Caretta Minerals, LLC

FINANCIAL STATEMENTS

Years Ended March 31, 2016 and 2015
With Reports of Independent Auditors

Braj Aggarwal, CPA, P.C.
Certified Public Accountants

120 Bethpage Road Suite 304
Hicksville, NY 11801
Phone 718-426-4661 Fax: 718-233-2525

Caretta Minerals, LLC

FINANCIAL STATEMENTS

Years Ended March 31, 2016 and 2015
With Report of Independent Auditors

Table of Contents

Braj Aggarwal, CPA, P.C.
Certified Public Accountants

REPORT OF INDEPENDENT AUDITORS

To the Board of Managers
Caretta Minerals, LLC
Beckley, West Virginia

We have audited the financial statements of Caretta Minerals, LLC (a subsidiary of Plank Holdings, LLC, West Virginia Limited Liability Company) which comprise the balance sheets as of March 31, 2016 and 2015, and related statements of operations, changes in member's capital and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

120 Bethpage Road, Suite 304 Hicksville, NY 11801
Phone: 718-426-4661 Fax: 718-233-2525

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial positions of Carreta Minerals, LLC as of March 31, 2016 and 2015, and the results of its operations and its cash flows for the year 2016 and 2015, then ended in conformity with accounting principles generally accepted in the United States of America.

Braj Aggarwal, CPA, P.C.

Hicksville, New York
May 8, 2016

This page intentionally left blank.

FINANCIAL STATEMENTS

Caretta Minerals LLC

Stand alone Financials- Balance Sheets

As of March 31, 2016 and 2015

	2016	2015
Assets		
Current		
Cash and cash equivalents	$ 1,005	$ 367,528
Accounts receivable:		
Trade receivables	(2)	222,439
Intercompany receivables	-	5,345
Other current assets	122,250	198,000
Total current assets	123,253	793,312
Property, Plant and Equipment		
Mine development costs	4,538,295	4,621,912
Plant and equipment	33,417,700	33,126,031
	37,955,995	37,747,943
Less accumulated depreciation	(244,069)	(41,654)
Net Property, Plant and Equipment	37,711,926	37,706,289
Mining Property		
Land and Mineral rights	81,046,000	81,046,000
	81,046,000	81,046,000
Less accumulated depreciation and depletion	(243,099)	(91,987)
Net Mining Property	80,802,901	80,954,013
Other Assets		
Advanced coal royalties	8,449,652	7,310,016
Restricted investments and bond collateral	299,534	299,443
Total Other Assets	8,749,186	7,609,459
Total Assets	$ 127,387,266	$ 127,063,073

See Notes to Financial Statements

Caretta Minerals LLC

Stand alone Financials- Balance Sheets

As of March 31, 2016 and 2015

	2016	2015
Liabilities and Members' Capital		
Current liabilities		
Accounts payable - trade	$ 1,643,905	$ 3,587,766
Accounts payable - Intercompany	47,668,444	43,960,644
Accrued liabilities	60,740	77,390
Total Current liabilities	49,373,090	47,625,799
Total Liabilities	49,373,090	47,625,799
Members' capital		
Paid in capital	81,046,000	81,046,000
Retained earnings	(3,031,824)	(1,608,726)
Total Members' Capital	78,014,176	79,437,274
Total Liabilities and Members' Capital	$ 127,387,266	$ 127,063,073

See Notes to Financial Statements

Caretta Minerals LLC

Statement of Operations

For the years ended March 31, 2016 and 2015

		2016		2015
Net Sales	$	3,986,194	$	2,798,170
Operating Costs and Expenses				
Cost of sales-materials, labor and other costs		4,417,823		4,102,062
Depreciation, depletion and amortization		353,527		121,632
Selling, general and administrative expenses		638,624		192,823
Total Costs and Expenses		5,409,975		4,416,516
Operating Income/(Loss)		(1,423,781)		(1,618,346)
Interest income		683		536
Total Other Income (Expenses), net		683		536
Income/(Loss) before income taxes		(1,423,098)		(1,617,810)
Total Income Taxes		-		-
Net income (loss)	$	(1,423,098)	$	(1,617,810)

See Notes to Financial Statements

Caretta Minerals LLC

STAND ALONE STATEMENTS OF CHANGES IN MEMBERS' EQUITY

For the years ended March 31, 2016 and 2015

	Membership Percentage	Shareholders/ Members' Capital	Paid in Capital	Retained Earnings	Total Members' Capital
Balance at April 1, 2014			$ 81,046,000	$ 9,084	$ 81,055,084
Net income				(1,617,810)	(1,617,810)
Balance at March 31, 2015	-	-	81,046,000	(1,608,726)	79,437,274
Loss from operations				(1,423,098)	(1,423,098)
Balance at March 31, 2016	$ -	$ -	$ 81,046,000	$ (3,031,824)	$ 78,014,176

See Notes to Financial Statements

Caretta Minerals LLC

Stand alone Cash flow statement
For the years ended March 31, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities:		
Net income/(loss)	$ (1,423,098)	$ (1,617,810)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and depletion	353,527	121,632
Changes in operating assets and liabilities:		
(Increase)/Decrease Trade receivables	222,441	(163,980)
(Increase)/ Decrease Intercompany receivables	5,345	-
(Increase)/Decrease Inventories	-	298,378
(Increase)/Decrease Other current assets	75,750	(8,005)
(Increase)/Decrease Advanced coal royalities	(1,139,636)	(1,320,857)
(Increase)/Decrease Restricted investments and bond collateral	(91)	(25,181)
Increase /(Decrease) Accounts payable	(1,943,860)	(106,659)
Increase /(Decrease) Accrued liabilities	(16,649)	(145,746)
Increase /(Decrease) Intercompany payables	3,707,800	21,112,643
Increase /(Decrease) Deferred revenue	-	(299,589)
Net cash provided (used) by operating activities	(158,472)	17,844,826
Cash Flows From Investing Activities:		
Capital expenditures	(208,052)	(18,239,052)
Net cash used in investing activities	(208,052)	(18,239,052)
Cash Flows From Financing Activities:		
Net cash provided (used) by financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(366,524)	(394,226)
Cash and cash equivalents at beginning of period	367,528	761,755
Cash and cash equivalents at end of year	$ 1,004	$ 367,529
Supplemental Cash Flow Information:		
Federal income taxes paid	$ -	$ -
Interest paid	$ -	$ -
Adjustment of assets to fair market value	$ -	$ -
Liabilities assumed in asset acquisition	$ -	$ -

A. Organization

Organization and Operations

Caretta Minerals, LLC (the “Company”, or “Caretta”) is a coal development and production holding company organized as limited liability Corporation in West Virginia. The Company’s current business activities are primarily the production, loading and sale of metallurgical coal from mines and preparation plant located in West Virginia. Caretta is a wholly-owned subsidiary of Planck Holdings LLC.

Going Concern

The Company’s financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company engages in business activities that involve various risks, and future success is dependent upon a number of factors including, among others, generating sufficient revenues, the market demand and price for the Company’s products. The Company’s losses for the year ended March 31, 2016 and 2015 amounted to approximately $1.42 million and $1.62 million, respectively.

During the year, in view of the significant drop in coal prices, the company was trying to reduce their losses by keeping the operations at a minimum level. Now the market is showing indication of improvement so the company is planning to start mining operations and ramp up the production in line with improvement in the coal prices. The Company is mainly focusing on a plan to mine those reserves which can be extracted at the lowest cost and which are in close proximity to the preparation plant so as to minimize the cost of transportation. The Company will consider mining the rest of the reserves as the coal market improves. Further, the Company is also approaching various customers in order to get better sale orders and achieve profitability.

The Company is dependent upon its ultimate parent company, JSW Steel Ltd. India to continue providing financial support as done in the past for the Company to continue until it achieves profitable operations. JSW Steel, Ltd. India will continue to provide need based support to the Company as required to continue operations.

The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

B. Summary of Significant Accounting Policies

The financial statements are prepared under accounting principles generally accepted in the United States of America (“GAAP”). The following notes describe the significant accounting policies:

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the value of mineral reserves. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents. At March 31, 2016 and 2015, the Company had no such investments. Restricted amounts of cash and cash equivalent are segregated and appropriately classified as current or noncurrent assets. The Company maintains deposits in two financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Inventory

Inventory, which consists of mined coal, is valued at the lower of cost or market using the lot method, which approximates average cost.

Restricted Investments and Bond Collateral

The Company has requirements to maintain restricted cash and investments for bonding requirements. Amounts held are recorded as Restricted Investments and Bond Collateral, which are included in other assets on the consolidated balance sheets. Funds in the restricted investment and bond collateral accounts are not available to meet the Company's operating cash needs.

Mine Development

Mining costs are expensed as incurred for existing operating mines. Costs of developing new mines or significantly expanding the capacity of existing mines are capitalized and amortized using the units-of-production method over the estimated recoverable reserves that are associated with the property being benefited. Costs may include construction permits and licenses; mine design; construction of access roads, shafts, slopes and main entries; and removing overburden to access reserves in a new pit.

The Company allocates interest, which is capitalized as mining development cost, to mines that are being prepared for production. During the year ended March 31, 2016 and 2015, $Nil and $ 40,896, respectively, of interest was capitalized to mine development costs.

Long-lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amounts to future undiscounted cash flows that the assets are expected to generate. If long-lived assets are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair market value and is recorded in the period the determination was made.

Mining Properties, Plant and Equipment

Property and equipment are stated at the fair market value as of the acquisition date. Depreciation will be calculated over the estimated useful lives of the assets using the straight-line method. Coal reserves are recorded at fair value.

Coal reserves, mineral rights and mine development costs are depleted based upon estimated recoverable proven and probable reserves.

Plant and equipment are depreciated on a straight-line basis over the assets' estimated useful lives as follows:

	Years
Buildings and improvements	15 to 30
Machinery and equipment	3 to 30

The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be fully recoverable. Based on periodic assessments of the reliability of its long-term assets and the analysis of undiscounted future cash flows for its long-term assets, no impairment of long-term asset needs to be recognized by the Company.

Federal Income Taxes

For federal income tax purposes, the Company is a disregarded entity and files its return as a member of the consolidated return of JSW USA. The taxes attributable to Caretta are shown in the consolidated financial statements. A balance sheet approach is used to determine deferred taxes whereby deferred income taxes are provided at the balance sheet date, based upon enacted tax laws, for differences between the tax bases of assets and liabilities and their respective carrying amounts for financial statement purposes. The Company computes current and deferred federal income tax expense as if it were a separate taxable corporation, utilizing the full benefit of the federal graduated rate structure.

Tax positions are evaluated in a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination. If a tax position meets the more likely than not threshold, it is then measured to determine the amount of expense to record in the financial statements. The tax position is measured as the largest amount of expense that is greater than 50 percent likely to be realized upon ultimate settlement. The Company recognizes the potential accrued interest and penalties related to unrecognized tax benefits within income tax expense. The Company has not recorded any liability related to uncertain tax positions.

Fair Value of Financial Instruments

The fair value of financial instruments classified as current assets or liabilities, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate carrying value, principally because of the short maturity of those items. The carrying value of interest bearing debt also approximates fair value since these instruments bear market rates of interest. The carrying value of non- interest bearing debt approximates fair value because the imputed interest approximates the prevailing interest rates. None of these instruments are held for trading purposes.

Advertising Costs

Advertising costs are expensed when incurred.

Asset Retirement Obligations

The Company's asset retirement obligation ("ARO") liabilities primarily consist of estimated costs to reclaim surface land and support facilities at its mines in accordance with federal and state reclamation laws as established by each mining permit. In order to minimize possible reclamation obligations, the Company has contracted with mining operators on certain mines to reclaim the land as part of the mining operations.

For mines where the Company has a possible asset retirement obligation, the Company estimates its ARO liabilities for final reclamation and mine closure based upon detailed engineering calculations of the amount and timing of the future costs for a third party to perform the required work. Cost estimates are escalated for inflation, and then discounted at a credit-adjusted risk-free rate. The Company records an ARO asset associated with the initial recorded liability. The ARO asset is amortized based on the units of production method over the estimated recoverable, proven and probable reserves at the related mine, and the ARO liability is accreted to the projected settlement date. Changes in estimates could occur due to revisions of mine plans, changes in estimated costs, and changes in timing of the performance of reclamation activities. As of March 31, 2016 and 2015, the Company had no accrued asset retirement obligations.

Coal Revenues

The Company recognizes coal sales revenue at the time title passes to the customer in accordance with the terms of the underlying sales agreements and after any contingent performance obligations have been satisfied. Coal sales revenue is recognized based on the pricing contained in the contracts in place at the time that title passes. Retroactive pricing adjustments to those contracts are recognized as revised agreements are reached with the customers and any performance obligations included in the revised agreements are satisfied.

Shipping and Handling Costs

Freight billed to customers is considered revenue and the related freight costs as cost of sales.

Planned Major Maintenance Activities

The Company uses the direct expensing method to account for major maintenance activities. Under this method, major maintenance activities are expensed as a period expense when the major maintenance activities are incurred.

Exploration Drilling and Evaluation Costs

Exploration, Drilling and Evaluation expenditures are charged to cost of sales as incurred, including costs related to drilling and study costs incurred to convert or upgrade mineral resources to reserves. Once commercially viable reserves are determined to be productive, development costs of the coal reserves are capitalized and amortized over the unit of production basis over the total estimated remaining commercial reserves.

Reclassifications

Certain classifications for 2016 have been changed to conform to the 2015 classifications. Neither net income nor stockholders' equity were impacted by the changes.

C. Mining Property

Mining property consisted of the following at March 31:

	2016	2015
Land and mineral reserves	$ 81,046,000	$ 81,046,000
Less accumulated depreciation	(243,099)	(91,987)
	80,802,901	80,954,013

D. Property and Equipment

Property and equipment consisted of the following at March 31:

	2016	2015
Mine development costs	4,538,295	4,621,912
Less accumulated depreciation	(244,069)	(41,655)
	4,294,226	4,580,257
Construction-in-progress	33,417,700	33,126,031
	$ 37,711,926	$ 37,706,288

Construction-in-progress includes costs incurred to build a coal preparation plant and capitalized Interest of $ 896,086 which was incurred on debt to fund construction of the coal preparation plant. Depreciation expense was $353,527 and $121,632 for the year ended March 31, 2016 and 2015, respectively.

E. Other Assets

Other assets consisted of the following at March 31:

	2016	2015
Advanced coal royalties	8,449,652	7,310,016
Restricted investments and bond collateral	299,534	299,443
	8,749,186	7,609,459

Advanced coal royalties relate to minimum royalties paid to the Company's lessors that will be applied to actual royalties incurred on processed coal once the mines are in production.

Restricted investments and bond collateral include restricted cash that is legally restricted for purposes of settling final reclamation activities. The Company's restricted investments are in bank time deposit accounts and/or cash bonds with the Regulatory agencies.

F. Related Party Transactions

The Company has advances as of March 31, 2016 and 2015 from group companies of $47,668,444 and $43,960,644, respectively. The advances are payable on demand. The Company accrues no interest on the advances.

The Company also has a receivable from one of its group companies of $Nil and $5,345, respectively as of March 31, 2016 and 2015.

G. Income Taxes

The Company's deferred tax liabilities and deferred tax assets at March 31, 2016 and 2015, are considered at consolidated level.

H. Commitments and Contingencies

On April 29, 2010, the Company executed lease agreements for certain coal reserves and certain tracts or parcels of land for the purpose of erecting and operating a coal preparation plant and related facilities through December 31, 2034 (the "Caretta leases"). As part of the Caretta leases, the Company agreed to (i) make every reasonable effort to mine at least two million five hundred thousand (2,500,000) tons of coal during each five-year period beginning in July 1, 2022 and (ii) use commercially reasonable efforts to construct a 500-ton-per-hourcoal preparation plant by April 1, 2017. As of March 31, 2016, the Company was in the process of constructing the coal preparation plant.

The Caretta leases include a tonnage royalty whereby the Company pays a royalty for every ton processed and/or shipped from the leased site. Beginning in April 2012, the agreements required the Company to begin paying minimum royalties. The future minimum royalty payments under the Caretta leases at March 31, 2016 are as follows:

ending March 31,	
2017	$ 1,200,000
2018	1,500,000
2019	1,500,000
2020	1,500,000
2021	1,500,000
	$ 7,200,000

The Caretta leases allow the Company to recoup these minimum annual royalty payments by application to the actual coal lease royalties that would otherwise due during the following three lease years or till extended period as agreed by the Lessor. The advance royalty payments that management expects to recoup from the Caretta leases' future royalties were $8,449,652 and $7,310,016 as of March 31, 2016 and 2015, respectively.

I. Subsequent Events

In preparing these financial statements, the Company has evaluated events and transaction for potential recognition or disclosure through May 8, 2016, the date on which the financial statements were available to be issued.