Periama Holdings, LLC

FINANCIAL STATEMENTS

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

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

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

Table of Contents

Report of Independent Auditors 1-2

Financial Statements:

Balance Sheets 5-6

Statement of Operations 7

Statements of Changes in Member's Capital 8

Statements of Cash Flows 9

Notes to Financial Statements 10-16

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Certified Public Accountants

REPORT OF INDEPENDENT AUDITORS

To the Board of Managers
Periama Holdings, LLC
Beckley, West Virginia

We have audited the financial statements of Periama Holdings, LLC (a 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.

Basis for Qualified Opinion

As discussed in Note B to these financial statements, which is for Periama Holdings, LLC stand-alone financial statements, the Company reports its investment on the cost method of accounting in direct subsidiaries, Purest Energy, LLC, Planck Holdings, LLC and Prime Coal, LLC. Wholly-owned subsidiaries of Purest include Meadow Creek, LLC, Keenan Minerals, LLC, Hutchinson

Minerals, LLC, R. C. Minerals, LLC, and Peace Leasing, LLC. Wholly-owned subsidiaries of Planck include Rolling S Augering, Caretta Minerals, LLC, Lower Hutchinson Minerals, LLC and Periama Handling, LLC.

These financial statements do not consolidate the financial position or results of operations from its subsidiaries in accordance with Generally Accepted Accounting Principles accepted in the USA and are not intended to be a full presentation under generally accepted accounting principles. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Opinion

In our opinion, except for the effects of not consolidating all owned subsidiaries, as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Periama Holdings, LLC as of March 31, 2016 and 2015, and the results of its operations and its cash flows for the year 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

FINANCIAL STATEMENTS

PERIAMA HOLDINGS, LLC

Stand alone Financials-Balance Sheets

As of March 31, 2016 and 2015

	2016	2015
Assets		
Current		
Cash and cash equivalents	$ 217,389	$ 28,480
Accounts receivable:		
Intercompany receivables	97,294,148	91,890,808
Less : Impairment	(32,666,933)	-
	64,627,215	91,890,808
Other current assets	315,500	524,113
Deferred tax assets	29,755	29,755
Total current assets	65,189,859	92,473,156
Property, Plant and Equipment		
Net Property, Plant and Equipment	-	-
Other Assets		
Capitalized loan cost net of amortization	229,125	534,625
Investments in subsidiaries	86,807,274	86,807,274
Total Other Assets	87,036,399	87,341,899
Total Assets	$ 152,226,258	$ 179,815,055

See notes to financial statements

PERIAMA HOLDINGS, LLC

Stand alone Financials-Balance Sheets

As of March 31, 2016 and 2015

	2016	2015
Liabilities and Members' Capital		
Current liabilities		
Accounts payable - trade	$ 27,633	$ 35,614
Accrued liabilities	75,157	-
Interest payable - financial institutions	297,999	144,154
Interest payable - due to parent company	15,166,337	9,598,947
Interest payable - Minerals and Metals FZE	183,204	183,204
Advances - due to parent company	108,379,000	91,563,000
Current portion of notes payable bank	10,000,000	10,000,000
Total Current liabilities	134,129,330	111,524,919
Long-term debt, net of current portions		
Notes payable bank	7,500,000	17,500,000
Notes payable to related parties	-	13,500,000
Total Long-term debt, net of current portions	7,500,000	31,000,000
Other liabilities		
Coal royalties due	-	9,770,000
Reclamation payable	-	23,000
Deferred tax liabilities	6,049,864	10,123,024
Total Other liabilities	6,049,864	19,916,024
Total Liabilities	147,679,194	162,440,943
Members' capital		
Members' capital	14,350,001	14,350,000
Retained earnings	(9,802,937)	3,024,112
Total Members' Capital	4,547,064	17,374,112
Total Liabilities and Members' Capital	$ 152,226,258	$ 179,815,055

See notes to financial statements

PERIAMA HOLDINGS, LLC

Stand Alone Statements of Operations

For the years ended March 31, 2016 and 2015

	2016	2015
Net Sales	$ -	$ -
Operating Costs and Expenses		
Cost of sales-materials, labor and other costs	-	-
Depreciation, depletion and amortization	-	-
Selling, general and administrative expenses	338,675	303,421
Total Costs and Expenses	338,675	303,421
Operating Income	(338,675)	(303,421)
Other Income (Expenses)		
Other income	23,043,000	-
Interest income	-	2,507
Facility fees and financing charges	(305,500)	(76,375)
Interest expense	(6,632,101)	(5,210,533)
Total Other Income (Expenses), net	16,105,399	(5,284,401)
Profit before unusual items and income tax	15,766,724	(5,587,822)
Unusual and/or infrequent items:		
Impairment	(32,666,933)	-
Income/(Loss) before income taxes	(16,900,209)	(5,587,822)
Income Taxes		
Deferred income tax (expense) benefit	4,073,160	316,038
Total Income Taxes	4,073,160	316,038
Net income (loss)	$ (12,827,049)	$ (5,271,784)

See notes to financial statements

PERIAMA HOLDINGS, LLC

Stand Alone Statements of Operations
For the years ended March 31, 2016 and 2015

	Membership Percentage	Members' Capital	Retained Earnings	Members' Capital
Balance at April 1, 2014	100%	$ 14,350,000	$ 8,295,896	$ 22,645,896
Net Loss			(5,271,784)	(5,271,784)
Balance at March 31, 2015	100%	14,350,000	3,024,112	17,374,112
Loss from operations			(12,827,049)	(12,827,049)
Balance at March 31, 2016	100%	$ 14,350,000	$ (9,802,937)	$ 4,547,063

See notes to financial statements

PERIAMA HOLDINGS, LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities:		
	$ (12,827,049)	$ (5,271,784)
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment losses	32,666,933	-
Amortization	305,500	76,375
Changes in operating assets and liabilities:		
(Increase)/ Decrease Intercompany receivables	(5,403,340)	(22,132,220)
(Increase)/Decrease Other current assets	208,614	(514,113)
Increase /(Decrease) Accounts payable	(7,981)	10,004
Increase /(Decrease) Accrued liabilities	75,157	(7,644)
Increase /(Decrease) Coal royalties due	(9,770,000)	-
Increase /(Decrease) Reclamation payable	(23,000)	(1,741,750)
Increase /(Decrease) Interest payable related party	5,567,390	4,554,475
Increase /(Decrease) Interest payable	153,845	11,497
Increase /(Decrease) Deferred income taxes	(4,073,160)	(316,038)
Net cash provided (used) by operating activities	6,872,909	(25,331,198)
Cash Flows From Investing Activities:		
Capital expenditures	-	-
Net cash used in investing activities	-	-
Cash Flows From Financing Activities:		
Proceeds from notes payable to financial institutions	(10,000,000)	7,500,000
Proceeds from intercompany advance	(13,500,000)	348,287
Proceeds from related party advance	16,816,000	17,310,000
Facilities agent fees to bank and other charges for loan facilities	-	189,774
Net cash provided (used) by financing activities	(6,684,000)	25,348,061
Net increase (decrease) in cash and cash equivalents	188,909	16,863
Cash and cash equivalents at beginning of period	28,480	11,617
Cash and cash equivalents at end of year	$ 217,389	$ 28,480
Supplemental Cash Flow Information:		
Federal income taxes paid	$	$
Interest paid	$ -	$ 1,358,828
Adjustment of assets to fair market value	$ -	$ -
Liabilities assumed in asset acquisition	$ -	$ -

See notes to financial statements

A. Organization

Organization and Operations

Periama Holdings, LLC (the "Company", or "Periama") is a holding company for coal reserves and loading facilities 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. Periama is a wholly-owned subsidiary of JSW Steel Holdings (USA), Inc. ("JSW USA"), which acquired a 100% membership interest in Periama effective May 3, 2010.

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 $12.83 million and $5.27 million, respectively.

During the year, in view of the significant drop in coal prices, the group companies were trying to reduce their losses by keeping the operations at a minimum level. The Company will consider mining these reserves as the coal market improves.

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"), except that the subsidiaries of the Company are recorded on the cost basis and not consolidated in these financial statements. 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 primarily in three 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, no 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 & 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 realizability 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 Steel Holding (USA) Inc. 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 2015 have been changed to conform to the 2016 classifications. Neither net income nor stockholders' equity was impacted by the changes.

C. Property and Equipment

The Company has no Property and equipment as at March 31, 2016 and 2015.

D. Debt

Debt consisted of borrowings under term loan agreements, demand loans, and loans from former owners. Debt consisted of the following at March 31:

	2016	2015
Notes payable to others	-	13,500,000
Term loan with ICICI Bank	17,500,000	27,500,000
	17,500,000	41,000,000
Less current portion	(10,000,000)	(10,000,000)
	$ 7,500,000	$ 31,000,000

Notes Payable to Others

The Company has a note payable, executed effective on May 3, 2010, for $18,000,000 with a former owner. The note does not bear interest and was due in four equal annual installments of $4,500,000 starting on September 30, 2011. During the Year, the Company has settled the Note on a cash payment of $250,000 and transfer of Rich Creek Property. The Company has recorded a write back of $ 13,250,000 due to this settlement.

Term Loans with Financial Institutions

During September 2013, the Company executed a credit facility agreement with ICICI Bank with a maximum credit facility amount of $30 million. The facility matures on October 15, 2017 and bears interest at six-month LIBOR plus 3.7 percent. The interest rate at March 31, 2016 was 4.61 percent. The loan is repayable in seven semi-annual installments beginning October 15, 2014 and is collateralized by certain of the Company's property and equipment.

The maturities of the Company's debt are as follows:

Ending March 31,		
2017	$	10,000,000
2018		7,500,000
	$	17,500,000

E. Related Party Transactions

The Company has advances as of March 31, 2016 and 2015 from JSW Steel Holding (USA) Inc. of $108,379,000 and $91,653,000, respectively. The advances are payable on demand. The Company accrues interest on the advances based on six-month LIBOR plus **5** percent. The interest rate at March 31, 2016 was 5.63 percent. As of March 31, 2016 and 2015 there was $ 15,164,045 and $9,598,947, respectively, in accrued interest due to JSW Steel Holding (USA) Inc. During the year ended March 31, 2016 and 2015, the Company incurred interest expense of $5,565,098 and $4,554,475, respectively, on the advances from JSW Steel Holding (USA) Inc.

In addition to the advances, certain services from JSW Steel (USA) Inc. were received during the year ended March 31, 2016 and 2015 that resulted in a balance payable of $61,283 and $74,457 respectively.

The Company has advanced to its subsidiaries as of March 31, 2016 and 2015 of $97,294,148 and $91,890,808, respectively. The advances are receivable on demand. The Company has not provided any interest on these advances. During the year ended March 31, 2016 in view of continuing losses, negative cash flows and declining coal market, the Company has recorded an impairment loss of $ 32,666,933 for the advances to its subsidiaries.

F. Income Taxes

The Company's deferred tax liabilities and deferred tax assets at March 31, 2016 and 2015 are as follows:

	2016	**2015**
Current Deferred Tax Asset:		
Doubtful Debts	29,755	29,755
Non-Current Deferred tax assets:		
Net operating loss carry forwards	4,862,756	11,211,609
Costs incurred for start-up	220,023	244,246
Property & Equipment	306,863	-

Impairment	1,047,475	-
Royalties payable	-	3,150,000
Total deferred tax assets	6,437,117	14,605,855
Non-Current Deferred tax liabilities:		
Coal reserves	12,486,981	23,212,707
Property and equipment	-	1,516,172
Total deferred tax liabilities	12,486,981	24,728,879
Net Non-Current deferred liability	$ (6,049,864)	$ (10,123,024)

The Company has approximately $13,900,000 in net operating loss ("NOL") carry forwards available to offset future taxable income. These federal NOL's begin to expire during the year ending March 31, 2031. The Company's federal tax returns from the tax years ended March 31, 2011 through March 31, 2015 are open to examination by the Internal Revenue Service.

G. 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.