

EXHIBIT II-A

This Guaranty (this "Guaranty") is made by Murray Kentucky Energy, Inc. , a Kentucky corporation, Murray South America, Inc., a Delaware corporation, and Western Kentucky Coal Resources, LLC, a Delaware limited liability company (collectively the "Guarantor") in favor of Louisville Gas and Electric Company and Kentucky Utilities Company (collectively the "Beneficiary") in consideration of the Beneficiary entering into amendments to agreement(s) assigned by one or more of Armstrong Energy, Inc. and its affiliated Chapter 11 debtors to Western Kentucky Consolidated Resources, LLC (the "Counterparty").

- 1. Guaranty:** Guarantor does hereby unconditionally and absolutely guarantee to Beneficiary the full and faithful (i) payment by Counterparty of any amounts due to the Beneficiary under and pursuant to that certain Coal Supply Agreement No. J18002 dated on or about September 1, 2016 and any amendments thereto, (the "Agreement") to be entered into from time to time by the Counterparty with Beneficiary related to the purchase, sale and/or exchange of coal to the extent, but only to the extent, arising from performance or failure of performance under the Agreement by Counterparty occurring from and after the assignment to and assumption of the Agreement by Counterparty and (ii) performance of all obligations of Counterparty arising under the Agreement from and after the assumption of the Agreement by Counterparty, but expressly excluding performance of obligations under the Agreement occurring or arising out of events prior to the assignment to and assumption of the Agreement by Counterparty and further, without limiting the generality of the foregoing, expressly excluding obligations that would exist under the Agreement but for operation of any applicable provision of Title 11 (bankruptcy) of the United States Code or similar laws affecting creditor rights, or under applicable law or by agreement of Counterparty (the payment and performance obligations described in clauses (i) and (ii) above, subject to the exclusions therein, are referred to herein collectively as the "Guaranteed Obligations"). Notwithstanding anything herein to the contrary, Guarantor shall have no performance obligation to sell, deliver, supply or transport coal or any other commodity under the Agreement from any property other than the Coal Properties (as defined in the Agreement), and the Guaranteed Obligations hereunder shall expressly exclude any such performance obligation.

This Guaranty shall replace, supersede and render null and void any existing guaranties currently in force with respect to the Agreement.

- 2. Guaranty Absolute:** The Guarantor guarantees that the Guaranteed Obligations will be paid or performed strictly in accordance with the terms of the Agreement, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of Beneficiary with respect thereto. The obligations of each Guarantor under this Guaranty are joint and several and the obligations of the Guarantor under this Guaranty are independent of, but related to,

the Counterparty's obligations under the Agreement and a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guaranty, irrespective of whether any action is brought against one or more of the parties constituting Counterparty or whether one or more of the parties constituting Counterparty is joined in any such action or actions. The liability of the Guarantor under this Guaranty shall be irrevocable, absolute and unconditional irrespective of, and the Guarantor hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any or all of the following:

- (a) any lack of validity or enforceability of the Agreement or any agreement or instrument relating thereto;
- (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations under the Agreement, any modification, extension or waiver of any of the terms of the Agreement, or any other amendment or waiver of or any consent to departure from any term of the Agreement;
- (c) any taking, exchange, release or non-perfection or the taking or failure to take any other action with respect to any collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;
- (d) any requirement that Beneficiary proceed against one or more of the parties constituting Counterparty, any other person or entity, any collateral or any manner of application of any collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any collateral for all or any of the Guaranteed Obligations;
- (e) any change, restructuring or termination of the corporate structure or existence of one or more of the parties constituting Counterparty or any of its Subsidiaries;
- (f) any lack or failure of notice or any failure of Beneficiary to disclose to one or more of the parties constituting Counterparty or the Guarantor any information relating to the financial condition, operations, properties or prospects of one or more of the parties constituting Counterparty or the Guarantor, or relating to the Agreement, as the case may be, now or in the future known to Beneficiary (the Guarantor waiving any duty on the part of Beneficiary to disclose such information); or
- (g) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by Beneficiary that might otherwise constitute a defense available to, or a

discharge of, one or more of the parties constituting Counterparty, the Guarantor or any other guarantor or surety.

Notwithstanding any provision to the contrary contained herein, Guarantor's liability hereunder shall be and is specifically limited as expressly set forth in Section 1 above, and, except to the extent specifically provided in the Agreement, in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, tort, or any other damages, costs, or attorney's fees.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by Beneficiary or any other Person upon the insolvency, bankruptcy or reorganization of one or more of the parties constituting Counterparty or the Guarantor or otherwise, all as though such payments had not been made. The obligations of the Guarantor under this Guaranty shall at all times rank at least *pari passu* in right of payment with all other unsecured and unsubordinated indebtedness (actual or contingent) of the Guarantor, except as may be required by law. This Guaranty shall continue to be effective if one or more of the parties constituting Counterparty merges or consolidates with or into another entity, loses its separate legal identity or ceases to exist.

This Guaranty is a continuing guaranty of the payment (and not of collection) and of the performance by each of the parties constituting Counterparty of its obligations under the Agreement. In no event shall Guarantor's liability to Beneficiary exceed Counterparty's liability under the Agreement, notwithstanding the effect of the insolvency, bankruptcy or reorganization of Counterparty. The Guarantor agrees that its obligations under this Guaranty shall not be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of one or more parties constituting Counterparty (or the estate in bankruptcy of one or more parties constituting Counterparty) resulting from the operation of any present or future provision of the federal bankruptcy law or other similar statute.

3. **Waivers and Acknowledgments:** The Guarantor hereby waives presentment, protest, acceleration, dishonor, promptness, diligence, filing of claims with a court in the event of insolvency or bankruptcy of the one or more parties constituting Counterparty, notice of acceptance of this Guaranty and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that Beneficiary protect, secure, perfect or insure any lien or any property subject thereto or exhaust any right or take any action against one or more of the parties constituting Counterparty or any other Person or entity, or any collateral. The Guarantor hereby waives any right to revoke this Guaranty, and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

No delay of Beneficiary in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from any obligations hereunder nor shall any single or partial exercise by Beneficiary of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to Beneficiary or allowed it by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by Beneficiary from time to time.

4. **Expenses:** Guarantor agrees to pay on demand any and all out-of-pocket costs, including reasonable legal fees and expenses, and other expenses incurred by Beneficiary in enforcing Guarantor's obligations under this Guaranty.
5. **Subrogation:** The Guarantor will not exercise any right that it may now or hereafter acquire against Counterparty that arise from the existence, payment, performance or enforcement of the Guarantor's Obligations under this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of Beneficiary against Counterparty or any collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from Counterparty, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the obligations of Counterparty under the Agreement and all other amounts payable under this Guaranty shall have been performed or paid in full in cash (and not subject to disgorgement in bankruptcy or otherwise). If any amount shall be paid to the Guarantor in violation of the preceding sentence at any time prior to the later of the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Guaranty, the Guarantor shall hold such amount as agent for the benefit of Beneficiary, which amount shall forthwith be paid to Beneficiary to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of the Agreement, or to be held as collateral for any Guaranteed Obligations or other amounts payable under this Guaranty thereafter arising. If (i) the Guarantor shall make payment to Beneficiary of all or any part of the Guaranteed Obligations and (ii) all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall be paid in full in cash, Beneficiary will, at the Guarantor's request and expense, execute and deliver to the Guarantor appropriate documents, without recourse and without representation or warranty by Beneficiary, of all of Beneficiary's rights and benefits under the Agreement. In the event Guarantor performs part or all of Counterparty's obligations, Guarantor shall be entitled to Counterparty's rights and benefits under the Agreement and shall be subrogated to Counterparty's rights to Beneficiary with respect to such of Counterparty's obligations so performed by Guarantor.
6. **Reservation of Defenses:** Guarantor agrees that except as expressly set forth herein, it will remain bound upon this Guaranty notwithstanding any defenses which,

pursuant to the laws of suretyship, would otherwise relieve a guarantor of its obligations under a guaranty. Guarantor does reserve the right to assert defenses which Counterparty may have to payment of any Guaranteed Obligation other than defenses arising from the bankruptcy or insolvency of Counterparty and other defenses expressly waived hereby.

7. **Notices:** All demands, notices and other communications provided for hereunder shall, unless otherwise specifically provided herein, (a) be in writing addressed to the party receiving the notice at the address set forth below or at such other address as may be designated by written notice, from time to time, to the other party, and (b) be effective upon receipt, when mailed by U.S. mail, registered or certified, return receipt requested, postage prepaid, or personally delivered. Notices shall be sent to the following addresses:

If to any Guarantor:

Murray Kentucky Energy, Inc.
46226 National Road
St. Clairsville, OH 43950
Attn: Robert D. Moore

With a copy to:

Murray Kentucky Energy, Inc.
46226 National Road
St. Clairsville, OH 43950
Attn: General Counsel
legal@coalsource.com

If to Beneficiary:

Louisville Gas and Electric Company
220 West Main Street
Louisville, Kentucky 40202
Attn: Director Corporate Fuels and By-Products
Phone: 502-627-2774; Fax: 502-627-3243

and

Kentucky Utilities Company
220 West Main Street
Louisville, Kentucky 40202
Attn: Director Corporate Fuels and By-Products
Phone: 502-627-2774; Fax: 502-627-3243

8. Demand and Payment: Any demand by Beneficiary for performance or payment hereunder shall be in writing, signed by a duly authorized officer of Beneficiary and delivered to the Guarantor pursuant to Section 7 hereof, and shall (a) reference this Guaranty, (b) specifically identify Beneficiary, the Guaranteed Obligations to be performed or paid and the amount of such Guaranteed Obligations and (c) if applicable, set forth payment instructions. There are no other requirements of notice, presentment or demand. Guarantor shall perform or pay, or cause to be performed or paid, such Guaranteed Obligations within thirty (30) business days of receipt of such demand.

9. Representations and Warranties of Guarantor: Guarantor represents and warrants that:

(a) Murray Kentucky Energy, Inc. is a corporation duly organized and validly existing under the laws of the Commonwealth of Kentucky and has the power and authority to execute, deliver and carry out the terms and provisions of this Guaranty; Murray South America, Inc. is a corporation duly organized and validly existing under the laws of the State of Delaware, and Western Kentucky Coal Resources, LLC is a limited liability company duly organized and validly existing under the laws of the State of Delaware and each has the power and authority to execute, deliver and carry out the terms and provisions of this Guaranty;

(b) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guaranty; and

(c) this Guaranty constitutes a valid and legally binding agreement of Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws effecting creditors' rights generally and by general principles of equity.

10. Miscellaneous:

Default. Guarantor represents and warrants that to its best information, knowledge and belief, no uncured default(s) of the Agreement are known to exist as of the date of this Guaranty. In the event Counterparty defaults in the performance of any Guaranteed Obligations under the Agreement, Beneficiary shall give written notice to Guarantor. Promptly thereafter, Guarantor shall perform or cause to be performed such obligation of Counterparty as required by the Agreement.

Term. This Guaranty shall continue in full force and effect until termination or expiration of the Agreement. Notwithstanding the foregoing, upon termination or expiration hereof, Guarantor agrees that the obligations and liabilities hereunder, and Beneficiary's rights to enforce them, shall survive and continue in full force and effect with respect to any Guaranteed Obligations that have been contracted for or

arise prior to the termination or expiration date, whether such Guaranteed Obligations become due and payable prior to or after the expiration or termination date.

Assignment. The Guarantor shall not assign this Guaranty without the express written consent of the Beneficiary and any purported assignment absent such consent is void. The Beneficiary shall be entitled to assign its rights under this Guaranty in its sole discretion.

Severability. If any provision or portion of a provision of this Guaranty is declared void and/or unenforceable, such provision or portion shall be deemed severed from this Guaranty which shall otherwise remain in full force and effect.

Amendments. No amendment of this Guaranty shall be effective unless in writing and signed by Guarantor and Beneficiary. No waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom shall in any event be effective unless such waiver or consent shall be in writing and signed by Beneficiary. Any such waiver shall be effective only in the specific instance and for the specific purpose for which it was given.

Successors and Assigns. This Guaranty shall be binding upon Guarantor, its successors and permitted assigns and inure to the benefit of and be enforceable by Beneficiary, its successors and assigns.

Headings. The headings in this Guaranty are for purposes of reference only, and shall not affect the meaning hereof.

11. **Limitation by Law:** All rights, remedies and powers provided in this Guaranty may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Guaranty are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they will not render this Guaranty invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.
12. **Governing Law:** This Guaranty shall in all respects be governed by and construed in accordance with the laws of the Commonwealth of Kentucky, without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered by its duly authorized officer effective as of this 20th day of February, 2018 ("Effective Date").

Guarantor: **MURRAY KENTUCKY ENERGY, INC.**

By:  _____

Name: **Robert D. Moore**

Title: **Treasurer**

MURRAY SOUTH AMERICA, INC.

By:  _____

Name: **Robert D. Moore**

Title: **President**

WESTERN KENTUCKY COAL RESOURCES, LLC

By:  _____

Name: **Robert D. Moore**

Title: **Treasurer**

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