Planck 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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REPORT OF INDEPENDENT AUDITORS

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

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

Basis for Qualified Opinion

As discussed in Note B to these financial statements, which is for Plank Holdings, LLC stand-alone financial statements, the Company reports its investment in Rolling S Augur, LLC, Carreta Minerals, LLC, Periama Handlings, LLC, Lower Hutchinson Minerals, LLC all are 100 percent owned subsidiaries on the cost method of accounting.

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 Plank Holding, 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 13, 2016

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FINANCIAL STATEMENTS

Planck Holdings LLC

Stand alone Financials- Balance Sheet

As of March 31, 2016 and 2015

	2016	2015
Assets		
Current		
Cash and cash equivalents	$ 464	$ 108
Accounts receivable:		
Intercompany receivables	3,184,734	3,184,734
Less Impairment	(184,734)	-
Intercompany receivables (net)	3,000,000	3,184,734
Other current assets	6,900	6,900
Total current assets	3,007,364	3,191,742
Property, Plant and Equipment		
Net Property, Plant and Equipment	-	-
Other Assets		
Investments in subsidiaries	91,081,529	91,081,529
Less Impairment	(10,035,529)	-
Total Other Assets	81,046,000	91,081,529
Total Assets	$ 84,053,364	$ 94,273,271

See notes to financial statements

Planck Holdings LLC

Stand alone Financials- Balance Sheet

As of March 31, 2016 and 2015

	2016	2015
Liabilities and Members' Capital		
Current liabilities		
Accounts payable - trade	$ 1,020	$ 789.00
Accounts payable - Intercompany	20,079,718	20,034,111
Due to former owners	250,000	250,000
Total Current liabilities	20,330,738	20,284,900
Long-term debt, net of current portions		
Total Long-term debt, net of current portions	-	-
Other liabilities		
Total Other liabilities	-	-
Total Liabilities	20,330,738	20,284,900
Members' capital		
Members' capital	252,600	252,600
Paid in capital	74,099,703	74,099,703
Retained earnings	(10,629,677)	(363,932)
Total Members' Capital	63,722,626	73,988,371
Total Liabilities and Members' Capital	$ 84,053,364	$ 94,273,271

See notes to financial statements

Planck 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	45,482	43,011
Total Costs and Expenses	45,482	43,011
Operating Income/(Loss)	(45,482)	(43,011)
Other Income (Expenses)	-	-
Total Other Income (Expenses), net	-	-
Loss before unusual items and income tax	(45,482)	(43,011)
Unusual and/or infrequent items:		
Impairment Loss Intercompany receivables	(184,734)	-
Impairment Loss Investments in subsidiaries	(10,035,529)	
Income/(Loss) before income taxes	(10,265,745)	(43,011)
Income Taxes		
Current deferred income tax (expense) benefit	-	-
Deferred income tax (expense) benefit	-	-
Total Income Taxes	-	-
Net income (loss)	$ (10,265,745)	$ (43,011)

See notes to financial statements

Planck Holdings LLC

Stand Alone Statements of Operations

For the years ended March 31, 2016 and 2015

	shareholders/ Members' Capital	Paid in Capital	Retained Earnings	Total Members' Capital
Balance at April 1, 2014	$ 252,600	$ 74,099,703	$ (320,921)	$ 74,031,382
Net loss			(43,011)	(43,011)
Balance at March 31, 2015	252,600	74,099,703	(363,932)	73,988,371
Net loss			(10,265,745)	(10,265,745)
Balance at March 31, 2016	$ 252,600	$ 74,099,703	$ (10,629,677)	$ 63,722,626

See notes to financial statements

Planck Holdings 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)	$ (10,265,745)	$ (43,011)
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment	10,220,263	-
Changes in operating assets and liabilities:		
(Increase)/ Decrease Intercompany receivables	-	302,040
(Increase)/Decrease Other current assets	-	(1,300)
Increase /(Decrease) Accounts payable	231	789
Increase /(Decrease) Intercompany payables	45,607	(258,415)
Net cash provided (used) by operating activities	356	103
Cash Flows From Investing Activities:		
Capital expenditures	-	-
Net cash used in investing activities	-	-
Cash Flows From Financing Activities:		
Net cash provided (used) by financing activities	-	-
Net increase (decrease) in cash and cash equivalents	356	103
Cash and cash equivalents at beginning of period	108	5
Cash and cash equivalents at end of year	$ 464	$ 108
Supplemental Cash Flow Information:		
Federal income taxes paid	$	$
Interest paid	$ -	$ -
Adjustment of assets to fair market value	$	$ -
Liabilities assumed in asset acquisition	$	$ -

See notes to financial statements

A. Organization

Organization and Operations

Planck Holdings, LLC (the "Company", or "Planck") 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 located in West Virginia. Planck is a wholly-owned subsidiary of Periama 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 through its subsidiaries 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 $0.23 million and $0.04 million, respectively.

The going concern of the company is dependent upon the continuity of its subsidiaries. During the year, the financial statements of subsidiaries 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 in one 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.

Property, 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 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 USA. The taxes attributable to Planck 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. Property and Equipment

There is no Property and equipment as of 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	$	250,000	$	250,000
		250,000		250,000
Less current portion		(250,000)		(250,000)
	$	Nil	$	Nil

A $250,000 note is due to a former owner of an acquired subsidiary. The note is non-interest bearing and is payable at $125,000 for each successful mining permit obtained for the acquired subsidiary. The permits could be obtained during the year ending March 31, 2017, and therefore classified as current.

E. Related Party Transactions

The Company has advances as of March 31, 2016 and 2015 from parent company and group companies of $20,079,719 and $20,034,111, respectively. The advances are payable on demand and non-interest bearing.

The company has investment in its subsidiaries as of March 31, 2016 and 2015 of $91,081,529 and $91,081,529, respectively. The Company has advanced as of March 31, 2016 and 2015 to its subsidiaries $3,184,734 and $3,184,734, respectively. During the year ended March 31, 2016 in view of continuing losses in its subsidiaries, negative cash flows and declining coal market, the Company has recorded an impairment loss of $184,734 for the advances and $10,035,529 for investments to its subsidiaries.

F. Income Taxes

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

G. Commitments and Contingencies

The Company's office building is leased. The initial term of the lease is five years and can be terminated after two years. The future minimum payments under this lease consisted of the following at March 31, 2016:

ending March,		
2017	$	33,100
2018	$	33,600
2019	$	33,600
		$100,300

Rent expense related to this operating lease was $ 31,100 and $33,600 for the year ended March 31, 2016 and 2015, respectively.

H. Subsequent Events

In preparing these financial statements, the Company has evaluated events and transaction for potential recognition or disclosure through May 13, 2016, the date on which the financial statements were available to be issued.