CAPP Region Prep Plant
A Risk Free Opportunity to Harness New Revenue
4/20/15
Results of Trial – conducted the week of 3/30/15

**Important takeaways:**

1. At best, the plant can capture only 25% of the recirculation stream’s coal (and that’s with a new screen bowl)

2. when running for ‘driest tons’, results = 10 tph @ 19.1% M

3. when running for ‘most tons’, results = 14 tph @ 20.6% M
Economic Proposal to Company

▪ No upfront Capex, SCI supplies capex intensive machine
▪ No installation cost, SCI will install machine up to $350K at their risk
▪ No maintenance cost, SCI does all maintenance & service, including expensive rotating unit replacement
▪ 30%/70% to Company for 9 months, 70%/30% to Company for 74 months
  ▪ % x actual spot coal sales price x tons per month
▪ $9.7MM NPV to Company
  (assumes 2 shifts/day, 5 days/week; excluding secondary benefits)
▪ Secondary Benefits to Company (up to $500k annually)
  ▪ Chemical cost drop at thickener (up to 33%)
  ▪ Moisture drop of Screen Bowl product (up to 1%)
  ▪ Torque drop in Screen Bowl
    ▪ Opportunity to stretch the life of screen bowl rotating unit
    ▪ Opportunity to increase output from floatation cells
    ▪ Opportunity to increase plant feed rate
  ▪ Reduce volume going to refuse
    ▪ Increases slurry pond life
    ▪ Decreases refuse footprint
▪ Total Annual Economic Value to Company = $3.0MM

You could see a plant yield increase up to 2.0%!!
# Appendix

## TO CUSTOMER’S ACCOUNT

- No Capex
- No Maintenance Cost
- No Parts Replacement Cost
- No Installation Cost
- Power Cost
- Insurance Cost

### 30% x tons/mo x Avg Sales Price - first X months
### 70% x tons/mo x Avg Sales Price - 84 - X months

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### Increase Plant Yield up to 2.5%...
- Remove Recirculating load
- Increase floatation cell output
- Potentially increase Plant feed rate and/or decrease plant run hours
- Potentially up gravity and yield on coarse circuit, depending on ~325M ash

### GENERAL ILLUSTRATION

<table>
<thead>
<tr>
<th>Assume:</th>
<th>500 tph plant</th>
<th>$ 75.00 coal price</th>
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</thead>
<tbody>
<tr>
<td>18 hrs/day</td>
<td>250 days/yr</td>
<td>50% plant yield</td>
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<tr>
<td>$ 0.60 chemical cost/ton (clean basis)</td>
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### 33,750 extra tons produced per year = $ 2,404,688 new revenue straight to bottom line

### 1 hour per day reduced overtime = $ 187,500 per year in overtime savings

### Decrease chemical cost at thickener (up to 30%) | 0.42 new chemical cost/ton (CC basis) | $ 202,500 annual savings in chemical cost at thickener

### Decrease Screenbowl Feed, Torque, Wear, and Moisture | 90,000 annual cost of rotating unit | $ 10,448 annual savings by pushing cost out for reduced throughput to screenbowl (65/80) cost to build pond

### Increase pond life / Decrease volume of solids to Refuse | 883,333 |

### 4,800,000 cubic feet in pond 400’x400’x30’
### 654,545 cubic feet per year to pond (c + r)
### 7.3 pond life before SCI
### 14.7 pond life after SCI

### $ 526,337 value of secondary benefits to customer

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**Annual value of secondary benefits to customer**