

15. CONCLUSION

The Plan constitutes an economically-viable opportunity and a reasonable method for Creditors to receive payments from the Debtor's coal mining operations. All Creditors are anticipated to receive distributions pursuant to the Plan. Because of the liens of the Secured Creditors, the Unsecured Creditors are better served by receiving payments over a period of time compared to the likely outcome in a hypothetical Chapter 7 total liquidation. Creditors' acceptance of the Plan is therefore economically justified. To that extent, the ultimate potential 7

By: /s/ Frederick J. Taylor
Frederick J. Taylor, Sole Shareholder

BY COUNSEL

/s/John F. Leaberry

John F. Leaberry (WV Bar# 2168)
Law Office of John Leaberry PLLC
167 Patrick Street
Lewisburg, WV 24901
T: 304-645-2025
F: 888-469-6631

EXHIBITS

1. Princess Polly Anna Coal, Inc Plan of Reorganization
2. Chapter 11 Plan of Reorganization Summary
3. PPA Financial Projections 2018 & 2019
4. PPA March 2018 Internal Cash Flow Report
5. Liquidation Analysis

EXHIBIT 1

Princess Polly Anna Coal, Inc Plan of Reorganization

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF WEST VIRGINIA

IN RE:
PRINCESS POLLY ANNA COAL, INC.

CHAPTER 11
CASE NO. 17-50060

1st AMENDED DEBTOR PLAN OF REORGANIZATION

Comes the Debtor, PRINCESS POLLY ANNA COAL, INC. (“Debtor”) and proposes this Plan of Reorganization (“Plan”) pursuant to Bankruptcy Code '1121(c).

ARTICLE 1 Definitions

Unless otherwise stated, all terms not defined herein shall have the meaning set forth in the Code and the Bankruptcy Rules. Where there is a conflict between the defined terms herein and any terms in the Code or the Bankruptcy Rules, the definitions herein shall control. The following terms when used in the Plan shall have the meanings set forth in this Article:

1.1 "Accounts Receivables" shall mean those specific Assets listed in Schedule B-16.

1.2 "Administrative Expenses" shall mean (a) any cost or expense of administration of the Case allowable under Code '503(b); (b) any cost or expense of administration of this case payable under the procedural terms set forth in Article 2 of this Plan; (c) any cost or expense of administration entitled to priority under '507(a)(1) or '507(b) incurred after the Petition Date; and (d) any actual and necessary expenses of preserving or liquidating property in the Case and pursuant to the terms of this Plan (including Professionals' fees and expenses), all of such costs and expenses to be payable from the Unsecured Creditors Funds.

1.3 "Allowed Claim" shall mean a Claim against the Debtor allowable under Code '502 to the extent that (a) a Proof of Claim shall have been timely filed or deemed filed, and as to which either (i) a timely objection is not filed which (if granted) would affect the distribution to the Creditor asserting such Claim or (ii) such Proof of Claim is allowed by a Final Order; (b) such Claim is a Disputed Claim which has become an Allowed Claim in conformity with the provisions of Article 9 of this Plan; or (c) is a Claim allowed pursuant to the terms of this Plan; or (d) is a Claim allowed pursuant to an Order of this Court. Where there is a Claim allowed by the terms of this Plan, the terms of this Plan shall govern for all purposes of allowance. The term "Allowed," when followed by a reference to a claim of a certain kind, shall mean an Allowed Claim of that kind of Claim.

1.4 Intentionally Blank

1.5 "Big Mountain Mine" shall mean that certain mine in Greenbrier County, West Virginia, mined by the Debtor, as contract miner.

1.6 "Assets" shall mean (a) all of the Debtor's assets listed in the Schedules; (b) all assets of the Debtor as defined by Code §§ 541(a) and 1115, including Cash; and (c) any asset not listed in the Schedules but later discovered to be owned by the Debtor.

1.7 "Assumed Contracts and Leases" shall mean all of the contacts and agreements specifically set forth in Article 10.1 and 10.2 of this Plan.

1.8 Intentionally Blank

1.9 Intentionally Blank

1.10 "Bankruptcy Rules" shall mean the Federal Rules of Bankruptcy Procedure, as may be amended or supplemented. When the word "Bankruptcy Rule" is followed by a number, it shall mean that particular rule in the Bankruptcy Rules.

1.11 "Bar Date" shall mean the final date for filing a Proof of Claim as set forth in §8.1.3 of this Plan.

1.12 Intentionally Blank

1.13 "Business Day" shall mean any day on which national banks are open to carry on their ordinary commercial banking business.

1.14 "Case" shall mean this Chapter 11 case, No. 17-50060, commenced under the provisions of the Chapter 11 Code on March 1, 2017, in the Court under the name of the Debtor.

1.15 "Cash" shall mean all money and bank account balances in the Debtor's possession as of the Petition Date as shown in Schedules B-1 and 2.

1.16 Intentionally Blank

1.18 "Claimant" shall mean the holder of a Claim.

1.19 "Class" shall mean a category of Claims that are substantially similar to other Claims in such Class.

1.20 "Code" shall mean the United States Bankruptcy Code set forth in Title 11, United States Code, as amended.

1.21 "Confirmation" shall mean the entry of an Order by the Court approving or confirming this Plan.

1.22 "Confirmation Date" shall mean the date upon which an Order of Confirmation is entered by the Court confirming this Plan.

1.23 "Confirmation Order" or "Order of Confirmation" shall mean the Order entered by the Court confirming this Plan.

1.24 "Convenience Claim" shall mean (a) any Unsecured Claim in an amount of \$2,500 or less and (b) any other Unsecured Claim whose holder elects to receive an Allowed Convenience Claim of \$2,500 and whose holder waives, on the face of its ballot, any Claim amount in excess of \$2,500, as such Class is authorized pursuant to the provisions of Code §1122.

1.25 "Counsel" shall mean John F. Leaberry and other attorneys at Leaberry Law Firm PLLC, Lewisburg, West Virginia, appointed by the Court to represent the Debtor and who will continue to represent the Debtor Post-Confirmation.

1.26 "Court" and "Court Order" shall mean the United States Bankruptcy Court for the Southern District of West Virginia, including the United States Bankruptcy Judge presiding in this case or such other court having jurisdiction over this Case. When "Court Order" or "Order" issued by the Court and entered in the Court's record.

1.27 "Creditor" shall mean the holder of a Claim. The term Creditor, when preceding a reference to a Class of Claims, shall mean a Creditor in its capacity as a holder of a Claim of that Class.

1.28 "Debtor" shall mean Princess Polly Anna Coal, Inc., which has operated as a debtor-in-possession since the Petition Date.

1.29 "Deficiency Claim" shall mean the unsecured portion of a Secured Claim as determined by Code '506(a), which Deficiency Claim shall become a Class 13 Unsecured Claim.

1.30 "DIP Accounts" shall mean those certain business checking accounts at the City National Bank of Lewisburg, West Virginia, a U.S. Trustee-approved depository.

1.31 "Disbursing Agent" shall mean John F. Leaberry or another attorney at the Leaberry Law Firm PLLC, but if none of them are able or willing to act or are later removed by the Court, then that person appointed by the Court.

1.32 "Discharge" shall mean a Court Order having the effect as set forth with particularity in Article 6.11. When used as a verb, it shall mean the act of having the entry of such a Court order.

1.33 "Disclosure Statement" shall mean that certain document styled A Disclosure Statement to Accompany Debtor's Plan of Reorganization, required to be filed by the Debtor by Code '1125.

1.34 "Disputed Claim" shall mean a Claim, or a portion of a Claim, which is not an Allowed Claim on the Effective Date or thereafter.

1.35 "Effective Date" shall mean the date fourteen (14) days after the date of the entry of an Order of Confirmation by the Court; provided, however, that (a) if the fourteenth (14th) day following the Confirmation Date falls on a day that is not a Business Day, then the Effective Date shall be the first Business Day thereafter, and (b) if any act required to be performed on the Effective Date, or any condition required to exist on the Effective Date, cannot be performed or made to exist on the fourteenth (14th) day after the Confirmation Date due to the existence of a Court order staying or otherwise precluding execution of the Plan or any part thereof, then the Effective Date shall be the fourteenth (14th) day after the later of (i) the date on which the order different first page

ing or otherwise precluding execution of the Plan or any part thereof has been nullified, vacated or otherwise modified, or (ii) the date on which the appeal and any further appeals have been resolved and the time for any further appeal has expired.

1.36 "Equipment Replacement Funds" shall mean the funds held by the Reorganized Debtor after payments of (i) all current operating expenses, (ii) a working capital cash reserve of \$250,000.00, (iii) the Unsecured Creditors Funds, and (iv) the Secured Creditors Funds, designated for the replacement of Mining Equipment, and which funds shall be transferred to and held by the Reorganized Debtor in a bank account captioned "Equipment Replacement Fund Account."

1.37 "Final Order" shall mean an order of the Court as to which any appeal that has been or may be taken has been resolved, or not further appealed, or as to which the time for appeal including the twenty (20) day extension available for excusable neglect under Bankruptcy Rule 8002(c) has expired.

1.38 Intentionally Blank

1.39 Intentionally Blank

1.40 "Guarantee Claims" shall mean those obligations due Creditors holding the Shareholder's personal guarantee of a Claim.

1.41 "Impaired Class" shall mean a Class of Claims which is impaired within the meaning of Code '1124.

1.42 "Insurance Claim" shall mean any claim or claims arising from an incident or occurrence that arose, occurred or happened before the Effective Date that is or may be covered by any one or more of the Debtor's insurance policy or policies in effect prior to the Effective Date.

1.43 "Insurance Policies" shall mean (a) the auto and general liability policies

1.44 "Inventory" shall mean those items listed in Schedule B-30.

1.45 Intentionally Blank

1.46 Intentionally Blank

1.47 Intentionally Blank

1.48 "Local Rules" shall mean the "Local Rules of Practice for the United States Bankruptcy Court for the Southern District of West Virginia." When the words "Local Rule" is followed by a number, it shall mean that particular rule in the Local Rules.

1.49 "Machinery and Equipment" shall mean those items set forth in Petition Schedule B.

1.50 "Shareholder" shall mean Frederick J. Taylor, the sole shareholder and owner of the Debtor, its spokesperson, and its principal officer.

1.51 "Mining Equipment" shall mean the machinery and vehicles and equipment used in the Debtor's mining operations, including, but not by way of limitation: tractors, excavating loaders, rock trucks, pick-up trucks, mud trucks, drills, graders and all attachments thereto.

1.52 "Mining Permits" shall mean those specific items set forth in Schedule B.

1.53 "Office Equipment" shall mean those specific items listed in Schedule B.

1.54 "Operating Expenses" shall mean the costs of the operation of the Debtor's coal mining activities, which shall include, but not by way of limitations, payroll & salaries, transportation costs, insurance, payroll taxes, severance taxes, real property taxes, tangible & intangible taxes, unemployment taxes, royalties, overrides, accounting & office expenses, and any other operational expense incurred in the ordinary course of the Reorganized Debtor's coal mining activities.

1.55 Intentionally Blank

1.56 "Person" shall include an individual, corporation, limited liability company, partnership, joint venture, trust, estate, unincorporated organization or a governmental unit or any agency or political subdivision thereof.

1.57 "Petition" shall mean the Debtor's petition, including the Schedules and Statement of Financial Affairs, filed in the Court on the Petition Date, and any amendments or modifications thereto.

1.58 "Petition Date" shall mean the date and time of the filing of the Petition initiating this Case on February 19, 2013.

1.59 "Plan" shall mean this Chapter 11 Plan of Reorganization proposed by the Debtor either in its present form or as it may be altered, amended or modified.

1.60 "Post-Confirmation" shall mean an act or event that occurs, will occur, or occurred on or after the Confirmation Date.

1.61 "Post-Petition" shall mean an act or event that occurs, will occur, or occurred on or after the Petition Date.

1.62 "Pre-Petition" shall mean an act or event that occurred before the Petition Date.

1.63 "Professionals" shall mean all attorneys, accountants, appraisers, examiners, consultants and other professional persons properly retained by the Debtor, whose appointments were approved and authorized by the Court and who performed professional services for or on behalf of the Debtor from the Petition Date through the Effective Date and whose services and expenses are subject to allowance by the Court under Code '330.

1.64 "Proof of Claim" shall mean Official Form 10 as is used in the Court as evidence of a Claim due a Creditor, properly filled-out, executed with supporting documentation, and filed with the Court on or before the Bar Date.

1.65 "Property Taxes" shall mean the ad valorem real property taxes, including, but not limited to, such taxes due thr Greenbrier County West Virginia Sherriff arising from the Debtor's obligation to pay such taxes.

1.66 "Pro Rata" shall mean proportionately so that the ratio of the amount of the distribution or payment made on account of an Allowed Claim to the amount of distribution or payment made on account of all Allowed Claims of the Class or category in which the particular Allowed Claim is included, is the same as the ratio of the amount of such Allowed Claim to the total amount of all Allowed Claims in such Class or category.

1.67 "Prosecutable Claims" shall mean all present and future rights, claims, remedies, defenses, setoffs, recoupments, interests, suits, actions, and proceedings belonging to or held by the Debtor and its estate against any Person, whether arising before or after the Petition Date, including but not limited to (a) the preference or fraudulent conveyance claims or other rights to recover money or property pursuant to Code §§ 542, 543, 544, 545, 547, 548, 549, 550, 551 or 553; or (b) any and all other claims, causes of action, avoiding powers or remedies arising under the Code or any other state or federal law, rule or regulation, including those potential claims described in Article 6.9.

1.68 "Prosecutable Claims Proceeds" shall mean the proceeds from the collection of the Prosecutable Claims, all of which collected funds shall become Unsecured Creditors Funds.

1.69 "Reclamation Deposits" shall mean the cash deposits advanced by Shareholder that were pledged to secure Debtor's reclamation bonds..

1.70 "Reclamation Obligations" shall mean all obligations arising out of or relating to any legal obligation or legal duty of the Debtor to reclaim or perform remediation with respect to any real property for which the Debtor was or is the owner, permittee or was contractually obligated to perform reclamation work.

1.71 "Rejection Claim" shall mean a Claim resulting from the rejection of an "executory contract" or "unexpired lease" under Code §365, which rejection is provided for in either this Plan or a Court Order and which Rejection Claim shall become a Class 13 Unsecured Claim.

1.72 "Reorganized Debtor" shall mean the Debtor after entry of the Confirmation Order.

1.73 "Retained Assets" shall mean those certain assets which shall be retained PostConfirmation by the Debtor, being the Cash, the DIP Accounts, the Accounts Receivables, the Mining Permits, the Machinery and Equipment, the Inventory, the Vehicles, the Office Equipment, the Reclamation Deposits, and the executory contracts and unexpired leases, as those phrases are defined in Code §365, assumed by the Debtor pursuant to the provisions of Article 10.2, infra.

1.74 "Schedules" shall mean the Schedules of Assets and Liabilities, Statements of Affairs, and all amendments thereto, filed by the Debtor in this Case. "Schedule" shall mean, when in the singular and followed by a letter and/or a number, a specific designated page or pages and, if applicable, a numerical line, in the Schedules, which are designated portions in the Petition.

1.75 "Secured Claim" shall mean the Claim of any Creditor who holds a validly perfected lien superior to the Code '544 rights and status of the Debtor and which Secured Claim has value in the estate's interest in the property of the Debtor.

1.76 "Secured Creditor" shall mean a Creditor holding a Secured Claim and listed in Schedule D of the Schedules.

1.77 "Secured Creditors Funds" shall mean the amount of all monthly payments required to be paid to Secured Creditors as deducted from the gross income from all coal sales arising from all coal mines, being owned and operated by the Debtor in Greenbrier County, West Virginia, which funds shall be used for distribution to the Secured Creditors.

1.78 "Tax Claims" shall mean the Claim of any governmental taxing entity for a prepetition tax due and having a priority under Code §507(a)(8), including statutory interest, but excluding penalties which penalties shall be treated as Unsecured Claims.

1.79 "Term" shall mean that period of time that this Plan shall remain in full force and effect, fixed at the earlier of (a) 60 months beginning in the month that the first monthly installment of Unsecured

Creditors Funds is made; or (b) 60 months beginning in the month following the entry of the Confirmation Order if no installments of Unsecured Creditors Funds have commenced prior to the Effective Date.

1.80 "Unsecured Claim" shall mean a Claim against the Debtor, which Claim is not secured by any collateral and which Claim is not entitled to any priority treatment under the Code. Unsecured Claims shall include, but are not limited to, the Deficiency Claims, Rejection Claims, Guarantee Claims, and subordinated tax penalties.

1.81 "Unsecured Creditor" shall mean a Creditor holding an Unsecured Claim.

1.82 "Unsecured Creditors Funds" shall mean (a) the sum of One Dollar (\$1.50) per ton deducted from all coal sales arising from the Big Mountain Mine to continue until all minable and merchantable coal is removed from said mine, (b) such additional amounts, if any, determined by the Debtor to be surplus funds not necessary for the continued mining operations, and (c) the Prosecutable Claims Proceeds, if any, which sums shall be used for distribution to all Unsecured Creditors.

1.83 "Unclassified Expenses" shall mean those expenses described in Article 2 of this Plan.

1.84 "Vehicles" shall mean the items listed in Schedule B-25 of the Schedules.

ARTICLE 2 Treatment of Unclassified Expenses

2.1 Allowed Administrative Expenses. Except to the extent the Disbursing Agent and the holder of an Allowed Administrative Expense agree to a different treatment or except to the extent that the terms of this Plan provide otherwise, the Disbursing Agent shall pay from the Unsecured Creditors Funds all such Allowed Administrative Expenses on the earlier of (a) the Effective Date or (b) within a reasonable and practicable time after the date on which such Administrative Expenses becomes Allowed Administrative Expenses by the entry of a Final Order.

2.2 U.S. Trustee Fees. The fees payable to the U.S. Trustee pursuant to 28 U.S.C. 1930 shall be paid on a quarterly basis by the Debtor out of the DIP Account until the entry of the Confirmation Order. After entry of the Confirmation Order, the Disbursing Agent shall pay such fee from the Unsecured Creditors Funds. This obligation to pay such fees shall continue until the Case is either converted, dismissed, or closed, pursuant to Article 6.4, infra, whichever event occurs first. No personal assessment of U.S. Trustee fees shall be made against the Disbursing Agent, Counsel or any Professional in their personal capacity arising from a failure to pay due to circumstances beyond their control.

2.3 Applications for Allowance of Administrative Expenses. Any Person seeking the allowance of Administrative Expenses, including any Professional, shall file an application for an allowance of Administrative Expenses on or before forty (40) days following the Confirmation Date to obtain an allowance thereof. Such allowances, as determined by the Court, shall be paid by the Disbursing Agent from the Debtor's Unsecured Creditors Funds in accordance with Article 2.1. If any such application is not timely filed such claim shall stand as disallowed and be forever barred from being filed. The Debtor or any Creditor may object to any application and shall be responsible for obtaining a hearing date from the Court to rule on such objection.

2.4 Post-Confirmation Fees and Expenses. After the Confirmation Date, the Disbursing Agent shall, in the ordinary course of business and without the necessity for any approval by the Court, pay from the Unsecured Creditors Funds all reasonable fees and expenses incurred in connection with the Post-Confirmation implementation and consummation of this Plan, including the reasonable fees and expenses of Counsel at the hourly rates previously authorized by the Court, the Disbursing Agent at the hourly rate fixed by the provisions of this Plan, and other hired professionals for projected services to be performed at hourly rates or contingency fees as agreed, with respect to (a) the claims reconciliation process; (b) accounting work and audits; (c) preparation and filing of quarterly reports; and (d) any professional work required to be performed by the Reorganized Debtor as required by either the Code or the terms of this Plan. Such fees and expenses shall be paid by the Reorganized Debtor within twenty-one (21) calendar days after an applicant's submission of a detailed invoice to the Disbursing Agent and to any Creditor who makes a written request for a copy of same to the Disbursing Agent. If any party disputes the reasonableness of any such invoice by submitting to Counsel, with a copy to the Debtor and Disbursing Agent, a written objection within twenty-one (21) days from the date of the submission of such invoice, the Disbursing Agent shall timely pay the undisputed portion of such invoice and the affected party shall, if unable to resolve the dispute by negotiation, submit such dispute to the Court for a determination of the reasonableness of such invoice by motion, notice, and a hearing.

2.5 Taxes. The following provisions shall apply to taxes:

2.5.1 Post-Petition Taxes. In connection with this Plan and all instruments issued in connection therewith, the Reorganized Debtor shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority. The Reorganized Debtor shall file all tax returns and make all withholding or employee deposits as required by law to be filed. The Reorganized Debtor may engage such professionals and take such other actions as are

reasonably necessary. The Reorganized Debtor shall sign tax estimates and tax returns on behalf of itself, and if any taxes or estimates of taxes are incurred by the Reorganized Debtor in the Case after Confirmation and become due after Confirmation, such taxes or estimated taxes shall be paid by the Reorganized Debtor to such taxing entities in the ordinary course of its business.

2.5.2 Payment of Income Taxes. The Reorganized Debtor shall be responsible for and pay all federal and state income taxes incurred in the operation of its business pursuant to the disregarded-entity election made Pre-Petition.

2.6 Debtor's Counsel Post-Confirmation. The following provisions shall be applicable to Debtor's Counsel after entry of the Confirmation Order:

2.6.1 Duties of Counsel. Except as otherwise limited herein, Counsel shall have authority on behalf of the Debtor Post-Confirmation to (a) perform the legal duties and services for the Debtor as required by the Code, this Plan, and the Court, (b) appear in Court and argue any matter on behalf of the Debtor as is authorized, permitted, or envisioned by the terms of this Plan or the Code, (c) object to and litigate objections to any Claims or claim which is asserted by or against the Debtor as a result of actions following the Petition Date, (d) negotiate and settle any Claim or claim dispute, (e) to file the quarterly reports with the Court, (f) to file complaints or adversary actions to enforce Prosecutable Claims, and (g) perform such other duties as requested of or assigned to him by the Debtor or required by the Disbursing Agent.

2.6.2 Liability of Counsel Post-Confirmation. Counsel shall not be held personally liable, directly or indirectly, for any decision, action, inaction, activity or inactivity arising from the exercise of their duties as Counsel, except for fraud, or gross negligence.

2.6.3 Resignation of Counsel. If Counsel resigns or is removed, then the Court shall appoint a successor counsel who shall become Counsel upon entry of a Court Order of appointment and who shall then be subject to the provisions of this Plan.

2.7 Other Professionals Post-Confirmation. Counsel, with the consent of the Disbursing Agent, may retain or engage other professionals or expert witnesses to perform such duties and responsibilities under these Plan terms, which professionals need not be appointed by the Court and which professionals will be compensated by the Disbursing Agent pursuant to the provisions of Article 2.4, supra.

2.8 Post-Confirmation Operating Expenses. In connection with this Plan and all instruments issued in connection therewith, the Reorganized Debtor shall pay all operating expenses and on-going taxes in the ordinary course of its business as said expenses become due and payable, including, but not limited to, all Reclamation Obligations, all bonding obligations and r the insurance premium finance obligations owed to any bank or finance company for the Debtor's general liability and casualty policies.

2.9 AFCO. ("AFCO"). On the Petition Date, the Debtor owed approximately \$42,000.00 for financing its general liability and casualty insurance policies. This original obligation has been paid in full during the course of the Case. To the extent that the Debtor still owes any obligation to AFCO, the Debtor shall pay same in the ordinary course of business as the obligation becomes due. Debtor shall be authorized to enter into similar premium financing with respect to renewal or replacement of the insurance policies in effect on the petition date.

2.10 Debtor's Reclamation Deposits. Debtor's Reclamation Deposits securing performance of its reclamation in the ordinary course of business with the West Virginia Department of Environmental

Protection subject to any partial and full releases of the Debtor's reclamation bonds, thus releasing the Debtor's cash bonds.

2.11

2.12 Debtor's Management Post-Confirmation. After Confirmation, the existing management shall continue to direct the operations of the Reorganized Debtor, determine its expenditures of operating expenses in the exercise of her business judgment, and shall continue to receive compensation for her duties as the managing Shareholder of the Reorganized Debtor.

ARTICLE 3 Classification of Claims and Interests

The Allowed Claims and the interests shall be classified as follows:

- 3.1 Class 1 (Claims Arising from Assumed Contracts and Leases) shall consist of the Claims held by Persons who are parties to the Assumed Contracts and Leases set forth in Article 10.2 and 10.3 and who shall be treated pursuant to the provisions of Article 5.1 infra.
- 3.2 Class 2 (Priority Tax Claims) shall consist of any Pre-Petition Tax Claims held by the Internal Revenue Service and the West Virginia State Tax Department and any other taxing entity, known or unknown, holding a Tax Claim against the Debtor, who shall be treated pursuant to the provisions of Article 5.2, infra.
- 3.3 Class 3 (Secured Claim of Ford Motor Credit Company) shall consist of the Claim #2 and 3 of Ford Motor Credit Company LLC , who shall be treated pursuant to the provisions of Article 5.3, infra.
- 3.4 Class 4 (Secured Claim of Carter Machinery Co. Inc) shall consist of the Claim #22, 23 and 24 of Carter Machinery Co. Inc , who shall be treated pursuant to the provisions of Article 5.4, infra.
- 3.5 Class 5 (Secured Claim of Powerscreens Mid-Atlantic) shall consist of the Claim #21 of Powerscreens Mid-Atlantic, who shall be treated pursuant to the provisions of Article 5.5, infra.
- 3.6 Class 6 (Secured Claim of Terex Financial Service) shall consist of the Claim #20 of Terex Financial Service , who shall be treated pursuant to the provisions of Article 5.6, infra.
- 3.7 Class 7 (Secured Claim of Caterpillar Financial Services Corp) shall consist of the Claim _____ of Caterpillar Financial Services Corp, who shall be treated pursuant to the provisions of Article 5.7, infra.
- 3.8 Class 8 (Secured Claim of Spring Creek Energy Company, LLC) shall consist of the Claim# ___ of Spring Creek Energy Company, LLC, who shall be treated pursuant to the provisions of Article 5.8, infra.
- 3.9 Class 9 (Secured Claim of United Bank, Inc.) shall consist of the Claim # ___ of United Bank, Inc., who shall be treated pursuant to the provisions of Article 5.9, infra.
- 3.10 Class 10 (Convenience Class: Unsecured Claims Under \$2,500) shall consist of all Unsecured Claims under \$2,500 and any other Unsecured Claim whose holder thereof elects on his ballot in favor of the Plan to accept \$2,500 as full and complete satisfaction of its Claim pursuant to the provisions of Article 5.12, infra.
- 3.11 Class 11 (Unsecured Claims) shall consist of the Allowed Unsecured Claims who shall be paid pursuant to the provisions of Article 5.11, infra.
- 3.12 Class 12 (Shareholder) shall consist of the Shareholder's ownership interest in the Debtor who shall be treated pursuant to the provisions of Article 5.12, infra.

ARTICLE 4 Identification of Impaired Classes and Voting Classes

4.1 Impairment; Classes Entitled and Not Entitled to Vote. All Impaired Classes will be entitled to vote for or against the Plan. Class 1 is not impaired because the Debtor's legal obligations remain unchanged, and thus, will be presumed to vote in favor of the Plan. The Claims in Classes 2-11 are impaired because their payments are being spread over time. Classes 10 and 11 Unsecured Claims are impaired because their payments are being modified and/or spread over time. The Class 12 Shareholder is the Plan proponent and will be presumed to vote in favor of the Plan.

4.2 Controversies. In the event of any controversy concerning the classification of any Claim or whether any Class of Claims is impaired under this Plan, the Court shall, after notice and hearing, determine such controversy.

ARTICLE 5 Treatment of Classes of Claims

5.1 Treatment of Class 1 Claims Arising from Assumed Contracts and Leases. The Creditors in this Class shall be treated in conformity with the original contract documents and any future obligations and/or expenses shall be paid by the Reorganized Debtor in the ordinary course of business. The Debtor shall cure all monetary defaults within twenty-one (21) days after the Effective Date of the Plan by payment in full of all past-due royalties and which shall be paid from the Secured Creditors Funds.

5.2 Treatment of Class 2 Priority Tax Claims. The Creditors in this Class shall, after payment of the Article 2 expenses and reservation of future Article 2 expenses, be paid by the Disbursing Agent from the Unsecured Creditors Funds until their Claims are paid in full with statutory interest. All penalties shall become Unsecured Claims allowable in Class 11.

5.3 Treatment of Class 3 Ford Motor Credit Company LLC. The Allowed Secured Claim of the Creditor in this Class shall be treated as follows:

5.3.1 Amount of Claim. The Creditor in this Class shall have an Allowed Secured Claim equal to the amount of its debt as shown on the face of its Proof of Claim.

5.3.2 Monthly Payments. The Debtor shall make sixty (60) monthly payments of this Allowed Secured Claim with interest at the rate of 5% per annum from the Secured Creditors Funds beginning in the first month following the Effective Date until the Allowed Secured Claim is paid in full.

5.3.3 Subject to Extended Stay. The Secured Claim of the Creditor in this Class shall be subject to the extended stay set forth in Articles 6.6 infra.

5.4 Treatment of Class 4 Carter Machinery Co. Inc. The Allowed Secured Claim of the Creditor in this Class shall be treated as follows:

5.4.1 Amount of Claim. The Creditor in this Class shall have an Allowed Secured Claim in an amount equal to its debt as shown on the face of its Proof of Claim.

5.4.2 Monthly Payments. The Debtor shall make sixty (60) monthly payments of this Allowed Secured Claim with interest at the rate of 5% per annum from the Secured Creditors Funds beginning in the first month following the Effective Date until the Allowed Secured Claim is paid in full.

5.4.3 Subject to Extended Stay. The Secured Claim of the Creditor in this Class shall be subject to the extended stay set forth in Articles 6.6 infra.

5.5 Intentionally Blank

5.6 Treatment of Class 6 Terex Financial Service. The Allowed Secured Claims of the Creditors in this Class shall be treated as follows.

5.6.1 Amount of Claim. The Creditors in this Claim shall each have an Allowed Secured Claims equal to the amount of their debts as shown on the faces of their Proofs of Claim.

5.6.2 Monthly Payments. The Debtor shall make sixty (60) monthly payments of this Allowed Secured Claim with interest at the rate of 5% per annum from the Secured Creditors Funds beginning in the first month following the Effective Date until the Allowed Secured Claim is paid in full.

5.6.3 Subject to Extended Stay. The Secured Claim in this Class shall be subject to the extended stay set forth in Article 6.6 infra.

5.7 Intentionally Blank

5.8 Treatment of Class 8 Spring Creek Energy Company, LLC. The Allowed Secured Claim of the Creditor in this Class shall be treated as follows:

5.8.1 Amount of Claim. The Creditor in this Class shall have an Allowed Secured Claim in an amount equal to its debt as shown on the face of its Proof of Claim.

5.8.2 Monthly Payments. The Debtor shall make sixty (60) monthly payments of this Allowed Secured Claim with interest at the rate of 5% per annum from the Secured Creditors Funds beginning in the first month following the Effective Date until the Allowed Secured Claim is paid in full.

5.8.3 Subject to Extended Stay. The Secured Claim of the Creditor in this Class shall be subject to the extended stay set forth in Article 6.6 infra.

5.9 Treatment of Class 9 United Bank, Inc. The Allowed Secured Claim of the Creditor in this Class shall be treated as follows:

5.9.1 Amount of Claim. The Creditor in this Class shall have an Allowed Secured Claim in an amount equal to its debt as shown on the face of its Proof of Claim.

5.9.2 Monthly Payments. The Debtor shall make sixty (60) monthly payments of this Allowed Secured Claim with interest at the rate of 5% per annum from the Secured Creditors Funds beginning in the first month following the Effective Date until the Allowed Secured Claim is paid in full.

5.9.3 Subject to Extended Stay. The Secured Claim of the Creditor in this Class shall be subject to the extended stay set forth in Article 6.6 infra.

5.10 Treatment of Class 10 Convenience Class: Unsecured Claims under \$2,500. After deductions of the Article 2 expenses and the projections and reservation of future Article 2 expenses, and after payment in full of the Class 1 Arrearages arising from Assumed Contracts and Leases and the Class 2 Priority Tax Claims, the Creditors in this Class shall be paid from the Unsecured Creditors Funds until their Allowed Claims are paid in full.

5.11 Treatment of Class 11 Unsecured Claims. After payment in full of Classes 1, 2 and 10, the Creditors in this Class shall be paid from the Unsecured Creditors Funds Pro Rata until their Claims are all paid in full or until the end of the Term, whichever event occurs first; provided, however, that if the all minable and merchantable coal has not been removed from Debtor's Big Mountain Mine by the end of the Term, then the Debtor shall execute appropriate instruments (an overriding royalty agreement) to cause the continued payment of \$3.00 per ton to be paid to the Class 13 Creditors beyond the Term until all said coal is removed from the Big Mountain Mine. Any Creditor in this Class may make an election on its ballot to be treated as a Creditor in Class 12 with an Allowed Claim of \$2,500 and to receive the maximum distribution in that Class of \$2,500, provided, however, that the election may be made only on its ballot during the voting on the Confirmation of the Plan and once made shall be irrevocable.

5.12 Treatment of the Class 12 Shareholder. The Shareholder shall retain his ownership of the Reorganized Debtor, subject to the provisions and limitations of Article 2.12, supra and 6.7, infra.

5.13

5.14

5.15 Debtor's Right to Refinance Classes 3 through 11. The Debtor shall have the right to refinance the Secured Creditors in Classes 3 through 11 during the Term upon such terms and conditions that are more favorable than the existing term

ARTICLE 6 Means for Execution of the Plan

6.1 Debtor's Payments to Disbursing Agent. The following provisions shall apply to the Disbursing Agent:

- 6.1.1 Appointment of Disbursing Agent and Bond Requirement. In the Confirmation Order, John F. Leaberry of Lewisburg, West Virginia shall be appointed the Disbursing Agent and the Court shall fix a fidelity bond for the Disbursing Agent and his successors in conformity with Code 322(a) and the Disbursing Agent and his successors shall maintain said bond at such time or times for funds accumulating in his hands in excess of \$200,000 as shown by the ending balance on the report mentioned in Article 6.1.3.6. The Court may, from time to time, increase, reduce or alter the bonding terms herein whenever needed.
- 6.1.2 Duties of the Disbursing Agent. During the Term, the Disbursing Agent shall hold the Unsecured Creditors Funds and make distribution thereof pursuant to the provisions of Article 6.2 and Article 8. All funds coming into the possession of the Disbursing Agent shall be maintained by him in (a) a bank authorized by the U.S. Trustee as an acceptable debtor-in-possession depository, or (b) in investments made in conformity with Code '345. The Disbursing Agent shall hold and disburse same to the Entities mentioned in this Plan and to the Creditors in accordance with the priorities set forth in Articles 2, 3, and 5 and otherwise in accordance with the terms and procedures set forth in this Plan.
- 6.1.3 Monitoring of Disbursements. The U.S. Trustee or any Creditor may monitor and direct the collection, accounting, treatment, and distributions made by the Disbursing Agent and payments to any professional employed by him. This monitoring shall be subject to the following:
- 6.1.3.1 Availability of Records. The Disbursing Agent shall make available his books, records, office, and personnel to the U.S. Trustee or a Creditor at any reasonable time, but so as not to interfere with the Disbursing Agent's business, upon at least a 24-hour fax or e-mail notice.
- 6.1.3.2 Payment of Compensation. The Disbursing Agent shall be paid \$250 per hour and reimbursed for all reasonable expenses incurred. He shall pay his monthly billing invoices for his services as Disbursing Agent from the Unsecured Creditors Funds in accordance with the provisions of Article 2 of this Plan.
- 6.1.3.3 Creditors' Option to Remove Disbursing Agent. At any time during the Term, any Creditor shall have the right to move the Court to remove the Disbursing Agent, but the Court shall remove the Disbursing Agent only for good cause. Any successor thereof shall be appointed by the Court subject to the bonding requirements in Article 6.1.1 prior to taking possession of the funds for which the Disbursing Agent is responsible.
- 6.1.3.4 Death, Disability or Resignation by Disbursing Agent. If Disbursing Agent resigns or dies or is unable to perform his duties as such due to illness or disability, the Court shall appoint a successor Disbursing Agent who shall then be subject to the provisions of this Plan.
- 6.1.3.5 Duties and Authority of Disbursing Agent. Except as otherwise limited herein, the Disbursing Agent shall have authority to (a) receive and hold the Unsecured Creditors Funds in a segregated escrow account, (b) collect, account for, and make distributions provided for herein, (c) act in any way that is in conformity with or in furtherance of the terms of this Plan, (d) retain or engage other professionals to perform such duties and responsibilities under these Plan terms, (e) assist in the preparation of any reports required by the terms of this Plan to be filed in the Court, and (f) perform such other duties as required by this Plan, the Code or the Court.

- 6.1.3.6 Disbursing Agent's Reports. After the distribution of funds proposed by this Plan, the Disbursing Agent shall file with the Court reports of distribution quarterly after the Effective Date of the Plan, pursuant to the provisions of Article §7.6. Upon the filing of the final report, the Debtor shall be released from the jurisdiction of the Court. The Court shall, after the filing of the final report, cancel the Disbursing Agent's bond and discharge him from all further duties.
- 6.2 Provisions for Receipt and Payment of Monies. Classes 1, 2, 10 and 11 shall be paid their Allowed Claims, or a Pro Rata amount thereof, from the Unsecured Creditors Funds as deposited by the Reorganized Debtor with the Disbursing Agent. The distribution thereof shall be in conformity with the provisions of Article 8, infra, and other terms in this Plan and the Court's Confirmation Order.
- 6.2.1 Checking Account Maintained. Post-Confirmation, the Reorganized Debtor shall retain its existing DIP Account and all of its gross income from all sources shall continue to be deposited therein when received.
- 6.2.2 Payments of Operating Expenses. Continuing throughout the Term, the Reorganized Debtor shall timely pay all Operating Expenses in the ordinary course of its business from the DIP Account.
- 6.2.3 Payments for Carveouts for Professionals. Beginning in the first full month after the Plan is filed in the Court, the Debtor shall pay or transfer from the DIP Account the sum of \$7,000 per month, all of which payments or transfers shall be earmarked and reserved for Professionals' allowances.
- 6.2.4 Payments of the Equipment Replacement Funds Account Before Confirmation. Upon the filing of this Plan in Court, the Debtor shall open a new bank account designated as the Equipment Replacement Funds Account. Beginning in the first month following the filing of the Plan in the Court, the Debtor shall pay or transfer from the DIP Account the Equipment Replacement Funds to Debtor's Equipment Replacement Funds Account.
- 6.2.5 Payment of the Equipment Replacement Funds after Confirmation. Beginning in the first month following Confirmation and on the same day of each month thereafter for the Term, the Reorganized Debtor shall pay over, deliver or wire transfer the Equipment Replacement Funds from the DIP Account to the Equipment Replacement Funds Account.
- 6.2.6 The Equipment Replacement Funds Subject to Court Jurisdiction. The funds deposited in the Equipment Replacement Funds Account in conformity with the terms of the prior subsections shall be subject to the continued jurisdiction of the Court and shall be held and disbursed therefrom pursuant to the terms of this Plan after Confirmation.
- 6.2.7 Disbursement of Equipment Replacement Funds. The Reorganized Debtor may use the Equipment Replacement Funds only as follows: (a) for the purchase of new or used Mining Equipment to replace aged, depreciated or unrepairable Mining Equipment as determined by the Debtor in its business judgment, or (b) in the Debtor's sole discretion, a transfer of all or a portion of the Equipment Replacement Funds into the Unsecured Creditors Funds.
- 6.2.8 Payment of Unsecured Creditors Funds to Disbursing Agent before Confirmation. Beginning in the first month following the filing of the Plan in the Court, the Debtor shall pay, deliver or wire transfer from the DIP Account the Unsecured Creditors Funds to the Debtor's Disbursement Agent's Escrow Account, and the Debtor shall continue such monthly payments until the first month following Confirmation.

- 6.2.9 Payment of Unsecured Creditors Funds to Disbursing Agent after Confirmation. Beginning in the first month following Confirmation and on the same day each month thereafter for the Term, the Reorganized Debtor shall pay over, deliver or wire transfer from the DIP Account the Unsecured Creditors Funds to the Disbursing Agent.
- 6.2.10 Disbursement by Disbursing Agent. The Disbursing Agent shall make distributions of the Unsecured Creditors Funds from his escrow account to the Creditors in conformity with the provisions of this Plan.
- 6.2.11 Payments of Secured Creditors Funds. Prior to Confirmation, the Debtor shall remit adequate protections payments to the Secured Creditors in conformity with the most recent Order or payments entered in the Court. In the month following Confirmation, the Reorganized Debtor shall pay from the Secured Creditors Funds the distribution amount due directly to each Allowed Secured Creditor in conformity with the provisions of Article 5, supra.
- 6.3 Quarterly Reports. The Debtor's obligation of filing monthly financial reports with the U.S. Trustee and the Court shall end upon the closing of the Case pursuant to Article 6.4; provided, however, nothing in this section shall obviate the obligations of the Disbursing Agent to provide the information set forth in Article 6.1.3 supra, and provided further that any Creditor may request the Reorganized Debtor's quarterly financial reports and the Reorganized Debtor's shall promptly provide same within a reasonable time after request is made.
- 6.4 Closing of Case. The Reorganized Debtor may move the Court to close this Case. After the closing of the Case, such closing shall (a) not alter, amend, revoke, or supersede the terms of the confirmed Plan, (b) not affect any rights of the Debtor, unclassified Claimants, Creditors or any other Person treated under the Plan, (c) continue to cause the terms of the confirmed Plan to remain binding on all Persons, (d) cause all Orders of the Court to remain in full force and effect, (e) permit the entry of any Orders of the Court and the entry of the Discharge, (f) hear all objections to Claims without re-opening the Case, and (g) cause the Court to retain all jurisdiction enter such orders as envisioned and set forth in Article 7.3.
- 6.5 Duration of Plan and Reversion of Assets. This Plan shall remain in full force and effect for the Term of the Plan, at which time the Plan shall be deemed fully consummated. Upon Confirmation, all Assets treated hereunder, including Retained Assets, shall revert to and in the Reorganized Debtor free and clear of all Creditors' claims, liens, charges, setoffs, recoupments, encumbrances and interests (except as set forth in this Plan), but subject to any liens, mortgages or encumbrances provided for in the Plan to remain thereon, to be granted thereon or to survive the Term. Upon Confirmation, the Prosecutable Claims shall revert to and in the Reorganized Debtor for the benefit of the Unsecured Creditors but shall otherwise be free and clear of all liens, claims, interests, encumbrances, defenses of res judicata, waiver, laches, and estoppel, for investigation, prosecution, enforcement, settlement, abandonment, adjustment, or collection by the Reorganized Debtor for the benefit of the Allowed Unsecured Creditors.
- 6.6 Implementation of Continuing Stay to Creditors and Exceptions. On the Effective Date, except to the extent that Creditors are provided for payment herein or such Claim is assumed and reaffirmed herein, or is provided for to survive the Term, every Creditor shall be precluded and stayed from asserting against the Reorganized Debtor or the Debtor's Retained Assets and Prosecutable Claims for any obligation with respect to a Claim or interest based upon any document, instrument, act, omission, transaction, chose in action or other activity of any kind or nature that occurred on or before the Confirmation Date; and the provisions under Code §1141,

except as are to the contrary to the provisions of this Plan, shall be applicable for the duration of the Term.

6.7 Intentionally Blank

6.8 Implementation of Continuing Stay to Pending Litigation. Except to the extent that (i) relief from stay has previously been granted or (ii) any Person waives its claim against the Debtor and Reorganized Debtor to pursue only any Insurance Claims, then on the Effective Date all pre-petition lawsuits, litigation, administrative actions or other proceedings, judicial or administrative, against the Debtor or its Assets, shall be permanently stayed as to the Debtor, except to the extent that such Debtor's name, as a necessary party under applicable procedural rules, may be used, but the judgment shall not be collectible from the Debtor or Reorganized Debtor except as set forth in this Plan. The entry of the Confirmation Order shall have no effect upon any insurance coverage of the Debtor with respect to any Claim. The Debtor reserves the right to seek approval and enforcement of an alternative dispute resolution process for the resolution of any Claim or Insurance Claim. The foregoing shall not be deemed consent to such a process by the Debtor or as a waiver of any dispute resolution process.

6.9 Preservation of Prosecutable Claims by the Debtor. Pursuant to and in accordance with Code §§ 105(a), 1123(b)(3), and 1141(b) and except as provided herein, upon the entry of the Confirmation Order, all Prosecutable Claims shall be, and hereby are reserved, retained, and vested in the Debtor as the Reorganized Debtor. All Prosecutable Claims shall survive and continue Post-Confirmation, free and clear of all liens, claims, interests, encumbrances, defenses of res judicata, waiver, laches and estoppel, for investigation, prosecution, enforcement, settlement abandonment, adjustment, or collection for the benefit of the holders of Allowed Unsecured Claims.

6.9.1 Notice to Prosecutable Targets. Without limiting the generality of the foregoing subparagraph, all Creditors and other parties in interest are hereby expressly advised and notified that the Debtor shall have the right to investigate, prosecute, enforce, settle, adjust, collect, or otherwise dispose of the Prosecutable Claims, and ALL CREDITORS, PERSONS, ENTITIES, AND OTHER PARTIES WHO RECEIVED DIRECTLY OR INDIRECTLY, PAYMENTS, OFFSETS, RECOUPMENTS OR TRANSFERS OF PROPERTY FROM THE DEBTOR WITHIN THE ONE (1) YEAR PERIOD PRECEDING THE PETITION DATE, OR WITHIN SUCH LONGER PERIOD OF TIME AS MAY APPLY UNDER APPLICABLE LAW INCLUDING, WITHOUT LIMITATION, PERSONS INCLUDED IN THE "LIST OF PROSECUTABLE CLAIMS TARGETS," WHICH INCLUDES A LIST OF PAYMENTS MADE WITHIN ONE YEAR PRIOR TO THE PETITION DATE ATTACHED AS EXHIBIT 1 TO THE DISCLOSURE STATEMENT (AND INCORPORATED HEREIN BY THIS REFERENCE THE SAME AS IF SET FORTH AT LENGTH HEREIN), ARE HEREBY NOTIFIED THAT THEY MAY BE SUBJECT TO SUIT TO RECOVER ANY PREFERENCES, FRAUDULENT TRANSFERS, OR OTHER AVOIDABLE TRANSFERS AND TO PURSUE ANY PROSECUTABLE CLAIMS. The inclusion of a Person in, or the omission of a Person from, Exhibit ____ to the Disclosure Statement does not mean that a decision has been made to assert, or not to assert, a Prosecutable Claim against such Person. At this time, no determination has been made to pursue any particular Prosecutable Claim.

- 6.9.2 Reservation of Prosecutable Claims. The Reorganized Debtor specifically reserves the Prosecutable Claims and, by setting forth notice to each currently known potential target of such Prosecutable Claim, expressly reserve such rights to survive beyond Confirmation, the finality of Confirmation, and all other legal effects of such Confirmation, provided, however, this reservation shall not mean and shall not be construed to mean that any exclusion of any Person from Exhibit 1 frees, releases, or exonerates such Person from a Prosecutable Claim by way of any defenses, including but limited to the defenses set forth in Article 6.9.1 and 6.9.2, and the Reorganized Debtor shall have the right to investigate, pursue, prosecute and collect any unknown, but later discovered, Prosecutable Claims against any Person.
- 6.9.3 Notice in Confirmation Order. The Confirmation Order shall include appropriate provisions incorporating the terms set forth in Article 6.9, 6.9.1, and 6.9.2, including but not by way of limitation, the survival of the Prosecutable Claims from the defenses of res judicata, waiver, laches, and estoppel as to the Prosecutable Claims and any other unknown but later discovered Claim or Claims after Confirmation and the approval of a grant of derivative jurisdiction for the Debtor and its Counsel to prosecute the Prosecutable Claims.
- 6.9.4 Prosecution and Temporary Disallowance. The Reorganized Debtor and its Counsel shall prosecute the Prosecutable Claims. In accordance with Code § 502(d), Confirmation of this Plan shall constitute a temporarily disallowance of any Claim of a Creditor who has a preference claim asserted against such Creditor unless and until such Creditor has paid to the Debtor the amount adjudged by the Court as a preference liability.
- 6.9.5 Discretion to Pursue or Settle and Immunity of Parties. The Reorganized Debtor shall have discretion to pursue or not to pursue, to settle or not to settle, or to try or not to try, and/or to appeal or not to appeal the Prosecutable Claims as it determines without any further approval of the Court thereof. Neither the Reorganized Debtor nor its professionals, including Counsel, shall have any liability for the outcome of their decisions.
- 6.9.6 Payment Over to Disbursing Agent. All collections by the Reorganized Debtor shall be paid over to the Disbursing Agent and deposited in his IOLTA escrow account as Unsecured Creditors Funds.
- 6.10 Provisions Relating to Default. Upon and after the Effective Date, the following provisions shall be applicable to the Reorganized Debtor:
- 6.10.1 Default of Plan. Notwithstanding any provision hereof, this Plan shall go into default upon the occurrence of the following event; the Reorganized Debtor fails to substantially comply with any of the Chapter 11 provisions applicable to it after Confirmation either by the Code or by this Plan.
- 6.10.2 Notice to Cure Default. The U.S. Trustee or any Creditor shall file a written notification of default to the Debtor providing a minimum fourteen (14) day opportunity to cure the default; if the Debtor has not cured the default by the end of such cure period, then either the U.S. Trustee or the Creditor, as appropriate, may move the Court to declare that the Debtor is in default of the Plan.
- 6.10.3 Notice of Default. If the Disbursing Agent, U.S. Trustee or any Creditor seeks a determination of default, notice of said default shall be given to the Reorganized Debtor, Counsel, the Disbursing Agent and the U.S. Trustee.

- 6.10.4 Remedies in Case of Default. The Court, upon a finding of default, may apply an appropriate remedy, which can include dismissal, conversion, sanctions, sale of the Debtor's Assets pursuant to Article 6.10.7, infra, or such other remedy or remedies decided by the Court in its discretion as being in the best interest of the Creditors.
- 6.10.5 Events Not a Default. The death, disability or retirement of the Shareholder shall not be an event of default under Article 6.10.1, supra.
- 6.10.6 Reservation of Right to Modify Plan. The Debtor reserves the right to file appropriate modifications to the confirmed Plan if death, disability or retirement of the Shareholder occurs during the Term that would adversely affect the distributions to Creditors as set forth in this Plan, which modification(s) shall be subject to the approval of the Court after notice and a hearing.
- 6.10.7 Provisions for Sale of Reorganized Debtor's Assets. If there is a default notice filed in Court by a Creditor and no cure satisfied the default and no stay thereof is issued by the Court, or if the Shareholder voluntarily enters into an agreement to sell substantially all the Assets of the Debtor, then the procedures set forth herein shall apply:
- 6.10.7.1 Motion for Sale Procedures Order. Counsel shall file a motion for the entry of a sales procedures order pursuant to Code §363.
- 6.10.7.2 Sale of Debtor's Assets. Pursuant to the entry of and compliance with the sale procedures order, Counsel shall cause the sale of the Debtor's Assets or the Reorganized Debtor as a going concern to the highest and best bidder, subject to the Court's approval after a sale approval hearing. The allocation of sale proceeds between Secured Creditors shall be fixed by agreement between the parties or as determined by the Court after motion, notice and a hearing. Notwithstanding the foregoing, if the Shareholder and/or Reorganized Debtor obtain a sale price for the Assets in excess of the amount required to satisfy 100% of the Allowed Claims, then no such bidding procedures shall be required and the Reorganized Debtor may request entry of an Order approving such sale without delay.
- 6.10.7.3 Carveouts for Counsel and Professionals. Notwithstanding any unpaid claims existing as of the date of the determination of default, whether Priority Claims, Secured Claims or Unsecured Claims, the Court shall determine and allow fees and expenses to be charged against the gross sale proceeds of the sale or sales of the Debtor's remaining Assets to be paid to Counsel and any other professional person hired by him to assist in such sale.
- 6.10.8 Effect of Death of Shareholder During the Term. The death of the Shareholder during the Term shall create a new Shareholder of the Reorganized Debtor which (a) shall be the person designated by the Shareholder's Last Will and Testament; (b) shall not alter any of the terms of this Plan; (c) person as the new Shareholder shall be obligated to perform the duties of the Shareholder as if he were still alive; and (d) person shall be subject to the jurisdiction of the Court to the same extent as the Shareholder as if she were still alive. The new Shareholder shall have no right to repudiate or alter any of the terms of this Plan.

- 6.10.9 Effect of Disability or Retirement of Shareholder. If the Shareholder becomes so disabled during the term that her disability prevents her from adequately directing and managing the business affairs of the Reorganized Debtor or if she retires, either Counsel or the Disbursing Agent shall advise the Court and the Creditors of her status and the Court shall conduct a hearing upon notice to determine an adequate remedy that would be in the best interests of the Creditors.
- 6.11 Discharge. After the Disbursing Agent has filed his final report of distribution pursuant to Article 7.6.2, *infra*, the Debtor shall file a Certificate of Plan Completion and a Request for Discharge, requesting from the Court a discharge of all Claims treated by this Plan even if such Claims have not been paid in full; The Court thereupon shall consider the entry of an Order of Discharge in conformity with the terms of this paragraph pursuant to the provisions set forth in Code ' 727(b) and §1141(d).
- 6.12 Intentionally Blank
- 6.13 Subordination Rights. The classification and manner of satisfying all Claims and Interests and the respective distributions and treatments hereunder take into account and/or conform to the relative priority and rights of the Claims in each Class of the Debtor in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, Code §510(b), or otherwise, and any and all such rights are settled, compromised and released pursuant to the Plan. The Confirmation Order shall permanently enjoin all persons and entities from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights satisfied, compromised, and settled in this manner.
- 6.14 Exculpation for Post-Petition Events and Limitation of Liability. The Debtor; Counsel; the Disbursing Agent; all Professionals; the Shareholders, any accountants, brokers, representative and employee of all of the foregoing shall not have or incur any liability to, or be subject to any right of action by, the Debtor, or any holder of a Claim or Interest, or any other party in interest or any of their respective agents, shareholders, employees, representatives, financial advisors, attorneys or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, (a) any act taken or omitted to be taken on or after the Petition Date, (b) the Disclosure Statement, the Plan, and the documents necessary to effectuate the Plan, (c) the solicitation of acceptances and rejections of the Plan, (d) the Debtor's Bankruptcy Case or its filing thereof, (e) the administration of the Plan, (f) the distribution of property under the Plan, (g) any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or the Bankruptcy Cases, or (h) any sale pursuant to or after the Plan, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan; except for actions found by a Final Order to be fraudulent or to be the result of criminal conduct. The foregoing exculpation shall not be applicable to the Reorganized Debtor if there is a request by a party in interest pursuant to Code §1144. The aforesaid exculpation of liability shall not be applicable to or available by any professional engaged or retained by Counsel pursuant to Article 2.7, *supra*, or by the Disbursing Agent pursuant to Article 6.1.3.5(d).
- 6.15 Insurance Policies. Any of the Debtor's Insurance Policies which provide liability or indemnity coverage to directors, officers, and/or employees with respect to all past, present or future actions, suits, and proceedings against the Debtor or its past or present officers, and/or employees shall remain in full force and effect for their prescribed terms. Nothing contained

herein shall constitute or be deemed a waiver of any Cause of Action that the Debtor may hold against any Person, including, without limitation, the insurer under any of the Debtor's Insurance Policies. Nothing in this paragraph shall be interpreted to be an indemnification or guarantee for the benefit of any defendant in any cause of action.

6.16 Distributions Relating to Allowed Insurance Claims. Payments from the Debtor's Insurance Policies to a Claimant on Allowed Insurance Claims shall be deemed to be in full satisfaction of such Creditor's Claim, which Claim shall be disallowed upon receipt by such Creditor of any proceeds from the Insurance Policies. Nothing contained herein shall constitute or be deemed a waiver of any cause of action or defense that the Debtor may hold against any Person, including, without limitation, insurers under any policies of insurance for any wrongful settlement or non-settlement decisions, or any reason whatsoever.

ARTICLE 7 General Provisions

7.1 Modification of Plan. The Reorganized Debtor may propose amendments to or modifications of this Plan under Code 1127 at any time prior to the entry of the Confirmation Order. After the Confirmation Date, the Reorganized Debtor may remedy any defects or omissions or reconcile any inconsistencies in this Plan or in the Confirmation Order in such manner as may be necessary to carry out the purposes and intent of this Plan so long as the interests of the Creditors are not materially and adversely affected. After Confirmation, the Reorganized Debtor may modify the Plan pursuant to the reservations of the right to modify as contained in this Plan passim, and to modify the Plan after hearings on objections thereto if the Court's ruling or the terms of this Plan would either require or mandate modification.

7.2 Effectuating Documents; Exemption from Certain Transfer Taxes: The Reorganized Debtor is hereby authorized to execute, deliver, file or record such documents, contracts, releases and other agreements, and take all such further action as may be necessary, to effectuate and further evidence the terms of this Plan. Pursuant to Code § 1146(a), the delivery of any instrument of transfer under, and furtherance of, or in connection with, the Plan, including but not limited to deeds, bills of sale, assignments, or other instruments of transfer, shall not be subject to any stamp tax, or similar transfer tax.

7.3 Retention of Jurisdiction. The following provisions shall upon Confirmation, be applicable to this Case and the Reorganized Debtor:

7.3.1 The Court shall retain all legally permissible jurisdiction, including that necessary to insure that the purpose and intent of this Plan are carried out, to hear and determine all Claims, to determine any matter treated in this Plan for which reference to retained jurisdiction is made, and to hear and determine all Prosecutable Claims.

7.3.2 The Court shall further retain jurisdiction Post-Confirmation for the purpose of resolving all disputes concerning the meaning and effect of any of the Court's Orders, including the Confirmation Order, the application or interpretation of any provision of this Plan.

7.3.3 The Court shall retain jurisdiction for the following additional specific purposes after the Confirmation Date: (a) to modify this Plan pursuant to the Code, the Bankruptcy Rules, or pursuant to the Reorganized Debtor's motion to modify in case of the death, disability, or retirement of the Shareholder; (b) to assure performance by the Reorganized Debtor of its obligations to make distributions under this Plan and any other obligations and duties; (c) to enforce and interpret the terms of this Plan; (d) to enter such orders, including injunctions, as

are necessary to enforce the title, rights and powers of the Reorganized Debtor and the Disbursing Agent and to interpret any limitations, restrictions, terms, or conditions on such title, rights and powers as may be necessary; (e) to enter an order concluding, terminating and/or closing this Case; (f) to correct any defect, cure any omission, or reconcile any inconsistency in this Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of this Plan; (g) to decide issues concerning federal, state and local tax reporting and payment which arise in connection with the Confirmation, execution or performance of this Plan; (h) to hear and determine all Prosecutable Claims; (i) to appoint successor Counsel or a successor Disbursing Agent; and (j) to determine and enter final orders in all adversary proceedings pending on the Confirmation Date or filed thereafter.

- 7.4 Distribution Pending Stay on Appeal. Any stay pending appeal shall apply only to amounts in controversy and distribution of amounts not in controversy shall continue in accordance with the terms of the Plan.
- 7.5 Extensions of Time. Notwithstanding any time limitations in this Plan, the Court may for good cause shown extend such time limitations, but the time limitations set forth in Plan §8.1.3 supra, shall not be extended except upon a showing of extreme or extraordinary circumstances not the fault of the party seeking the extension, but in no event beyond an additional forty days.
- 7.6 Post-Confirmation Actions, Reports and Final Decree. After Confirmation of this Plan, the following events shall occur:
- 7.6.1 Reports of Distribution. The Disbursing Agent shall serve the U.S. Trustee with his quarterly report of the distribution of the Unsecured Creditors Funds pursuant to Article 6.1.3.6, supra.
- 7.6.2 Final Report. Upon completion of all distributions provided for herein, the Disbursing Agent shall file a report of final distribution with the Court in conformity with Local Rules, Form U.
- 7.7 Notices. After Confirmation, any notice, report, motion, or filing required to be given to the Reorganized Debtor, the Disbursing Agent, or a Creditor pursuant to this Plan, the Code or Bankruptcy Rules shall be in writing and, if sent by e-mail, shall be deemed to have been given when sent, but if mailed, shall be deemed to have been given five (5) days after the date sent. If such notice is sent by mail it shall be sent by first-class mail, postage prepaid. All notices shall be sent as follows: If to the Reorganized Debtor, Counsel, or Disbursing Agent, to:

John F. Leaberry (WV Bar# 2168)
Law Office of John Leaberry PLLC
106 Patrick Street
Lewisburg, WV 24901
T: 304-645-2025
F: 888-469-6631

ATTORNEY FOR THE DEBTOR/REORGANIZED DEBTOR AND DISBURSING AGENT

If to the U.S. Trustee, to:
Debra A. Wertman, Esq.
Office of the U.S. Trustee
300 Virginia St., E., Suite 2025

Charleston, WV 25301
(304) 347-3400

- 7.8 Reduction of Notice Periods. Notwithstanding Bankruptcy Rule 2002, the notice period applicable to service of any notice on the Reorganized Debtor, the Disbursing Agent, or a Creditor otherwise applicable pursuant to the provisions of the Code, the Bankruptcy Rules or this Plan, is reduced to a fourteen (14) day period, with the exception of any applicable notice period relating to modification of the Plan after Confirmation.
- 7.9 Transfer of Claims. Claims may be transferred but such transfer will be honored only if applicable Notice is given to the Debtor and only in accordance with Bankruptcy Rule 3001. Pre-Confirmation transfers of Claims shall be recognized if the transfer was done in accordance with Bankruptcy Rule 3001.
- 7.10 Captions. Paragraph captions used herein are for convenience only and shall not affect the construction of this Plan.
- 7.11 Exhibits. All references to any Exhibit herein shall be construed as references to that numbered Exhibit to the Disclosure Statement and shall be considered incorporated herein by this reference, the same as if set forth at length herein.
- 7.12 Choice of Law. Except to the extent that the Code or other federal statutes or regulations are applicable, the rights and obligations arising under the Plan shall be governed by, construed, and enforced in accordance with the laws of the Commonwealth of Kentucky. In the event of an inconsistency between the terms of this Plan and the laws of the Commonwealth of Kentucky, the terms of this Plan shall prevail.
- 7.13 Binding Effect. The rights and obligations of any Person named in, or referred to, or affected by this Plan shall be binding upon, and shall inure to the benefit of, the successors, heirs and assigns of such Person.

ARTICLE 8 Provisions Governing Allowances of Claims and Distributions From the Post-Confirmation Estate

- 8.1 Proofs of Claim, Allowances, Bar Dates, and Time Limitations. The allowance of Claims for distribution purposes shall be as follows:
- 8.1.1 Distribution Based on Allowed Claims Only. No Creditor shall receive any distribution under this Plan unless such Person holds an Allowed Claim.
- 8.1.2 Filing of Proofs of Claim. No Creditor shall receive any distribution under this Plan unless such Person files or has filed a Proof of Claim with the Court on or before the Bar Date and such Claim becomes an Allowed Claim.
- 8.1.3 Bar Date. The time within which a Creditor must file a Proof of Claim shall be fixed at forty (40) days after the Effective Date, notice of which shall be included in bold print in the Confirmation Order. Any Creditor who has previously filed a Proof of Claim shall not be required to file a new Proof of Claim.
- 8.1.4 Late Claims. Except as otherwise expressly provided for in this Plan, any Claim not timely filed pursuant to the terms of this Plan, shall ipso facto not be an Allowed Claim. Neither the Reorganized Debtor, Counsel, nor the Disbursing Agent shall be required or obligated to

file any objection or motion to disallow such late claim with the Court, but Counsel shall file a notice of disallowance pursuant to the terms of this paragraph on any such late-filing creditor. The rights of judicial review shall be available to any aggrieved creditor.

- 8.1.5 Time for Objections to Claims. Any objection(s) to a Claim shall be filed before the first distribution to Class 13 Unsecured Claims under this Plan has been made, or within eighteen (18) months after the Effective Date, whichever is longer, unless such time limitation is extended by a Court Order at the request of the Reorganized Debtor. Distribution to any disputed Claim in a Class shall be subject to the provisions set forth in Article 9.2 unless such objections have been resolved by agreement.
- 8.1.6 Who May Object to Claims. The Reorganized Debtor, the Committee, the U.S. Trustee and any Creditor who holds an Allowed Claim may file objections to claims in conformity with the time limitations set for the Article 8.1.5 above, provided, however, that only the Reorganized Debtor may request an extension of such time limitation.
- 8.2 Unclassified Expenses Reserve. Prior to making any distributions to the Creditors in Classes 2, 10 and 11, the Disbursing Agent shall first make distribution to the Allowed Administrative Expenses in conformity with Article 2.1, 2.3 and/or 2.7, and reservations of funds for those Unclassified Expenses in conformity with Article 2.2 and/or 2.4.
- 8.3 Dates for Distribution. The Disbursing Agent shall commence payments from the Unsecured Creditors Funds in accordance with the terms of this Plan and shall commence payment to the Creditors in Class 2 on or before the day that is ninety (90) days after the payments in full of the Administrative Expenses (“Initial Distribution Date”), and shall continue such payments no less than every ninety (90) days thereafter until all such Unsecured Creditors Funds are exhausted (“Final Distribution Date”). The Disbursing Agent may, in his discretion, shorten or extend the Initial Distribution Date for good cause. Such distributions shall conform to the priorities fixed by the terms of this Plan.
- 8.4 De Minimis Payments. In no event shall the Disbursing Agent be obligated to make a distribution if, in the discretion of the Disbursing Agent, there are insufficient funds available to make a cost-efficient distribution, taking into account the size of the distribution to be made and the number of recipients of such distribution. In the event the Disbursing Agent deems a distribution impractical such funds shall, in the Disbursing Agent’s discretion, either be paid into the Court and disposed of under Chapter 129 of Title 28 of the United States Code or be donated to a reputable charitable organization of the Disbursing Agent’s choice. In no event shall the foregoing impair the right of the Disbursing Agent to use funds to satisfy the costs of administering or fully consummating this Plan as authorized in Article 8.2, supra.
- 8.5 Distributions of Cash. All payments to be made by the Disbursing Agent pursuant to this Plan shall be made by a check drawn on the Disbursing Agent’s escrow account maintained in a U.S. Trustee-approved depository.
- 8.6 Delivery of Distributions and Undeliverable Distributions. Distributions to the holder of an Allowed Claim shall be made at the address of such holder as set forth on the Proof of Claim filed by such holder or by a separate written notice to the Disbursing Agent providing actual knowledge to the Disbursing Agent of a mailing address or a change of address. If any holder’s distribution is returned as undeliverable, no further distributions to such holder shall be made unless and until the Disbursing Agent is notified in writing by such holder, within six months of

the distribution date, of such holder=s then current address, at which time all distributions shall be made to such holder, without interest. All Claims for undeliverable distributions shall be made within six months after the date such undeliverable distribution was initially made. If any address correction is not timely made as provided herein, such Claim shall be disallowed and forever barred from all distribution under the Plan, with prejudice. After such date, all unclaimed property shall be applied first to satisfy the costs of administering and fully consummating this Plan, then for distribution in accordance with this Plan, and the holder of any such Claim shall not be entitled to any other or further distribution under this Plan on account of such undeliverable distribution or such Claim. IT SHALL BE THE RESPONSIBILITY OF EVERY CREDITOR TO KEEP THE DISBURSING AGENT ADVISED OF ANY CREDITOR'S CHANGE OF ADDRESS.

- 8.7 Time Bar to Payments and Disallowances. Checks issued by the Disbursing Agent in respect of Allowed Claims shall be void if not negotiated within six months after the date of issuance thereof. Requests for reissuance of any unnegotiated check shall be made to the Disbursing Agent by the holder of the Allowed Claim to whom such check originally was issued, on or before the expiration of six months following the date of issuance of such check. After such date, all funds held on account of such void check shall be applied first to satisfy the costs of administering and fully consummating this Plan, then for distribution in accordance with this Plan. If the holder of an unnegotiated check does not send a request for reissuance of its check within the six months limitation, then such Creditor's Claim shall be disallowed in its entirety and such holder shall not be entitled to, and shall be barred from, any other or further distribution on account of such void check or such Claim.
- 8.8 Minimum Distributions. If a distribution to be made to a holder of an Allowed Claim on any distribution date, including the Final Distribution Date, would be \$100.00 or less, notwithstanding any contrary provision of this Plan, no distribution will be made to such holder and such Claimant shall not be entitled to any future distribution under this Plan.
- 8.9 Transactions on Business Days. If the Effective Date or any other date on which a transaction, event or act may occur or arise under this Plan shall occur on Saturday, Sunday or any day that is not a Business Day, the transaction, event or act contemplated by this Plan to occur on such day shall instead occur on the next day which is a Business Day.
- 8.10 Set Off and Recoupment Rights by Creditors. No Person shall retain any contractual or statutory right to set off or to recoup any asset in which the Debtor has an interest in satisfaction of that Claimant's prepetition Claim. Any right to set off or to recoup a Claim against an Asset or, any of the Debtor's Assets that are not specifically retained by a Creditor is waived and forever barred.

ARTICLE 9 Procedures for Resolving and Treating Disputed Claims

- 9.1 Objections to Claims and Proofs of Claims. The Reorganized Debtor or any Creditor shall have the right to object to Claims and the allowances of such Claims, subject to the procedures and limitations set forth in Article 8.1.5, the Bankruptcy Rules, and the Code.
- 9.2 No Distribution Pending Determination of Allowability of Disputed Claims; Distributions to be Made on Undisputed Balances of Partially Disputed Claims. No Unsecured Creditors Funds shall be distributed under this Plan on account of any Disputed Claim, unless and until such Claim becomes an Allowed Claim; provided, however, that, except as otherwise required by

§502(d) of the Code, if a Claim is partially disputed, contingent or unliquidated but the balance of the Claim is undisputed, liquidated and not contingent (the "Undisputed Balance"), then distribution shall be made to the holder of the Claim on such Undisputed Balance and distribution shall be withheld on the part of the Claim that is disputed, unliquidated, or contingent unless and until such part becomes an Allowed Claim.

- 9.3 Reserve Accounts for Disputed Claims. On or prior to the Initial Distribution Date and each subsequent distribution, the Disbursing Agent shall reserve cash in an aggregate amount sufficient to pay each holder of a Disputed Claim (a) the amount of cash that such Allowed Claim (before any distribution is made on account of such Allowed Claim), the claims, rights and causes of action of any nature (including Prosecutable Claims) that the Debtor may have against the holder of such Allowed Claim; provided, however, that neither the failure to effect such a setoff or assert a recoupment nor the allowance of any Claim shall constitute a waiver or release of such claims, rights and causes of action (including Prosecutable Claims) that the Debtor may possess against such holder. holder would have been entitled to receive under this Plan if such Claim had been an Allowed Claim on the Initial Distribution Date, or (b) such lesser amount as the Court may estimate or may otherwise order (ADisputed Claims Reserve@).
- 9.4 Allowance and Payment of Disputed Claims. If, on or after the Effective Date, any Disputed Claim becomes an Allowed Claim, the Disbursing Agent shall, within 30 days after the date on which such Disputed Claim becomes an Allowed Claim or as soon thereafter as is practicable, distribute from the Disputed Claims Reserve to the holder of such Allowed Claim the amount of distributions that such holder would have been entitled to receive under this Plan if such Claim had been an Allowed Claim on the Effective Date.
- 9.5 Release of Excess Funds from Disputed Claims Reserve. If at any time or from time to time after the Effective Date, there shall be cash in the Disputed Claims Reserve in an amount in excess of the amount which the Disbursing Agent is required at such time to reserve on account of Disputed Claims under this Plan or pursuant to any Order of the Court, such excess funds shall become available to the Disbursing Agent generally and shall be applied first to satisfy the costs of administration of the Plan and then for distribution in accordance with this Plan.
- 9.6 Set Offs and Recoupment by Disbursing Agent. The Disbursing Agent may, upon obtaining an Order after opportunity notice and a hearing, setoff against or recoup from any Allowed Claim and the distributions to be made pursuant to this Plan on account of such holder.

ARTICLE 10 Treatment of Executory Contracts and Unexpired Leases

- 10.1 Rejected Executory Contracts and Unexpired Leases. To the extent that the Debtor is party to any executory contract and/or unexpired lease that are governed by Code §365, all executory contracts and/or unexpired leases are expressly rejected pursuant to Code §365, (a) except as set forth in Article 10.2 and 10.3 below, or (b) unless the Debtor previously assumed or rejected same by separate Court Order. The Debtor shall surrender such property, but shall retain all rights and privileges to enter upon and access such property, and to perform any reclamation work in compliance with all laws, rules, regulations or ordinances of any federal, state or local authority. Any Rejection Claim arising from such rejection shall become and be treated as an Unsecured Claim in Class 13.

10.2 Assumed Executory Contracts and Unexpired Leases. Notwithstanding Article 10.1 to the contrary and to the extent that the following are executory contracts and unexpired leases within the definitions of same in Code §365, the Debtor specifically assumes the following: (a) all Insurance Policies; (b) all mining permits and licenses issued by the West Virginia Department of Environmental Protection; and (c) Contract Mining Agreement by and between PPA & JCT Enterprises, LLC

Dated: April 13, 2018

PRINCESS POLLY ANNA COAL, INC.

By: /s/ Frederick J. Taylor

Frederick J. Taylor, Sole Shareholder

BY COUNSEL

/s/ John F. Leaberry

John F. Leaberry (WV Bar# 2168)
Law Office of John Leaberry PLLC
167 Patrick Street
Lewisburg, WV 24901
T: 304-645-2025
F: 888-469-6631

EXHIBIT 2

Chapter 11 Plan of Reorganization Summary

Princess Polly Anna
Chapter 11 Plan Of Reorganization
Plan Summary

Secured Creditor Fund

Creditor	Balance per PPA MOR 03/18	Balance included in Plan	Monthly Plan Payment over 60 Months 5% Interest
United Bank	\$12,499.93	\$12,499.93	\$235.89
Terex	\$261,260.00	\$261,260.00	\$4,930.30
Caterpillar Finance	\$2,031,505.92	\$1,200,000.00	\$22,645.48
Spring Creek Energy	\$35,124.56	\$35,124.56	\$662.84
Ford Credit	\$31,275.47	\$31,275.47	\$590.21
<u>Ford Credit</u>	<u>\$9,766.32</u>	<u>\$9,766.32</u>	<u>\$184.30</u>
Total			\$29,249.02

Unsecured Creditor Fund

Debtor to pay \$1.50 per ton of production per month. Proceeds payable first to outstanding administrative fees, next to priority unsecured tax liabilities, then to unsecured creditors holding approved claims.

EXHIBIT 3

PPA Financial Projections 2018 & 2019

2018 Projection	01-18	02-18	03-18	04-18	05-18	06-18	07-18	08-18	09-18	10-18	11-18	12-18	Total
Princess Polly Anna, Big Mountain Mine													
Production/Revenue													
Surface				8000	8000	8000	8500	8500	8500	8500	7000	5000	70000
Auger				500	500	500	500	500	500	500	500	500	4500
Realization Per Ton (Estimated) - \$ 80.00 Per Ton				\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	
Total Sales Revenue				\$467,500.00	\$467,500.00	\$467,500.00	\$495,000.00	\$495,000.00	\$495,000.00	\$495,000.00	\$412,500.00	\$302,500.00	\$4,097,500.00
Direct and Indirect Mining Cost													
Direct Mining (Labor, Equipment and Maintenance) Cost													
Labor (Includes Foreman/Supt., Includes IPC Rate)				\$70,125.00	\$70,125.00	\$70,125.00	\$74,250.00	\$74,250.00	\$74,250.00	\$74,250.00	\$61,875.00	\$45,375.00	\$614,625.00
Equipment (Based on Hourly Rates - Field Vehicles)				\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$270,000.00
Fuel \$2.25/gal.				\$96,000.00	\$96,000.00	\$96,000.00	\$102,000.00	\$102,000.00	\$102,000.00	\$102,000.00	\$84,000.00	\$60,000.00	\$840,000.00
Auger Cost - (Sub Contractor - \$18/ton)				\$9,000.00	\$9,000.00	\$9,000.00	\$9,000.00	\$9,000.00	\$9,000.00	\$9,000.00	\$9,000.00	\$9,000.00	\$81,000.00
Oil and filters				\$6,000.00	\$6,000.00	\$6,000.00	\$6,375.00	\$6,375.00	\$6,375.00	\$6,375.00	\$5,250.00	\$3,750.00	\$52,500.00
Equip. Maint., Parts and Repair				\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$225,000.00
Sub-Total Direct Mining Cost				\$236,125.00	\$236,125.00	\$236,125.00	\$246,625.00	\$246,625.00	\$246,625.00	\$246,625.00	\$215,125.00	\$173,125.00	\$2,083,125.00
Blasting - Supplies:													
Blasting (\$0.40 per yard - 12:1 OBR)				\$20,000.00	\$20,000.00	\$20,000.00	\$21,250.00	\$21,250.00	\$21,250.00	\$21,250.00	\$17,500.00	\$12,500.00	\$175,000.00
Mine supplies				\$8,000.00	\$8,000.00	\$8,000.00	\$8,500.00	\$8,500.00	\$8,500.00	\$8,500.00	\$7,000.00	\$5,000.00	\$70,000.00
Sub-Total Blasting and Mining Supply Cost				\$28,000.00	\$28,000.00	\$28,000.00	\$29,750.00	\$29,750.00	\$29,750.00	\$29,750.00	\$24,500.00	\$17,500.00	\$245,000.00
Mining Prep/Reclamation Cost:													
Accrual - Reclamation PB (\$0.50 per ton)				\$4,250.00	\$4,250.00	\$4,250.00	\$4,500.00	\$4,500.00	\$4,500.00	\$4,500.00	\$3,750.00	\$2,750.00	\$37,250.00
Seeding (\$0.20/ton - contract services)				\$1,700.00	\$1,700.00	\$1,700.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,500.00	\$1,100.00	\$14,900.00
Security				\$8,500.00	\$8,500.00	\$8,501.00	\$8,502.00	\$8,503.00	\$8,504.00	\$8,505.00	\$8,506.00	\$8,507.00	\$76,528.00
Clear cutting (\$0.20 per ton)				\$1,700.00	\$1,700.00	\$1,700.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,800.00	\$1,500.00	\$1,100.00	\$14,900.00
Liability Insurance (\$100,000/year)				\$6,818.18	\$6,818.18	\$6,819.18	\$6,820.18	\$6,821.18	\$6,822.18	\$6,823.18	\$6,824.18	\$6,825.18	\$61,391.62
Sub-Total - Other Cost				\$22,968.18	\$22,968.18	\$22,970.18	\$23,422.18	\$23,424.18	\$23,426.18	\$23,428.18	\$22,080.18	\$20,282.18	\$204,969.62
Trucking:													
Trucking to plant \$5.00/ton				\$42,500.00	\$42,500.00	\$42,500.00	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$37,500.00	\$27,500.00	\$372,500.00
Sub-Total - Trucking				\$42,500.00	\$42,500.00	\$42,500.00	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$37,500.00	\$27,500.00	\$372,500.00
Engineering:													
Permit Engineering (\$0.35 per ton)				\$2,975.00	\$2,975.00	\$2,975.00	\$3,150.00	\$3,150.00	\$3,150.00	\$3,150.00	\$2,625.00	\$1,925.00	\$26,075.00
Biological Compliance: (\$0.35 per ton)				\$2,975.00	\$2,975.00	\$2,975.00	\$3,150.00	\$3,150.00	\$3,150.00	\$3,150.00	\$2,625.00	\$1,925.00	\$26,075.00
Sub-Total - Engineering				\$5,950.00	\$5,950.00	\$5,950.00	\$6,300.00	\$6,300.00	\$6,300.00	\$6,300.00	\$5,250.00	\$3,850.00	\$52,150.00
G&A Cost:													
External Admin. And Mining Supervision (Contract)				\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$45,000.00
Office Personnel and Accounting Expense				\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$18,000.00
Sub-Total G&A and Other Cost				\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00	\$63,000.00
Total Monthly Operating Cost:				\$300,043.18	\$300,043.18	\$300,045.18	\$313,097.18	\$313,099.18	\$313,101.18	\$313,103.18	\$273,955.18	\$221,757.18	\$2,648,244.62
CH 13 Plan Payment 30k + 1.5/Ton													
Bond Contribution for incremental Bonding				\$42,750.00	\$42,750.00	\$42,750.00	\$43,500.00	\$43,500.00	\$43,500.00	\$43,500.00	\$41,250.00	\$38,250.00	\$381,750.00
Sub-Total				\$42,750.00	\$42,750.00	\$42,750.00	\$43,500.00	\$43,500.00	\$43,500.00	\$43,500.00	\$41,250.00	\$38,250.00	\$381,750.00
Total Monthly Cost				\$342,793.18	\$342,793.18	\$342,795.18	\$356,597.18	\$356,599.18	\$356,601.18	\$356,603.18	\$315,205.18	\$260,007.18	\$3,030,000.00
Monthly Net Revenue (EBITDA)/Working Capital				\$119,706.82	\$119,706.82	\$119,704.82	\$133,402.82	\$133,400.82	\$133,398.82	\$133,396.82	\$92,294.82	\$37,492.82	\$1,022,505.38
Income Tax (30% of Projected Net Revenue)				\$35,912.05	\$35,912.05	\$35,911.45	\$40,020.85	\$40,020.25	\$40,019.65	\$40,019.05	\$27,688.45	\$11,247.85	\$306,751.61
Monthly Net Revenue After Tax				\$83,794.77	\$83,794.77	\$83,793.37	\$93,381.97	\$93,380.57	\$93,379.17	\$93,377.77	\$64,606.37	\$26,244.97	\$715,753.77

2019 Projection	01/19	02/19	03/19	04/19	05/19	06/19	07/19	08/19	09/19	10/19	11/19	12/19	Total
Princess Polly Anna, Big Mountain Mine													
Production/Revenue													
Surface	6000	6000	7000	8000	8000	8000	8500	8500	8500	8500	7000	5000	89000
Auger	500	500	1000	1000	1000	1000	1500	1500	1500	1500	1000	500	10500
Realization Per Ton (Estimated) - \$ 80.00 Per Ton	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	
Total Sales Revenue	\$357,500.00	\$357,500.00	\$440,000.00	\$495,000.00	\$495,000.00	\$495,000.00	\$550,000.00	\$550,000.00	\$550,000.00	\$550,000.00	\$440,000.00	\$302,500.00	\$5,582,500.00
Direct and Indirect Mining Cost													
Direct Mining (Labor, Equipment and Maintenance) Cost:													
Labor (Includes Foreman/Supt., Includes IPC Rate)	\$53,625.00	\$53,625.00	\$66,000.00	\$74,250.00	\$74,250.00	\$74,250.00	\$82,500.00	\$82,500.00	\$82,500.00	\$82,500.00	\$66,000.00	\$45,375.00	\$837,375.00
Equipment Leased	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00	\$360,000.00
Fuel \$2.25/gal. @ 44,604 Gallons per month	\$72,000.00	\$72,000.00	\$84,000.00	\$96,000.00	\$96,000.00	\$96,000.00	\$102,000.00	\$102,000.00	\$102,000.00	\$102,000.00	\$84,000.00	\$60,000.00	\$1,068,000.00
Auger Cost - (Sub Contractor - \$18/ton)	\$9,000.00	\$9,000.00	\$18,000.00	\$18,000.00	\$18,000.00	\$18,000.00	\$27,000.00	\$27,000.00	\$27,000.00	\$27,000.00	\$18,000.00	\$9,000.00	\$225,000.00
Oil and filters	\$4,500.00	\$4,500.00	\$5,250.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,375.00	\$6,375.00	\$6,375.00	\$6,375.00	\$5,250.00	\$3,750.00	\$66,750.00
Equip. Maint., Parts and Repair	\$25,000.00	\$25,001.00	\$25,002.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	\$300,003.00
Sub-Total Direct Mining Cost	\$194,125.00	\$194,126.00	\$228,252.00	\$249,250.00	\$249,250.00	\$249,250.00	\$272,875.00	\$272,875.00	\$272,875.00	\$272,875.00	\$228,250.00	\$173,125.00	\$2,857,128.00
Blasting - Supplies:													
Blasting (\$0.40 per yard - 12:1 OBR)	\$15,000.00	\$15,000.00	\$17,500.00	\$20,000.00	\$20,000.00	\$20,000.00	\$21,250.00	\$21,250.00	\$21,250.00	\$21,250.00	\$17,500.00	\$12,500.00	\$222,500.00
Mine supplies	\$6,000.00	\$6,000.00	\$7,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,500.00	\$8,500.00	\$8,500.00	\$8,500.00	\$7,000.00	\$5,000.00	\$89,000.00
Sub-Total Blasting and Mining Supply Cost	\$21,000.00	\$21,000.00	\$24,500.00	\$28,000.00	\$28,000.00	\$28,000.00	\$29,750.00	\$29,750.00	\$29,750.00	\$29,750.00	\$24,500.00	\$17,500.00	\$311,500.00
Mining Prep/Reclamation Cost:													
Accrual - Reclamation PB (\$0.50 per ton)	\$3,250.00	\$3,250.00	\$4,000.00	\$4,500.00	\$4,500.00	\$4,500.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$4,000.00	\$2,750.00	\$50,750.00
Seeding (\$0.20/ton - contract services)	\$1,300.00	\$1,300.00	\$1,600.00	\$1,800.00	\$1,800.00	\$1,800.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$1,600.00	\$1,100.00	\$20,300.00
Security	\$8,500.00	\$8,501.00	\$8,502.00	\$8,500.00	\$8,500.00	\$8,501.00	\$8,502.00	\$8,503.00	\$8,504.00	\$8,505.00	\$8,506.00	\$8,507.00	\$102,031.00
Clear cutting (\$0.20 per ton)	\$1,300.00	\$1,300.00	\$1,600.00	\$1,800.00	\$1,800.00	\$1,800.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$1,600.00	\$1,100.00	\$20,300.00
Liability Insurance (\$100,000/year)	\$6,818.18	\$6,819.18	\$6,820.18	\$6,818.18	\$6,818.18	\$6,819.18	\$6,820.18	\$6,821.18	\$6,822.18	\$6,823.18	\$6,824.18	\$6,825.18	\$81,849.16
Sub-Total - Other Cost	\$21,168.18	\$21,170.18	\$22,522.18	\$23,418.18	\$23,418.18	\$23,420.18	\$24,322.18	\$24,324.18	\$24,326.18	\$24,328.18	\$22,530.18	\$20,282.18	\$275,230.16
Trucking:													
Trucking to plant \$5.00/ton	\$32,500.00	\$32,500.00	\$40,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$40,000.00	\$27,500.00	\$507,500.00
Sub-Total - Trucking	\$32,500.00	\$32,500.00	\$40,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$40,000.00	\$27,500.00	\$507,500.00
Engineering:													
Permit Engineering (\$0.35 per ton)	\$2,275.00	\$2,275.00	\$2,800.00	\$3,150.00	\$3,150.00	\$3,150.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$2,800.00	\$1,925.00	\$35,525.00
Biological Compliance: (\$0.35 per ton)	\$2,275.00	\$2,275.00	\$2,800.00	\$3,150.00	\$3,150.00	\$3,150.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$2,800.00	\$1,925.00	\$35,525.00
Sub-Total - Engineering	\$4,550.00	\$4,550.00	\$5,600.00	\$6,300.00	\$6,300.00	\$6,300.00	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00	\$5,600.00	\$3,850.00	\$71,050.00
G&A Cost:													
External Admin. And Mining Supervision (Contract)	\$5,000.00	\$5,000.00	\$5,002.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$60,002.00
Office Personnel and Accounting Expense	\$2,000.00	\$2,000.00	\$2,002.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$24,002.00
Sub-Total G&A and Other Cost	\$7,000.00	\$7,000.00	\$7,004.00	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00	\$7,000.00	\$84,004.00
Total Monthly Operating Cost:	\$247,843.18	\$247,846.18	\$287,878.18	\$313,968.18	\$313,968.18	\$313,970.18	\$340,947.18	\$340,949.18	\$340,951.18	\$340,953.18	\$287,880.18	\$221,757.18	\$3,598,912.16
CH 13 Plan Payment 30k + 1.5/Ton													
CH 13 Plan Payment 30k + 1.5/Ton	\$39,750.00	\$39,750.00	\$42,000.00	\$43,500.00	\$43,500.00	\$43,500.00	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$42,000.00	\$38,250.00	\$512,250.00
Bond Contribution for incremental Bonding	\$5,000.00	\$5,001.00	\$5,002.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$60,003.00
Sub-Total	\$44,750.00	\$44,751.00	\$47,002.00	\$48,500.00	\$48,500.00	\$48,500.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$47,000.00	\$43,250.00	\$572,253.00
Total Monthly Cost:	\$292,593.18	\$292,597.18	\$334,880.18	\$362,468.18	\$362,468.18	\$362,470.18	\$390,947.18	\$390,949.18	\$390,951.18	\$390,953.18	\$334,880.18	\$265,007.18	\$4,171,165.16
Monthly Net Revenue (EBITDA)/Working Capital													
Monthly Net Revenue (EBITDA)/Working Capital	\$64,906.82	\$64,902.82	\$105,119.82	\$132,531.82	\$132,531.82	\$132,529.82	\$159,052.82	\$159,050.82	\$159,048.82	\$159,046.82	\$105,119.82	\$37,492.82	\$1,411,334.84
Income Tax (30% of Projected Net Revenue)	\$19,472.05	\$19,470.85	\$31,535.95	\$39,759.55	\$39,759.55	\$39,758.95	\$47,715.85	\$47,715.25	\$47,714.65	\$47,714.05	\$31,535.95	\$11,247.85	\$423,400.45
Monthly Net Revenue After Tax	\$45,434.77	\$45,431.97	\$73,583.87	\$92,772.27	\$92,772.27	\$92,770.87	\$111,336.97	\$111,335.57	\$111,334.17	\$111,332.77	\$73,583.87	\$26,244.97	\$987,934.39

EXHIBIT 4

PPA March 2018 Internal Cash Flow Report

PPA

recap of financial data, from internal cash flow reports

		Mar-18	<u>Per Ton</u>
Tons		4,621.00	
Revenue		\$ 323,000	\$69.90
<u>Variable Expenses</u>			
Trucking	4.75	\$ 23,429	5.07
Royalties	0.08	\$ 25,840	5.59
Prop taxes	4.5	\$ 19,450	<u>4.21</u>
Total Variable Expenses		\$ 68,719	14.87
<u>Operational</u>			
Labor, Fully Loaded		\$ 59,163	12.80
Equipment Liab Ins		\$ 6,992	1.51
Fuel / Lube		\$ 38,301	8.29
Blasting		\$ 14,500	3.14
Legal, Acct, Eng		\$ 5,000	1.08
Supplies		\$ 25,498	<u>5.52</u>
Total Operational		\$ 149,454	32.34
<u>Fixed</u>			
Terex		\$ 7,500	1.62
Small Trucks		\$ 1,764	0.38
Cat, or sub	not paid	\$ 20,000	4.33
Augur	not used, min paid	\$ 3,500	<u>0.76</u>
Total Fixed Costs		\$ 32,764	7.09
Total Costs		\$ 250,937	<u>54.30</u>
Net positive cash		\$ 72,063	<u>15.59</u>

Note

- Not audited, review or compiled**
- Not fully accrual, numbers from cash flow management tracking**
- No costs for reclamation, told it is being done currently**
- No bonding costs**
- No depreciations**

EXHIBIT 5

Liquidation Analysis

Debtor Name Princess Polly Anna, Inc

Case number 17-50060

Exhibit E: Liquidation Analysis

Plan Proponent's Estimated Liquidation Value of Assets

Assets

a. Cash on hand	\$	5,000.00
b. Accounts receivable	\$	20,000.00
c. Inventory	\$	10,000.00
d. Office furniture and equipment	\$	0.00
e. Machinery and equipment	\$	1,400,000.00
f. Automobiles	\$	45,000.00
g. Building and land	\$	0.00
h. Customer list	\$	0.00
i. Investment property (such as stocks, bonds or other financial assets)	\$	0.00
j. Lawsuits or other claims against third-parties	\$	0.00
K Other intangibles (such as avoiding powers actions)	\$	

Total Assets at Liquidation Value

Less: Secured creditors' recoveries	-	\$	1,445,000.00
Less: Chapter 7 trustee fees and expenses	-	\$	
Less: Chapter 11 administrative expenses	-	\$	400,000.00
Less: Priority claims, excluding administrative expense claims	-	\$	24,000.00
[Less: Debtor's claimed exemptions]	-	\$	

(1) Balance for unsecured claims	\$	0.00
(2) Total dollar amount of unsecured claims	\$	2,000,000.00

Percentage of claims which unsecured creditors would receive or retain in a chapter 7 liquidation: 0.50 %

Percentage of claims which unsecured creditors will receive or retain under the Plan: 35.00% [Divide (1) by (2)]