



**CONFIRMATION AGREEMENT**

**Date: May 13, 2021**

**Seller :**

**Central Coal Company  
as agent for Knight Hawk Coal, LLC  
148 Bristol East Rd.  
Bristol, VA 24202**

Attn: Clark Wisman

Tel. [REDACTED]

Email: [REDACTED]

**Buyer :**

**Duke Energy Kentucky, Inc.**

**526 South Church Street, EC02F  
Charlotte NC 28202**

Attn: Ken Stover

Sr. Originator

Tel. [REDACTED]

Email: [REDACTED]

Ref. #: 34495

This confirms the agreement entered into this 13<sup>th</sup> day of May, 2021 by and between Duke Energy Kentucky, Inc. (“**Buyer**”) and Central Coal Company as agent for Knight Hawk Coal, LLC (“**Seller**”) regarding the sale and purchase of coal (the “**Transaction**”) under the terms specified herein. Buyer and Seller may sometimes hereinafter be referred to individually as a “**Party**” and collectively as the “**Parties**”.

This Confirmation Agreement constitutes an agreement for the sale and purchase of coal and constitutes a “Confirmation” under the Master Agreement (as defined below). This Confirmation supplements, forms a part of, and is subject to, the terms and conditions of that certain Master Agreement dated January 1, 2017 as it has been or may be amended and supplemented from time to time between (the “**Master Agreement**”) between Seller and Duke Energy Business Services, LLC as agent for each individually of Duke Energy Carolinas, LLC; Duke Energy Kentucky, Inc.; Duke Energy Florida, LLC; Duke Energy Indiana, LLC; and Duke Energy Progress, LLC. For the avoidance of doubt, however, none of Duke Energy Business Services, LLC; Duke Energy Carolinas, LLC; Duke Energy Florida, LLC; Duke Energy Indiana, LLC; or Duke Energy Progress, LLC will have any rights, duties, or obligations, pursuant to or in connection with this Confirmation. All provisions contained in the Master Agreement govern this Confirmation to the extent not in conflict with the terms hereof. The terms of this Confirmation shall prevail in the event of an inconsistency between the terms of this Confirmation and the Master Agreement. The Confirmation shall be considered as a separate agreement between the parties effective on the date of execution of this Confirmation. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.

**Quote Date:** April 28, 2021

**Commodity:** Crushed coal, containing no synthetic fuels, and free from any extraneous materials, with no intermediate sizes added or removed and otherwise meeting the Specifications of this Confirmation.

**Term:** January 1, 2022 through January 31, 2023, inclusive (“**Term**”)

**Contract Quantity:** During the Term approximately 300,000 Tons (“**Base Tons**”) with a +/- 20% tonnage flexibility at Buyer’s sole discretion as provided in the Contract Quantity Flexibility Section below. During the Term (a) the first (1st) quarter/calendar quarter will commence on January 1, 2022 and will end on March 30, 2022 inclusive, (b) the second (2<sup>nd</sup>) quarter/calendar quarter will commence on April 1, 2022 and end on June 30, 2022 inclusive, (c) the third (3<sup>rd</sup>) quarter/calendar quarter will commence on July 1, 2022 and end on September 30, 2022 inclusive, and (d) the fourth (4<sup>th</sup>) quarter/calendar quarter will commence on October 1, 2022 will continue for the four (4) month period ending on January 31, 2023 inclusive.

**Contract Quantity Flexibility:**

Buyer, in its sole discretion, shall have the right, by providing forty-five (45) Days’ written notice prior to the beginning of such calendar quarter, as to whether it will flex the Contract Quantity up (increase Tons) or down (decrease Tons) by up to twenty percent (20%) of the quarterly Base Tons during the succeeding calendar quarter. For example, the total tonnage with respect to the Term could be plus or minus 15,000 Tons per quarter, up to a maximum of plus or minus 60,000 Tons during the Term. Therefore, if Buyer exercised its total tonnage flexibility rights during the Term, the total tonnage obligation for the Term could be a maximum of 360,000 Tons of Coal or a minimum of 240,000 Tons of Coal.

**Contract Price:** \$33.90 USD per Ton of Coal delivered at the Delivery Point.

**Source:** Knight Hawk LLC’s Prairie Eagle Mine.

**Delivery Point:** F.O.B. barge at Seller’s Lone Eagle Dock at MP 105 on the Upper Mississippi River.

**Scheduling:** Per the Master Agreement

**Weighing/Sampling and Analysis:** Per the Master Agreement

**Billing and Payment:** Per the Master Agreement

**Coal Quality**

**Price Adjustments:** BTU adjustments per the Master Agreement  
No other quality adjustments to apply

**SO<sub>2</sub> Adjustment:** Per the Master Agreement

**Government**

**Impositions:** Section 4.3 of the Master Agreement does not apply to this Transaction

**Coal Quality (“As-Received” basis):**

<b>Characteristic:</b>	<b>Specifications</b> (Monthly Weighted Average)	<b>Rejection Limit</b> (Per Shipment)
Higher Heating Value (BTU/Lb)	11,200 minimum	<10,900
Ash Content (%)	9.5% maximum	> 10.5%
*SO <sub>2</sub> (Lbs./MMBTU) Content	5.5 Lbs. maximum	>5.75 Lbs.
Moisture Content (%)	13% maximum	>15%
Volatile Matter (%)	34% minimum	<30%
Fusion Temp (Initial Deformation °F, Reducing Atmos.)	2260°F minimum	<2240°F
Grindability (HGI)	55 minimum	< 52
Chlorine (ppm)	700 maximum	>1000
Top Size	2” maximum	N/A
Fines (% By Weight Passing ¼” Screen)	55% maximum	N/A

\*The pounds SO<sub>2</sub> per MMBtu shall be determined by the following formula:

$$(\text{As Received Percent Sulfur} \times 20,000) / \text{As Received Btu/Lb.} = \text{Pounds SO}_2 \text{ per MMBtu}$$

**Other Terms and Conditions.**

Seller represents and warrants that, as of the Quote Date and as of the date of this Confirmation, and, to the extent applicable, covenants for the Term of this Transaction that:

- (a) Seller presently owns or otherwise controls, and shall continue to own and control, whether directly or through an affiliate, Coal reserves in an amount sufficient to fulfill the terms of this Confirmation, the Coal contained in such reserves is mineable and of the quality called for by this Confirmation and Seller presently has approved governmental mining permits to fulfill the terms of this Confirmation,
- (b) There are no existing contractual commitments with respect to Coal reserves that would prevent delivery of the quantities of Coal specified in this Confirmation and Seller will not enter into contractual commitments during the Term of this Confirmation that will prevent such delivery,
- (c) Seller owns and has in operation, and shall continue to own and operate, whether directly or through an affiliate, mining facilities and equipment sufficient to produce the quantities of Coal to be delivered under this Confirmation and has obtained all necessary governmental and other third party permits (excluding unforeseen events as set forth in Section 12 of the Master Agreement), approvals and licenses, and shall continue to retain or take all prudent and timely steps necessary for submission and application for renewal of governmental or third party

permits, approvals and licenses, required in connection with the execution, delivery and performance of this Confirmation, and

- (d) Seller, directly or through an affiliate, will at all times conduct its mining operations in a prudent manner consistent with good and acceptable practice in the coal mining industry, and Buyer shall have the right, upon reasonable notice, at its own expense and risk, to have its representatives and/or qualified consultants observe and inspect Seller's facilities and operations, provided that such representatives and/or consultants shall comply with all applicable safety requirements and check-in procedures and shall not interfere with such operations.

**Dodd-Frank.** This Transaction contains embedded volumetric optionality. The parties agree, however, that this Transaction falls within the "forward contract exclusion" for Dodd-Frank purposes for reasons including but not limited to the following:

- (a) The embedded optionality does not undermine the overall nature of this Confirmation as a forward contract;
- (b) The predominant feature of this Confirmation is actual delivery of the nonfinancial product;
- (c) The embedded optionality cannot be severed and marketed separately from the Confirmation;
- (d) Seller, at the time this Confirmation is entered into, intends to deliver the nonfinancial product if the embedded volumetric optionality is exercised;
- (e) Buyer, at the time this Confirmation is entered into, intends to take delivery of the nonfinancial product if the embedded volumetric optionality is exercised;
- (f) Buyer and Seller are each commercial parties; and

At the time this Confirmation is entered into, the embedded volumetric optionality is primarily intended to address physical factors or regulatory requirements that reasonably influence the demand for, or the supply of, the nonfinancial commodity.

**No Precedent:** The terms and conditions set forth in this Confirmation are for the purpose of the Transaction contemplated herein only and will not set or be construed or deemed to set a precedent for any future Transaction, if any, that may be entered into between Buyer and Seller.

**Electronic Signatures:** Each Party agrees that the Electronic Signatures, whether digital or encrypted, of the Parties to this Confirmation are intended to authenticate this writing and have the same force and effect as manual signatures. "**Electronic Signature**" means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a Party with the intent to sign such record.

Please confirm that the foregoing correctly sets forth the terms of the agreement between Buyer and Seller as to this Transaction by timely returning an executed copy of this letter by facsimile or email at the fax number or email address specified on the Confirmation.

Seller :  
Central Coal Company  
as agent for Knight Hawk Coal, LLC

By: 

Name: Frank Wilson

Title: Sales

Date: 5-12-21

Buyer :  
Duke Energy Kentucky, Inc.

By:   
Kim Hughes (May 25, 2021 16:13 EDT)

Name: Kim Hughes

Title: Manager, Coal Origination and Contract Administration

Date: May 25, 2021