

COAL SUPPLY AGREEMENT

BETWEEN

KNIGHT HAWK COAL, LLC

AND

LOUISVILLE GAS & ELECTRIC COMPANY

and

KENTUCKY UTILITIES COMPANY

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COAL SUPPLY AGREEMENT

This is a coal supply agreement (the “Agreement”) dated as of January 25, 2021 between (a) LOUISVILLE GAS AND ELECTRIC COMPANY (“LG&E”) and KENTUCKY UTILITIES COMPANY (“KU”), each a Kentucky corporation, with a common address at 220 West Main Street, Louisville, Kentucky 40202 (LG&E and KU are each individually sometimes herein called a “Buyer” as more particularly described below) and KNIGHT HAWK COAL, LLC, a Virginia limited liability company, with an address at 500 Cutler-Trico Road, Percy, Illinois 62272 (herein, called the “Seller”).

WITNESSETH:

WHEREAS, LG&E and KU are electric utility companies which desire to purchase steam coal; and

WHEREAS, Buyer and Seller desire to enter into a coal supply agreement pursuant to which the Seller will supply coal to Buyer under the terms as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. GENERAL.

- (a) The above recitals are true and correct and comprise a part of this Agreement.
- (b) The Seller acknowledges that, while there will be no effect on the Base Quantity set forth in Section 3 below, LG&E and KU will allocate the quantity of coal to be purchased and received hereunder between themselves and that such allocation may change from time to time, at

the sole discretion of LG&E and KU. Therefore, the term “Buyer” as used herein shall mean: (i) with respect to any particular “Shipment” (as such term is defined in §6.2 below) actually received by either LG&E or KU, the party who actually received such Shipment; and (ii) as may be determined by LG&E and KU, in their sole discretion with respect to any time or circumstance under this Agreement that the party or parties constituting “Buyer” is not determined pursuant to clause (i) immediately above (including, without limitation, matters involving exercise of rights or remedies by Buyer or enforcing obligations, duties and liability against Buyer by Seller not involving Shipments or prior to receipt of Shipments), the party or parties (and in such percentage allocation, if applicable). As provided in §18.8 below, Seller agrees that the liability of each of LG&E and KU shall at all times be several and not joint. Each party shall have the obligations, duties and liability of a Buyer hereunder only to the extent (and in the percentage, if applicable) that each such party is determined to be a “Buyer” pursuant to this paragraph. Also, LG&E and KU each shall have the rights and remedies of a Buyer hereunder only to the extent (and in the percentage, if applicable) that each of them is determined to be a “Buyer” pursuant to this paragraph. In the event the determination of the “Buyer” pursuant to this paragraph is found contrary to law or unenforceable by any court of law, or cannot be reasonably made with respect to any particular circumstance for any reason, the rights, remedies, obligations, duties and liabilities of Buyer shall be allocated to each of LG&E and KU, severally and not jointly, 50% to each party.

(c) Seller will sell and deliver to Buyer, and Buyer agrees to purchase and receive from Seller, steam coal subject to the terms and conditions set forth herein.

(d) Each covenant, representation and warranty given by Seller herein is a material inducement for Buyer to enter into this Agreement.

SECTION 2. TERM. The term of this Agreement shall commence as of the date hereof and shall continue through December 31, 2025, unless sooner terminated pursuant to any of the terms set forth herein. Deliveries shall be made starting on or after April 1, 2021. The term may be extended as provided herein.

SECTION 3. QUANTITY.

§3.1 Base Quantity. Subject to the terms and conditions set forth in this Agreement, Seller shall sell and deliver, or cause to be delivered and Buyer shall purchase and receive, or cause to be received, a total of 2.25 million tons in accordance with the following annual base quantity of coal (the “Base Quantity”):

<u>YEAR</u>	<u>BASE QUANTITY (TONS)</u>
2021	250,000
2022	250,000
2023	250,000
2024	750,000
2025	750,000

The Base Quantity of coal scheduled to be delivered in a given calendar year as set forth in the table above (as such quantity may be adjusted as provided in this Agreement) shall be delivered during that calendar year.

§3.2 Make-Up Tons. Notwithstanding the provisions of §3.1 above, if Seller or Buyer fails to supply or to take delivery of (as applicable) the entire Base Quantity scheduled for a particular year for any reason other than a Force Majeure Event (as provided in Section 10 hereof), then the non-defaulting party, may, at its sole option and without any obligation to do so, elect to make up such undelivered or unreceived quantities (“Make-Up Tons”) by having the defaulting party deliver or take delivery of the Make-Up Tons during the calendar year immediately following the calendar year in which such Make-Up Tons should have been delivered (the “Make-Up Year”). If necessary, the term of this Agreement will be automatically extended to include the Make-Up Year. Prior to making such election, the non-defaulting party may request from the defaulting party adequate assurances, satisfactory to the non-defaulting party, that the defaulting party is capable of delivering or receiving, and will deliver or receive (i) the Base Quantity established for the Make-Up Year under this Agreement and (ii) the Make-Up Tons during the Make-Up Year.

In the event the non-defaulting party makes the election to deliver or receive Make-Up Tons, as applicable, the defaulting party shall deliver or receive both the Base Quantity and the Make-Up Tons during the Make-Up Year pursuant to a new, mutually-agreed delivery schedule incorporating the delivery of the additional Make-Up Tons. In such event, for accounting and payment purposes, the first tons delivered in the Make-Up Year shall be considered to be the Make-

Up Tons, and deliveries of Make-Up Tons will not be considered a part of the Base Quantity established for the Make-Up Year.

If the defaulting party's failure to deliver or receive all of the Base Quantity during a particular year constitutes a breach of or other violation under this Agreement, the existence of this §3.2 shall not act as a waiver by the non-defaulting party of such breach or violation, nor shall it act as a limitation on the non-defaulting party's remedies. However, if the non-defaulting party elects to deliver or receive the Make-Up Tons as provided in this §3.2, then such election and the receipt or delivery of the Make-Up Tons in the Make-Up Year shall be the non-defaulting party's sole and exclusive remedy. Nothing in this §3.2 shall limit the remedies of the non-defaulting party for any failure of the defaulting party to perform with regard to the delivery or receipt of Make-Up Tons. The parties acknowledge to the extent that Make-Up Tons, as defined in this Section 3.2, are not elected to be made-up such will reduce the applicable Base Quantity in the particular year that the tons were scheduled to be delivered and will reduce the total amount to be delivered under this Agreement.

§3.3 Delivery Schedule. Shipments are to be made on a ratable basis as adjusted during the year to reflect Buyer's outages, Seller's annual miners' vacation, and minor delays in transportation. The parties will cooperate in the development of any adjustments to the delivery schedule. Initial Shipments shall begin on or after April 1, 2021. Time is of the essence with respect to Seller's deliveries once a schedule is established.

SECTION 4. SOURCE.

§4.1 Source. The coal sold hereunder shall be supplied from geological seam(s) Illinois #5 and #6, from the Seller's mines listed in Exhibit I attached hereto (each individually a "Coal Property", and collectively the "Coal Properties"), except to the extent Seller provides substitute coal in accordance with the terms of this Agreement. Seller also represents and warrants that the coal, when delivered to Buyer will be free and clear of all liens, claims and encumbrances and that Buyer will have good and marketable title to the delivered coal.

§4.2 Assurance of Capacity, Operation and Reserves. Subject to the provisions of this Agreement, Seller represents and warrants that the Coal Properties contain coal of such quality and in such quantities as will be sufficient to satisfy all the requirements of this Agreement. Seller agrees and warrants that it will have at the Coal Properties adequate machinery, equipment and other facilities to produce, prepare and deliver coal in the quantities and of the quality required by this Agreement. Seller further agrees to operate and maintain such machinery, equipment and facilities in accordance with good mining practices so as to efficiently and economically produce, prepare and deliver such coal. Seller agrees that Buyer is not providing any capital for the purchase of such machinery, equipment and/or facilities and that Seller shall operate and maintain same at its sole expense. Seller has or timely will obtain, and will maintain, all required permits and licenses for the production and delivery of the coal as required by this Agreement. Seller recognizes that the process of obtaining permits may be subject to delays and regulatory uncertainties. Seller agrees and covenants to plan its permit acquisitions so as to prevent any interruption in its planned operations. Seller represents and warrants that it has the right and

authority to, and does hereby, dedicate to this Agreement sufficient reserves of coal meeting the quality specifications hereof and lying on or in the Coal Properties to fulfill the Seller's obligations hereunder.

§4.3 Non-Diversion of Coal. Seller agrees and warrants that it will not, without Buyer's express prior written consent, use or sell coal from the Coal Properties so as to reduce the economically recoverable balance of coal in the Coal Properties to an amount less than that required to be supplied to Buyer hereunder.

§4.4 Seller's Preparation of Mining Plan. Seller shall prepare or have prepared a complete mining plan for the Coal Properties with adequate supporting data to demonstrate Seller's capability to have coal produced from the Coal Properties which meets the quantity and quality specifications of this Agreement. Seller shall, upon Buyer's request, provide information to Buyer regarding such mining plan which shall contain maps and a narrative describing areas and seams of coal to be mined and shall include (but not be limited to) the following information: (i) reserves from which the coal will be produced during the term hereof and the mining sequence, by year (or such other time intervals as mutually agreed) during the term of this Agreement, (ii) methods of mining such coal; (iii) methods of transporting and washing the coal to insure compliance with the quantity and quality requirements of this Agreement including a description and flow sheet of the preparation plant; (iv) quality data plotted on the maps depicting data points and isolines by ash, sulfur, and Btu; (v) quality control plans including sampling and analysis procedures to insure individual Shipments meet quality specifications; and (vi) Seller's aggregate commitments to others to sell coal from the Coal Properties during the term of this Agreement.

Buyer's receipt of the mining plan or other information or data furnished by Seller (the "Mining Information") shall not in any manner relieve Seller of any of Seller's obligations or responsibilities under this Agreement; nor shall Buyer's review of the Mining Information be construed as constituting an approval of Seller's proposed mining plan for any purposes. Review by Buyer of the Mining Information is for Buyer's purposes only and is to allow Buyer to evaluate Seller's capability to supply coal as required by this Agreement. To the extent it can legally do so, Buyer shall maintain as confidential all Mining Information disclosed by Seller and shall not disclose or use such Mining Information for any purposes other than to evaluate Seller's performance and compliance with the provisions of this Agreement.

Upon request, Buyer shall have the right to request a mining plan update ("Update") showing progress to date, Seller's conformity to the original mining plan, then-known changes in reserve data, and planned changes in mining progression, plans or procedures.

§4.5 Substitute Coal. In the event that Seller is unable to produce or obtain coal from the Coal Properties in the quantities and of the quality required by this Agreement, and such inability is not caused by a Force Majeure Event as defined in Section 10, then Buyer will have the option of requiring that Seller supply substitute coal from other facilities and mines under its control or the control of its affiliates in accordance with all the terms and conditions of this Agreement including without limitation the price provisions of Section 8, the quality specifications of §6.1, and the provisions of Section 5 concerning reimbursement to Buyer for increased transportation costs. Seller's delivery of coal not produced from the Coal Properties without having received the express written consent of Buyer shall constitute a material breach of

this Agreement. The availability of substitute coal rights does not limit a party's other rights or remedies under this Agreement, including but not limited to those in Section 13.

SECTION 5. DELIVERY.

§5.1 Barge Delivery Point. The coal shall be delivered to Buyer F.O.B. barge at the Lone Eagle Dock at Mile Point 105.0 on the Upper Mississippi River (the "Barge Delivery Point"). Provided, however, if the Buyer or Buyer's barging contractor ("Contractor") is not permitted or able to take possession and control of the barge at such dock (for example, if the dock is part of a closed harbor), then the coal is not considered delivered hereunder unless and until Buyer or Contractor actually takes possession and control of such barge. In such case, the point where Buyer or Contractor actually takes possession and control of the barge shall be considered the Barge Delivery Point hereunder. Seller may deliver the coal at a mutually-agreeable location different from the Barge Delivery Point. In such a case, however, Seller shall reimburse Buyer for any resulting increases in the cost of transporting the coal to the destination designated by Buyer. Any resulting savings in such transportation costs shall be retained by Buyer.

§5.2 Barge Title and Risk of Loss. Title to and risk of loss of coal sold will pass to Buyer, and the coal will be considered to be delivered, when barges containing the coal are disengaged by Contractor from the Barge Delivery Point.

§5.3 Barge Cost of Transportation. Seller shall arrange and pay for all costs of: (i) transporting the coal from the Coal Properties or other authorized source mines as provided herein to the Barge Delivery Point, (including without limitation, all truck, rail, barge and transloading

costs, and all fleeting, switching, harbor and other port charges) and (ii) loading and trimming the coal into barges to the proper draft and the proper distribution within the barges. Buyer shall arrange and pay for transporting the coal by barge from the Barge Delivery Point to the destination designated by Buyer. For transportation delays which are not the fault of Buyer or Contractor, Seller shall promptly pay any demurrage or other penalties assessed by Contractor or by Buyer which accrue at the Barge Delivery Point, including the demurrage. Seller shall also be responsible for and promptly pay all penalties for loading less than the specified minimum tonnage per barge, or other penalties assessed for barges not loaded in conformity with applicable requirements.

§5.4 Barge Shipping Logistics. Buyer or Contractor shall be responsible to deliver barges in as clean and dry condition as practicable, and shall furnish suitable barges in accordance with a delivery schedule provided by Buyer to Seller. Upon delivery of the barges by Buyer, Seller shall have the right to inspect the barges to determine whether the barges are in as clean and dry condition as practicable under the circumstances. Seller shall have the right to reject any barge not meeting the above standard as determined by Seller in its reasonable discretion. Seller shall require of the loading dock operator that: (i) the barges and towboats provided by Buyer or Contractor be provided convenient and safe berth, free of wharfage, dockage, fleeting, switching, and other harbor and port charges; (ii) that while the barges are in the care and custody of the loading dock, all U.S. Coast Guard regulations and other applicable laws, ordinances, rulings, and regulations shall be complied with, including adequate mooring and display of warning lights; (iii) that any water in the cargo boxes of the barges be pumped out by the loading dock operator prior

to loading (iv) the loading operations be performed in a workmanlike manner and in accordance with the reasonable loading requirements of Buyer and Contractor.

SECTION 6. QUALITY.

§6.1 Specifications. The coal under this Agreement shall conform to the following specifications on an “as received” basis:

Specifications	Guaranteed Monthly Weighted Average (1)	Rejection Limits (per shipment)
BTU/LB.	min. 11,200	< 10,900
<u>LBS/MMBTU:</u>		
MOISTURE	max. 11.70	> 12.90
ASH	max. 8.40	> 9.20
SULFUR	max. 2.68	> 3.00
SO2	max. 5.36	> 6.00
<u>SIZE (3” x 0”):</u>		
Top size (inches)*	max. 3”	
Fines (% by wgt)		
Passing 1/4” screen	max.45%	
<u>% BY WEIGHT:</u>		
VOLATILE	typ. 37.00	
FIXED CARBON	typ. 42.00	
CHLORINE (part per million)	typ. 600	> <u>1200</u>
NITROGEN (dry)	typ. 1.19	
ARSENIC (parts per million)	typ. 1.9	
% CALCIUM OXIDE in ASH	typ. 3.0	
GRINDABILITY (HGI)	typ. 53	
BASE ACID RATIO (B/A)	typ. 0.3	
SLAGGING FACTOR**	typ. 1.0	
FOULING FACTOR***	typ. 0.3	

ASH FUSION TEMPERATURE (°F) (ASTM D1857)

REDUCING ATMOSPHERE

Initial Deformation	typ. 1950
Softening (H=W)	typ. 2100
Softening (H=1/2W)	typ. 2150
Fluid	typ. 2350

OXIDIZING ATMOSPHERE

Initial Deformation	typ. 2250
Softening (H=W)	typ. 2350
Softening (H=1/2W)	typ. 2400
Fluid	typ. 2450

(1) An actual Monthly Weighted Average will be calculated as applicable for each specification for coal loaded during a calendar month.

* All the coal will be of such size that it will pass through a screen having circular perforations three (3) inches in diameter, but shall not contain more than forty-five per cent (45%) by weight of coal that will pass through a screen having circular perforations one-quarter (1/4) of an inch in diameter.

** Slagging Factor (R_s)=(B/A) x (Percent Sulfur by Weight_{Dry})

*** Fouling Factor (R_f)=(B/A) x (Percent Na₂O by Weight_{Dry})

The Base Acid Ratio (B/A) is herein defined as:

$$\text{BASE ACID RATIO (B/A) = } \frac{(\text{Fe}_2\text{O}_3 + \text{CaO} + \text{MgO} + \text{Na}_2\text{O} + \text{K}_2\text{O})}{(\text{SiO}_2 + \text{Al}_2\text{O}_3 + \text{TlO}_2)}$$

Note: As used herein > means greater than:
< means less than.

Each Shipment shall have coal of substantially the same quality throughout.

§6.2 Definition of “Shipment”. As used herein, a “Shipment” shall mean one (1) barge load of coal.

§6.3 Rejection.

Buyer has the right, but not the obligation, to reject any Shipment which is subject to rejection based on any or all of the Rejection Limits set forth in §6.1 or which contains extraneous materials (“Non-Conforming Coal”). Buyer must reject Non-Conforming Coal within seventy-two (72) hours of Buyer’s receipt of the coal analysis provided for in §7.2, or the right to reject such Non-Conforming Coal is waived. If the Buyer rejects such Non-Conforming Coal, title to and risk of loss of the Non-Conforming Coal shall be considered to have never passed to Buyer (“Rejected Coal”), and Buyer shall return the coal to Seller, or at Seller’s request, the Buyer shall allow Seller to receive the Non-Conforming Coal or divert such coal to Seller’s designee, all at Seller’s sole cost and risk.

Within five (5) business days from notice of rejection, Seller shall replace the Rejected Coal with coal from the Coal Properties that is of a quality not subject to any of the Rejection Limits set forth in §6.1 (“Replacement Coal”). If Seller fails to replace the Rejected Coal within the five (5) business day period, or if the Replacement Coal is rightfully rejected, Buyer may purchase coal from another source in order to replace the Rejected Coal (“Cover Coal”). In such a case, Seller shall reimburse Buyer for (i) any amount by which the actual delivered price to Buyer of such Cover Coal in dollars per MMBTU at the Buyer’s plant(s) exceeds the delivered price in effect at the time for Coal Properties coal in dollars per MMBTU at the Buyer’s plant(s) and (ii)

any and all transportation, storage, handling, or other expenses that have been incurred by Buyer in connection with Rejected Coal. Rejected Coal tonnages shall not be included in the calculation of the Actual Monthly Weighted Average quality of the coal loaded during the Delivery Month (as defined in §8.2 below) or any quality price adjustments for the Delivery Month. Tonnages of Rejected Coal shall not be included in the total of tons delivered under this Agreement. Tonnages of Replacement Coal and/or Cover Coal shall be included in the total of tons delivered under this Agreement and Replacement Coal shall be included in the calculation of the Actual Monthly Weighted Average.

If Buyer fails to reject a Non-Conforming Coal which it had the right to reject, then such Non-Conforming Coal shall be deemed accepted by Buyer, and its quality characteristics shall be included in any quality calculations for the Delivery Month. However, Buyer shall have the option, in its sole discretion, to exclude accepted Non-Conforming Coal from the total annual tonnage of coal that Seller is obligated to sell to Buyer under this Agreement. Accepted Non-Conforming Coal shall nevertheless be considered “rejectable” for purposes of §6.4. For Shipments containing extraneous materials, which include, but are not limited to, slate, rock, wood, corn husks, mining materials, metal, steel, etc., the estimated weight of such materials shall be deducted from the weight of the applicable Shipment.

§6.4 Suspension and Termination.

If five (5) barge Shipments in a thirty (30) day period are rejectable by Buyer, then Buyer may upon notice (which need not comply with Section 11) confirmed in writing and sent in accordance with Section 11, suspend future Shipments of coal hereunder, except for coal already

loaded into barges at the time notice is given. Seller shall, within ten (10) days of such notice, provide Buyer with reasonable assurances that future Shipments of coal will meet or be of a quality superior to the Guaranteed Monthly Weighted Average specifications set forth in §6.1 and will be of a quality superior to the rejection limits set forth in §6.1.

If Seller fails to provide such assurances within said ten (10) day period, Buyer may terminate this Agreement by giving written notice of such termination at the end of the ten (10) day period. If Seller provides such assurances to Buyer's reasonable satisfaction, Shipments hereunder shall resume, and any tonnage deficiencies resulting from suspension may be made up at Buyer's sole option. Buyer shall not unreasonably withhold its acceptance of Seller's assurances, or delay the resumption of Shipments.

If after deliveries resume, Seller's deliveries fail to meet any of the Guaranteed Monthly Weighted Average specifications for any one (1) Delivery Month within the next six (6) months or if three (3) barge shipments in a thirty (30) day period are rejectable during such six (6) month period, then Buyer may terminate this Agreement and exercise all its other rights and remedies available to it under applicable law and in equity for Seller's breach.

If Buyer refrains from terminating this Agreement as a result of one or more Non-Conforming Shipments of coal as provided herein, Buyer shall not be deemed to have waived its right to terminate this Agreement for any future breach of this Agreement.

SECTION 7. WEIGHTS, SAMPLING AND ANALYSIS.

§7.1 Weights. Except as otherwise provided herein or if the parties agree otherwise, the weight of each coal Shipment under this Agreement shall be determined for payment purposes (the “Payment Weight”) by Seller on the basis of certified truck scale weights at the Seller’s Coal Properties.

If Seller’s scale is inoperable or if Seller fails to obtain a sample of the coal for qualitative analysis upon loading, the Buyer’s unloading weight shall be used for the relevant Shipment, and the Buyer’s analysis shall be the analysis used in determining the payment for the relevant Shipment (the “Payment Analysis”). Seller will be notified as soon as possible whenever the Buyer’s belt scale or sampling equipment is out of operation. Seller will transmit its loading weights and qualitative analysis for the relevant Shipment to Buyer as soon as possible.

Scales (whether Buyer’s or Seller’s) shall be operated in accordance with NIST Handbook 44. Such scales shall be duly reviewed by an appropriate testing agency and maintained in an accurate condition and certified (i.e. material tested) at least annually in accordance with NIST Handbook 44 with a third party oversight. If the Seller’s scales are used for payment purposes and are found to be over or under the tolerance range allowable for the scale based on industry-accepted standards (the “Tolerance”), the Buyer shall recalculate the payments for coal weighed on those scales for the period of inaccuracy (not to exceed 30 days) based on the percentage of variance identified for the scales from the Tolerance, plus the amount of the Tolerance. Buyer or Seller, as applicable, shall pay to the other such amounts owed as a result of the recalculation, and Seller shall reimburse Buyer for the expenses incurred in checking the accuracy of said scales.

§7.2 Sampling and Analysis. The sampling and analysis of the coal shall be performed by Seller upon loading of the coal, and the results thereof shall be accepted and used as defining the quality and characteristics of the coal under this Agreement and as the Payment Analysis. All analyses shall be made in Seller's laboratory at Seller's expense in accordance with ASTM standards where applicable, or industry-accepted standards in other cases. Samples for analyses shall be taken in accordance with ASTM standards or other methods mutually acceptable to both parties. Seller shall transmit its quality analysis to Buyer as soon as possible.

Each sample taken by Seller shall be divided into four (4) parts and put into airtight containers, properly labeled and sealed. One (1) part shall be used for analysis by Seller. One (1) part shall be used by Seller as a check sample, if Seller in its sole judgment determines it is necessary. One (1) part shall be retained by Seller until thirty (30) days after the sample is taken ("Disposal Date"), and shall be delivered to Buyer for analysis if Buyer so requests before the Disposal Date. One (1) part (the "Referee Sample") shall be retained by Seller until the Disposal Date. Buyer, on reasonable notice to Seller, shall have the right to have a representative present to observe the sampling and analyses performed by Seller. Unless Buyer requests an analysis of the Referee Sample before the Disposal Date, Seller's analysis shall be used to determine the quality of the coal under this Agreement and shall be the Payment Analysis. The Monthly Weighted Averages of specifications referenced in §6.1 shall be based on the individual Shipment analyses.

If any dispute arises with regard to the analysis of any sample before the Disposal Date for such sample, the Referee Sample retained by Seller shall be submitted for analysis to an

independent commercial testing laboratory (“Independent Lab”) mutually chosen by Buyer and Seller.

For each coal quality specification in question, if the analysis of the Independent Lab differs by more than the applicable ASTM reproducibility standards, the Independent Lab results will govern, and the prior analysis shall be disregarded. All testing of the Referee Sample by the Independent Lab shall be at requestor’s expense unless the Independent Lab results differ from the original Payment Analysis for any specification by more than the applicable ASTM reproducibility standards as to that specification. In such case, the cost of the analysis made by the Independent Lab shall be borne by the party who provided the original Payment Analysis.

§7.3 Failure to obtain a Weight or Sample.

If Buyer and Seller fail to obtain a certified weight or sample, then the parties will use commercially reasonable, mutually agreed-upon practices to determine the weight and/or analysis.

SECTION 8. PRICE.

§8.1 Base Price.

(a) Annual Base Price. The annual base price of the coal to be sold hereunder will be firm and will be determined by the year in which the coal is loaded (or scheduled to be loaded) as defined in Section 3 in accordance with the following schedule (the “Annual Base Price”):

<u>YEAR</u>	<u>ANNUAL BASE PRICE (\$ PER TON)</u>
2021	\$31.50

2022	\$32.50
2023	\$34.00
2024	\$35.00
2025	\$35.00

The Annual Base Price, as modified by any base price adjustment provided for in this §8.1, if any, is hereinafter referred to as the “Base Price”

(b) Make-up Tons Pricing. Notwithstanding the foregoing, the Base Price for any Make-Up Tons (as such term is defined in §3.2 hereof) shall be based on the Base Price for the calendar year in which such Make-Up Tons should have been loaded and not the Base Price in the Make-Up Year (as such term is defined in §3.2 hereof). The Base Price for any Make-Up Tons shall also be subject to Base Price Adjustments (as such term is defined in §8.1(c) hereof).

(c) Base Price Adjustments. The Base Price established above may be adjusted as follows.

(i) Diesel Fuel Adjustment. In addition to any other adjustments provided herein, the Base Price shall also be adjusted for changes (positive or negative) in the price of on-highway Diesel Fuel, such adjustment to be effective on the first day of each month. The first Diesel Fuel Price Adjustment calculation shall be applied towards Shipments loaded beginning April 1, 2021.

The Diesel Fuel adjustment contemplated herein shall be determined as follows:

(1) Subtract \$3.00 (herein called the “Diesel Fuel Component”) from the Base Price per Ton (the resulting difference is hereinafter called the “Balance of Price per Ton”); (2) Multiply the Diesel Fuel Component by the Diesel Fuel Adjustment

Factor (as hereinafter defined; the resulting product is hereinafter called the “Adjusted Diesel Fuel Component”); (3) Add the Adjusted Diesel Fuel Component and the Balance of Price per Ton (herein called the “Adjusted Base FOB Price Per Ton”).

For purposes of this Section 8.1(c)(i), the following terms shall have the meanings set forth below:

“Adjustment Factor” shall mean a fraction, the denominator of which shall be 231.0 (the base index August 2020 value EIA Retail On-Highway Diesel – All Types for Midwest PADD II) and the numerator of which shall be the monthly average price (in cents per gallon) reported for the month preceding the month of loading in the EIA Retail On-Highway Diesel – All Types for Midwest PADD II index.

If the APG is no longer reported in the EIA, then the parties agree to meet to determine a mutually acceptable substitute. An example of the Diesel Fuel Adjustment is included as Schedule 2.

§8.2 Quality Price Adjustments. The price paid by the Buyer for the coal sold hereunder will be adjusted based on the quality of the coal as follows:

(a) BTU True Up. The Base Price for coal loaded hereunder in any particular calendar month (a “Delivery Month”) is based on the assumption that the actual “as received” Monthly Weighted Average BTU/LB (the “BTU AMWA”) for coal loaded to Buyer during a Delivery Month is equal to the minimum Guaranteed Monthly Weighted Average BTU/LB set forth in §6.1

(the “BTU GMWA”). If the BTU AMWA varies from the BTU GMWA for any Delivery Month, then the price applicable to such loaded coal will be adjusted to account for such variation in BTU’s. The BTU adjustment for that Delivery Month will be determined as follows:

- (i) Calculate the per ton BTU adjustment for a Delivery Month using the following formula (where Price per Ton is the applicable Base Price set forth in §8.1 above):
$$((\text{BTU AMWA} - \text{BTU GMWA}) \div (\text{BTU GMWA}) \times \text{Price per Ton} = \text{Per Ton Adjustment}$$
- (ii) Determine the price adjustment for BTU’s for the Delivery Month by multiplying the Per Ton Adjustment (as calculated in (i) above) by the total number of tons of coal actually loaded and delivered to Buyer under this Agreement during the Delivery Month.

Depending on whether the BTU AMWA is greater than or less than the BTU GMWA in a Delivery Month, the Per Ton BTU Adjustment for the Delivery Month can be positive or negative. If the BTU adjustment (as calculated above) for a Delivery Month is positive, then Buyer shall pay the amount of such BTU adjustment to Seller. If the BTU adjustment (as calculated above) for a Delivery Month is negative, then Seller shall pay or credit the amount of such BTU adjustment to Buyer. Buyer shall be responsible for making the BTU adjustment calculations and shall send a written statement to Seller of the amount of the BTU adjustment for each Delivery Month. BTU adjustment payments shall be due when the next payment for coal is due hereunder.

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For the avoidance of doubt, the parties agree to the following example. If the AMWA for a Delivery Month equals 11,300 BTU/LB, the GMWA equals 11,200 BTU/LB and the Base Price Per Ton is \$31.50/ton, then the Per Ton BTU Adjustment would be $((11,300 - 11,200) \div 11,200) \times \$31.50 = \$0.28125$ per ton. If a total of 30,000 tons were loaded during the Delivery Month, then the BTU adjustment would equal \$8,437.50 (30,000 x \$0.28125).

Since it is positive, this amount would be due and owing to Seller by Buyer with respect to the deliveries for that Delivery Month.

(b) Other Quality Price Reductions. The Base Price is based on Buyer's receipt of coal of a quality that is consistent with or superior to all of the GMWA specifications as set forth in §6.1. Quality price reductions shall be applied for each specification each Delivery Month to account for the Seller's failure to provide coal of a quality superior to the "Discount Values" set forth below.

<u>DISCOUNT VALUES</u>	
	<u>\$/MMBTU</u>
BTU/LB.	0.2604
<u>\$/MMBTU per LB./MMBTU</u>	
SULFUR	0.1232
ASH	0.0083
MOISTURE	0.0016

For each specification during each Delivery Month with respect to the quality price discounts listed above, there shall be no discount if the AMWA for a specification meets the applicable Discount Point set forth below for that specification. If the AMWA fails to meet the Discount Point, then the applicable Discount Value shall apply, and the quality price reduction

shall be calculated on the basis of the difference between the AMWA and the GMWA for such specification.

<u>Guaranteed Monthly Weighted Average</u>		<u>Discount Point</u>
BTU	Min. 11,200 BTU/LB	11,100 BTU/LB
ASH	Max. 8.40 LB/MMBTU	9.00 LB/MMBTU
MOISTURE	Max. 11.70 LB/MMBTU	12.10 LB/MMBTU
SULFUR	Max. 2.68 LB/MMBTU	3.00 LB/MMBTU

For example, if the Actual Monthly Weighted Average of sulfur equals 3.15 LBS/MMBTU, then the applicable discount would be $(3.15 - 2.68) \times .1232/\text{LBS/MMBTU} = \$0.05790/\text{MMBTU}$.

(c) Notwithstanding loading, Rejected Coal shipments shall not be included in the calculation of the AMWA quality of the coal during the Delivery Month or any quality price adjustments under 8.2(a) and (b) above. As loaded Replacement Coal shall be included in the calculation of the AMWA.

§8.3 Payment Calculation. Schedule 1 attached hereto shows the methodology for calculating the coal payment, the BTU adjustment and quality price reductions for the Delivery Month. If there are any such price adjustments, Buyer shall apply a credit for such adjustments to amounts owed Seller for the month the coal was loaded (and not later rejected by Buyer).

§8.4 Price Adjustments for Changes in Governmental Impositions. The Base Price set forth herein includes all of Seller's cost as of September 23, 2020 of complying with all Federal or state statutes, regulations and other governmental impositions in force on that date that are applicable to Seller's operations on connection with the production, sale and delivery of the coal to be supplied hereunder, including but not limited to tax increases or decreases (other than taxes

measured by income). The Base Price shall be subject to adjustment pursuant to this section only in the event that the requesting party can clearly demonstrate that: (a) new Imposition (as defined below); or (b) amendments, modifications or changes to the text, interpretation, application or enforcement (excluding changes in frequency, rigor or thoroughness of enforcement) of any existing Imposition that occur after September 23, 2020 have caused Seller's direct actual out-of-pocket cost of providing coal to Buyer under this Agreement to increase or decrease. As used herein, the term "Imposition" shall mean a Federal or state statute, regulation or other governmental imposition applicable to the coal mining or handling practices, to health and safety of miners or associated workers, or to air, water or waste quality or disposal standards that impacts the direct cost of producing and supplying coal generally, but shall not include any Federal or state statute, regulation or governmental impositions applicable to businesses generally (such as, by way of example only, new health care, insurance or minimum wage requirements), or which apply specifically to or disproportionately impact Seller's operations or production of coal hereunder as a result of characteristics or practices peculiar to the same. In the event a party desires to obtain a price adjustment based on an Imposition, the affected party shall notify the other party in writing of the specific Imposition or potential Imposition involved within sixty (60) days of the time such party becomes aware of such Imposition, setting forth the specific legal basis for the Imposition, the anticipated or actual financial impact of the Imposition and the anticipated or actual effective date. Either Buyer or Seller may request a Base Price adjustment, which shall be comprised of no more than the actual out-of-pocket costs directly associated with the effect of such change on the cost of producing the coal to be supplied hereunder. Additionally, any Imposition adjustment

made hereunder shall be allocated on a pro-rata basis to all coal produced by Seller, including all coal that is produced from the Coal Property, so that Buyer is allocated only its proportionate share of such Imposition, and the Base Price shall likewise be decreased for any savings resulting from any Imposition. There shall be no change to the Base Price based on reductions or loss of production or production capacity as a result of an Imposition.

By way of example, and not of limitation, an Imposition that requires the purchase of special or additional equipment shall be prorated over the number of years of useful life of the equipment and over the total tons in any year during the useful life of the equipment. In such a case, the change in the Base Price would not exceed the per-ton prorated cost of the equipment for the number of tons of coal remaining to be mined and sold under this Agreement.

After Seller has determined the actual, out-of-pocket direct cost impact of any Imposition, which may be after the conclusion of the applicable calendar year, Seller shall notify Buyer in writing of the amount and effective date of any claimed adjustment to the Base Price as a result of one or more Impositions and shall furnish Buyer with the specific legal basis for the Imposition, and accurate and detailed computations and data reasonably necessary to substantiate the claimed adjustment. Buyer shall have the right to inspect all books and records of Seller relevant to the claimed adjustment. Buyer shall notify Seller of any disagreement Buyer has with the claimed adjustment within a reasonable time after receipt of such notice and computations, taking into account any audits or requests for additional information by Buyer. It is Seller's obligation to ensure that Imposition decreases are given to Buyer.

If the amount of all Impositions exceeds one dollar (\$1.00) per ton on a cumulative basis for any calendar year, Buyer may terminate this Agreement upon not less than thirty (30) days written notice to Seller. Alternatively, Seller may elect, by forwarding written notice to Buyer within ten (10) days after receiving Buyer's notice of termination, to limit the adjustment to the Base Price for such year to a maximum of one dollar (\$1.00) per ton, regardless of the actual cumulative impact of the Impositions. In the event Seller makes such election, the increase to the Base Price shall be so limited, and the remainder of this Agreement shall continue in full force and effect.

SECTION 9. INVOICES, BILLING AND PAYMENT.

§9.1 Invoicing Address. Invoices will be sent electronically to Buyer at the following address: fuels.accounting@lge-ku.com.

§9.2 Invoice Procedures for Coal Shipments. By the fifth (5th) working day of the month following the Delivery Month (the "Payment Month"), the Buyer will provide Seller with a price calculation for all coal loaded during the Delivery Month based on the applicable Base Price, and taking into account all quality price adjustments provided for in Section 8 (the "Buyer's Statement"). By the tenth (10th) day of the Payment Month the Seller will provide Buyer with its invoice for all coal loaded during the Delivery Month taking into account all quality price adjustments (the "Monthly Invoice").

§9.3 Payment Procedures for Coal Shipments. For all coal loaded at Delivery Point(s) between the first (1st) and fifteenth (15th) days of any Delivery Month, Buyer shall make a

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“Preliminary Payment” of one-hundred percent (100%) of the Base Price for such coal (based on the assumption that the coal will meet all GMWA parameters) by the twenty-fifth (25th) day of such Delivery Month. All Preliminary Payments shall be calculated based solely on the then-current Base Price on a dollar-per-ton basis. By the fifteenth (15th) day of the Payment Month, Buyer will pay for all coal loaded at the Delivery Point between the sixteenth (16th) and the last day of any Delivery Month plus any quality adjustments for the Delivery Month as provided in §8.2 above.

For example, Buyer will make a Preliminary Payment by August 25 for coal loaded between August 1 through August 15. On or before the fifth (5th) working day of September, Buyer will provide Seller with the Buyer’s Statement. On or before the tenth (10th) day of September, the Seller shall provide Buyer the Monthly Invoice for all coal loaded by Seller in August. The Monthly Invoice for August loadings, to the extent it is verified by Buyer, will be paid by the fifteenth (15th) day of September. In every case referenced in this section for payment, if a specific day is not a banking day and regular work day for Buyer, payment shall be made on the next regular work day for Buyer.

Notwithstanding loading, Rejected Coal shipments shall not be included in the invoicing and payment with respect to coal during the Delivery Month. As loaded Replacement Coal and/or Cover Coal shall be included in the invoicing and payment with respect to coal during the Delivery Month.

Buyer shall electronically transfer funds to Seller’s account based on the account information (including Bank name, ABA number and Account number) provided in writing, in a

form reasonably acceptable to Buyer, prior to the first (1st) Shipment under this Agreement. Seller reserves the right to modify such account information on prior written notice reasonably acceptable to Buyer.

§9.4 Withholding. Buyer shall have the right to withhold from payment of any billing or billings: (i) any sums which it is not able in good faith to verify or which it otherwise in good faith disputes, (ii) any damages resulting from any breach of this Agreement by Seller; and (iii) any amounts owed to Buyer from Seller. Buyer shall immediately notify Seller in writing of the basis for the dispute and pay the portion of such statement not in dispute no later than the due date. If any amount withheld under dispute by Buyer is ultimately determined to be due Seller, it shall be paid within (5) business days after such determination.

Payment by Buyer, whether knowing or inadvertent, of any amount in dispute shall not be deemed a waiver of any claims or rights by Buyer with respect to any disputed amounts or payments made.

§9.5 Netting and Setoff. LG&E and KU, as individual Buyers, shall be entitled to setoff, net, deduct, retain or recoup from any and all amounts owing by them to Seller (including, for this purpose, affiliated entities under common ownership) in connection with this Agreement or any other contract with Seller (including, for this purpose, affiliated entities under common ownership), any and all other such amounts as may be owed by Seller (including, for this purpose, affiliated entities under common ownership) to them in connection with this Agreement or any other contract with Seller (including, for this purpose, affiliated entities under common

ownership). The rights of LG&E and KU hereunder shall be in addition to, and without waiver or limitation of, any other rights or remedies

SECTION 10. FORCE MAJEURE.

§10.1 General Force Majeure. If either party hereto is delayed in or prevented in whole or part, from performing any of its obligations or from utilizing the coal sold under this Agreement as a result of one or more events or occurrences which are both: (a) beyond the reasonable control of the affected party, and (b) not the result of fault or negligence of the affected party (a “Force Majeure Event”), then the obligations of both parties hereto shall be suspended to the extent made necessary by such Force Majeure Event; provided that the affected party gives written notice to the other party as early as practicable of the existence, nature and probable duration of the Force Majeure Event and makes all commercially reasonable efforts to terminate and/or limit the effect of the Force Majeure Event. As used herein, the term Force Majeure Event shall include but not be limited to acts of God, war, terrorism, riots, civil insurrection, acts of the public enemy, strikes, lockouts, industry-wide labor shortages, labor disputes which cause work stoppages, industry-wide shortages of materials and supplies, adverse geological conditions in coal seams not discernable by prudent engineering, fires, floods, earthquakes, pandemic disease or other emergency situations declared by a relevant jurisdiction, notices or declarations of Force Majeure by transportation carriers or coal terminals, embargoes, legislation, court orders, governmental regulation, or orders or acts of any governmental or military authority (in each case to the extent causing material disruption of the claiming party’s operations that is greater than such disruption existing at the

time of execution of the Agreement), or other causes, whether of a similar or dissimilar nature and otherwise meeting the requirements earlier set forth in this section. The party declaring force majeure shall keep the other party advised as to the continuance of the Force Majeure Event.

During any period in which Seller's ability to perform hereunder is affected by a Force Majeure Event, Seller shall not deliver any coal from each Coal Property to any other buyers other than "Other FM Buyers" (as herein after defined). With respect to any given month and each particular Coal Property, "Other FM Buyers" are other buyers to whom Seller is contractually committed to make deliveries to in that particular month under a contract which (a) includes such Coal Property and (b) has been in place at the onset of the Force Majeure Event (a "Permitted Contract"). Further, if Seller is delivering coal to Other FM Buyers during the period of Force Majeure Event, Seller shall during each month deliver to Buyer under this Agreement at least a pro rata portion of its monthly aggregate production from each Coal Property, in accordance with the below methodology:

$$\begin{array}{l} \text{Required Monthly Delivery to Buyer} \\ \text{(During Each FM Month for Each Coal Property)} \end{array} = \frac{\text{mBQ}}{(\sum \text{mOBQ}) + \text{mBQ}} \times \text{STMP}$$

Where:

OFMB = Other Force Majeure Buyers for such Coal Property

PC = Permitted Contracts for such Coal Property

BQ = annual Base Quantity (under this Agreement)

mBQ = BQ / 12

STMP = Seller's total production during such month from such Coal Property

OBQ = Annualized contractual base quantities under OFMB's PC's at time of FM Event

$$mOBQ = OBQ / 12$$

For purposes of this calculation:

In any particular monthly calculation, OBQ (and its sum \sum OBQ) shall not include (a) any base quantities for OFMB whose PC base quantity delivery months have since expired or (b) any base quantities for OFMB whose PC base quantity delivery months have not yet commenced. Further, for PCs with terms of greater or less than 1 year OBQ shall use an annualized base quantity amount for such PC.

In any particular monthly calculation, STMP shall be the aggregate tons of coal produced by Seller in that month from such Coal Property. The term “production” hereunder shall be defined and calculated consistently with the use of that term in the federal Quarterly Mine Employment and Coal Production Report (MSHA Form 7000-2) as reported to Department of Labor-Mine Safety and Health Administration.

In any particular monthly calculation, Seller shall not be required to deliver to Buyer an amount in excess of the ratable annual Base Quantity hereunder (namely mBQ).

Example: CALCULATION OF MONTHLY TONNAGE ALLOCATION DURING FORCE MAJEURE EVENT.

If during Month 1, Coal Property Source A experiences a Force Majeure event that limits or prevents the production of coal used to supply Contract 1 and 4, then the calculation of the monthly allocation of coal production to Buyer under Contract 1 would be as follows:

<u>Company</u>	<u>Contract #</u>	<u>Coal Properties</u>	<u>BQ</u>	<u>mBQ</u>
LG&E-KU	1	A, B, C, D	400,000	33,333
<u>OFMB</u>	<u>PC</u>	<u>Coal Properties</u>	<u>OBQ</u>	<u>mOBQ</u>
x	2	B, C, D	300,000	25,000
y	3	C, D	200,000	16,667
z	4	A	150,000	12,500

ALLOCATION OF STMP to CONTRACT #1

<u>Coal Properties</u>	<u>STMP</u>	<u>Allocation</u>
A	0	0
B	30,000	17,143
C	10,000	4,444
D	15,000	6,667

Allocation of STMP not to exceed mBQ or mOBQ

$$\frac{\text{Mbg}}{((\sum \text{mOBQ}) + \text{mBQ})} \times \text{STMP}$$

Allocation of A:

$$\frac{33,333}{45,833} \times 0 = 0$$

(Contract 1, 4)

Allocation of B:

$$\frac{33,333}{58,333} \times 30,000 = 17,143$$

(Contract 1, 2)

Allocation of C:

$$\frac{33,333}{75,000} \times 10,000 = 4,444$$

(Contract 1, 2, 3)

Allocation of D:

$$\frac{33,333}{75,000} \times 15,000 = 6,667$$

(Contract 1, 2, 3)

An event which affects the Seller's ability to produce or obtain coal from a mine other than the Coal Property will not be considered a Force Majeure Event hereunder. In addition, Seller shall use its commercially-reasonable best efforts to increase its production capacity at any unaffected properties constituting Coal Property to supply coal as provided herein during the Force Majeure Event.

Changes in market conditions, commercial frustration, commercial impracticability or the occurrence of unforeseen events rendering performance of this Agreement uneconomical for either Party shall not constitute a Force Majeure Event. Minor transportation delays which can be resolved by an amendment to the delivery schedule without materially disrupting future shipments will not be considered Force Majeure Events, but shall be resolved by schedule amendments.

Tonnage deficiencies resulting from a Force Majeure Event shall be made up at sole option of the non-affected party and shall be treated as Make-Up Tons pursuant to §3.2 above, and to the extent necessary, the term of this Agreement will automatically be extended for the period necessary for the receipt or delivery of the Make-Up Tons.

If a Force Majeure Events continues for more than 180 days, the non-affected party shall have the right to terminate this Agreement, in its sole discretion, without further obligation on the part of either party, except for obligations incurred prior to such termination.

§10.2 Environmental Law Force Majeure. In addition to, and not in limitation of, the provisions of §10.1 above, if Buyer concludes that any new environmental law is enacted or new rule, or regulation is promulgated (including without limitation, an amendment to or a new interpretation of an existing law, rule or regulation) after September 23, 2020, which makes it impossible, commercially impracticable or uneconomical for Buyer to utilize this or like kind and quality coal which thereafter would be delivered under this Agreement, Buyer shall so notify Seller. Thereupon, Buyer and Seller shall promptly consider whether corrective actions can be taken in the mining and preparation of the coal at Seller's mine and/or in the handling and utilization of the coal at Buyer's generating station. If in Buyer's sole judgment any such actions

will not, without unreasonable expense to Buyer, make it possible, commercially practicable and economical for Buyer to use the coal which would be delivered hereunder without violating any applicable law, regulation, policy or order, Buyer shall have the right, upon the later of sixty (60) day notice to Seller or the effective date of such restriction, to terminate this Agreement without further obligation hereunder on the part of either party except for obligations incurred prior to the time of such termination.

SECTION 11. NOTICES.

§11.1 Form and Place of Notice. Any official notice, request for approval or other document required to be given under this Agreement shall be in writing, unless otherwise provided herein, and shall be deemed to have been sufficiently given when delivered in person, transmitted by facsimile or other electronic media, delivered to an established mail service for same day or overnight delivery, or dispatched in the United States mail, postage prepaid, for mailing by first class, certified, or registered mail, return receipt requested, and addressed as follows:

If to Buyer:	Louisville Gas and Electric Company/Kentucky Utilities Company 220 West Main Street P.O. Box 32010 Louisville, Kentucky 40232 Attn.: Director Corporate Fuels and By Products
If to Seller:	Knight Hawk Coal, LLC 500 Cutler-Trico Road Percy, Illinois 62272 Attn: Andrew W. Carter

Notice will be deemed received when actually received by the addressee.

§11.2 Change of Person or Address. Either party may change the person or address specified above upon giving written notice to the other party of such change.

§11.3 Electronic Data Transmittal. Seller hereby agrees, at Seller's cost, to electronically transmit shipping notices and/or other data to Buyer in a format acceptable to and established by Buyer upon Buyer's request. Buyer shall provide Seller with the appropriate format and will inform Seller as to the electronic data requirements at the appropriate time.

SECTION 12. INDEMNITY AND INSURANCE

§12.1 Indemnity. Seller agrees to indemnify and save harmless Buyer and its officers, directors, employees, affiliates and representatives from any responsibility or liability for any and all third party claims, demands, costs, charges, losses, legal actions for personal injuries, property damage or pollution (including without limitation reasonable inside and outside attorney's fees) (collectively "Claims") arising from or relating in any manner to the performance or failure to perform any of Seller's obligations under this Agreement, regardless of when the same accrues, arises, or is asserted. Seller's indemnity shall include but not be limited to Claims: (i) relating to Seller's title to any coal delivered to Buyer hereunder, (ii) relating to the trucks, barges or railcars provided by Buyer or Buyer's contractor while such trucks, barges or railcars are in the care and custody of the loading dock or loading facility, (iii) due to any failure of Seller to comply with laws, regulations or ordinances related to Seller's production of coal and its performance under this Agreement, or (iv) due to the acts or omissions of Seller in the performance of this Agreement.

Buyer agrees to indemnify and save harmless Seller and its officers, directors, employees, affiliates and representatives from any responsibility or liability for any and all Claims arising from or relating in any manner to the performance or failure to perform any of Buyer's obligations under this Agreement, regardless of when the same accrues, arises or is asserted. Buyer's indemnity shall include but not be limited to claims (i) due to any failure of Buyer to comply with laws, regulations or ordinances related to Buyer's performance under the Agreement, or (ii) due to the negligence of any representatives, agents or employees of Buyer who inspect the Coal Property; or (iii) due to the acts or omissions of Buyer in the performance of this Agreement.

The parties respective obligations of indemnity set forth herein shall survive the termination, expiration or cancellation of this Agreement for a period of five (5) years from the date thereof.

§12.2 Insurance. In addition to any indemnity obligations, and not in lieu thereof, Seller shall carry insurance coverage with minimum limits as follows:

- a) Workers' Compensation and Employer's Liability Policy, which shall include:
 - i. Workers' Compensation (Coverage A),
 - ii. Employer's Liability (Coverage B) with minimum limits of \$1,000,000 Bodily Injury by Accident, each Accident, \$1,000,000 Bodily Injury by Disease, each Employee;
 - iii. 30 Day Cancellation Clause;
 - iv. All States Endorsement;
 - v. U.S. Longshore and Harbor Workers Compensation Act ("USL&H") coverage;

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- vi. Maritime Employers Liability (MEL) including Jones Act coverage (if Seller utilizes a subcontractor for harbor fleeting services and Seller does not operate a tug boat then this requirement can be satisfied via proof that Seller's tug boat subcontractor carries MEL coverage);
 - vii. Federal Employers Liability Act (FELA) coverage (required at all times workers of Seller or Seller's subcontractor are performing work that falls under such Act during the contract period);
- b) Commercial General Liability Policy, which shall have minimum limits of \$1,000,000 each occurrence; \$2,000,000 Products/Completed Operations Aggregate each occurrence; \$1,000,000 Personal and Advertising Injury each occurrence, in all cases subject to \$2,000,000 in the General Aggregate for all such claims, and including:
- i. 30 Day Cancellation Clause;
 - ii. Blanket Written Contractual Liability to the extent covered by the policy against liability assumed by Seller under this Agreement;
 - iii. Include Additional Insured endorsement GC 2010 or CG2037, or its equivalent;
- c) Commercial Automobile Liability Insurance covering the use of all owned, non-owned, and hired automobiles, with a bodily injury, including death and property damage combined single minimum limit of \$1,000,000 each occurrence with respect to Seller's vehicles or Seller's subcontractor's vehicles.

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- d) Umbrella/Excess Liability Insurance with minimum limits of \$10,000,000 per occurrence; \$10,000,000 aggregate, to apply to employer's liability, commercial general liability, and commercial automobile liability. Coverage should also include Marine Liability, Pollution Liability, and Railroad Liability coverage.
 - i. Umbrella/Excess Liability Insurance must include "Follow Form" provisions including marine, railcar & pollution coverages, if applicable.
- e) Pollution Liability (Environmental Liability) coverage is required at all times; if any time during the contract period the work falls within a pollution exclusion from the policy provided under General Liability or Marine Liability policies then Pollution Liability (Environmental Liability) is required. Coverage should include limits of \$5,000,000 per occurrence and \$5,000,000 in aggregate, for loss arising out of pollution conditions caused or exacerbated by contracting operations. Coverage shall include clean-up, bodily injury, property damage, and legal defense expense for sudden and gradual pollution conditions. Pollution conditions shall include the discharge, dispersal, release, or escape of dust, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials, or other irritants, contaminants or pollutants into or upon land, the atmosphere, or any watercourse or body of water, which result in any bodily injury, sickness, disease, mental anguish or shock sustained by any person, including death; and/or property damage including physical injury to or destruction of tangible property including

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the resulting loss of use thereof, clean-up costs, and the loss of use of tangible property that has not been physically injured or destroyed (any such incident referred to herein as a "Pollution Incident"). Pollution Liability coverage shall apply to the cost of defending any claims arising from a Pollution Incident including costs, charges, and expenses incurred in the investigation, adjustment, or defense of such claims. In addition, coverage shall apply to pollution liability arising out of transportation, including hazardous materials or regulated substances transported or utilized by Seller.

- f) Marine Liability & Maritime Employers Liability coverage is required at all times. Coverage is required with limits of Five Million Dollars (\$5,000,000) each occurrence, shall include protection & indemnity, landing owners', stevedoring, wharfingers, collision & towers liability, Jones Act, Tankerman's Legal and pollution liabilities, including coverage for bodily injury (including death and mental anguish), property damage, defense costs and cleanup costs; provided that if all of the work that falls within such exclusion is performed solely by Seller's subcontractors, then Seller may satisfy this requirement by requiring all applicable subcontractors to carry this coverage. Coverage will be primary and non-contributing.
- g) Cargo Insurance covering "all risks" of direct physical loss or damage to Buyer or Buyer's contractor's equipment (e.g. Buyer's contractor's railcars). "All Risks" conditions of coverage include loss due to strikes, riots, civil commotion, terrorism,

and war as defined in the policy. Coverage shall be in an amount equal to the value of the largest single shipment of equipment on a Cost-Insurance-Freight (“CIF”) plus 10% basis. Coverage commences at the time of first-loading at point of origin and ends at the time loaded barges are released to Buyer’s barge transportation contractor and includes storage:

- i. Limit - based on value of cargo/shipment including CIF plus 10%

§12.3 Coverage Conditions. Except with regard to workers’ compensation, Seller shall name Buyer and all of its affiliates as additional insured. All policies will waive any rights of subrogation against Buyer and all of its affiliates and their insurance carriers were applicable by law. All policies will be primary/non-contributory in favor of Buyer. Condition applies to Seller’s subcontractors.

§12.4 Quality of Insurance Coverage. The policies shall be written by insurance companies which have a Best Rating of not less than “A -, VII-”. These policies shall not be materially changed or canceled except with 30 Days’ written notice to Buyer from Seller and Seller’s insurance carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to the following recipient: Attention: Manager, LGE and KU Fuels, LG&E and KU Services Company, 220 W. Main St., Louisville, Kentucky 40202.

§12.5 Insurance Policies. Upon Buyer’s request, Seller shall provide Buyer with insurance policies from Seller’s insurer evidencing the insurance coverage specified in this Agreement. Any receipt of such documents or their review by Buyer shall not relieve Seller from

or be deemed a waiver of Buyer's rights to insist on strict fulfillment of Seller's obligations under this Agreement.

§12.6 Claims Made Policies. For any of the foregoing policies that are issued on a claims made basis,

- a) Such policy shall have a retroactive date satisfactory to Buyer. For retroactive date to be satisfactory, the date needs to be prior to the commencement of any work done on behalf of Buyer.
- b) After termination of this Agreement, Seller shall maintain such policies in place (and/or provide comparable tail coverage) for at least five years after all of Seller's obligations under all contracts with Buyer have been fulfilled.

§12.7 Other Notices.

- a) Seller shall provide notice of incidents, accidents, occurrences, or claims as respects to work performed under the project and provided to the Manager, LG&E and KU Fuels, LG&E and KU Services Company, 220 W. Main St., Louisville, Kentucky 40202.
- b) Seller shall notify Buyer of any threatened, pending or paid-off claims to third parties, individually or in the aggregate, which from time to time may affect the coverage inuring to the benefit of Buyer and all of its affiliates as hereinafter specified.

§12.8 Certificates of Insurance.

- a) Seller shall provide certificates of insurance to Buyer for each policy of insurance required above and evidence the items noted below.
- b) Each certificate shall properly identify the certificate holder as Buyer.
- c) Under no circumstances shall Buyer commence work under the Agreement (or allow any subcontractor to commence work) prior to submitting certificate(s), evidencing that the required insurance of Seller or Seller's subcontractor(s), as applicable, are acceptable to Buyer. Buyer retains the right to waive this requirement at its sole discretion.
- d) Certificate shall evidence 30 days prior notice of cancellation.
- e) Certificate shall verify additional insured status on all coverages outlined above.
- f) Certificate shall verify Blanket Waiver of Subrogation;
 - i. All policies of insurance shall include waivers of subrogation, under subrogation or otherwise, against Buyer and its affiliates, except where not allowable by law.
- g) Certificate shall verify Primary/Non-contributory wording in favor of Buyer.
- h) Certificate shall identify policies that are written on a Claims-Made coverage form and shall state the retroactive date.

§12.9 Self-Insured Retention (SIR). Self-Insured Retentions are not acceptable without the Buyer's consent, except for a \$10,000 maintenance retention on the Umbrella coverage.

§12.10 Seller's Insurance. Each policy of insurance required to be maintained by Seller under this Agreement (except the Workers' Compensation and Employer's Liability Policy) shall cover all losses and claims of Seller regardless of whether they arise directly to Seller or indirectly through subcontractors (e.g., Seller's Commercial General Liability policy must cover Seller and additional insureds against negligent acts of an Seller subcontractor, etc.). The language in this Agreement only represents minimum insurance requirements; it does not mitigate or reduce liability required by the indemnity agreement, nor should it be deemed to be the full responsibility of Seller or Seller's subcontractor for liability. Seller is responsible for Seller's subcontractor(s)'s insurance meeting the requirements of this Agreement.

SECTION 13. TERMINATION FOR DEFAULT.

Subject to the provisions of §6.4, if either party hereto commits a material breach of any of its obligations under this Agreement at any time, including, but not limited to, a breach of a representation and warranty set forth herein, then the other party may give written notice describing such breach ("Notice of Default"). If such material breach is not curable or the breaching party fails to cure such material breach within thirty (30) days following receipt of the Notice of Default then, at the option of the non-breaching party, this Agreement shall terminate, in addition to all the other rights and remedies available to the non-breaching party under this Agreement and at law and in equity. A material breach, as described above, includes but is not limited to any one or more of the following:

- (i) Seller files a petition in bankruptcy;

- (ii) Seller makes a general assignment for the benefit of creditors;
- (iii) A bankruptcy petition is filed against Seller, and is not dismissed within sixty (60) days;
- (iv) A receiver is appointed for Seller or any assets of Seller;
- (v) Any attempts to deliver coal to a delivery point other than that specified in §5.1;
- (vi) Any failure to deliver coal based on the nominations for two months in a six month consecutive period;
- (vii) The provision of Substitute Coal from a source other than geological seam(s) Illinois #5 and #6, absent advance written consent which may be given in Buyer's sole discretion;
- (viii) Any attempts to deliver coal qualifying as, or which could potentially qualify as, Make-Up Tons, other than in accordance with §3.2;
- (ix) Seller fails to perform any other material obligation under this Agreement subject to applicable notice and cure provisions hereof; or
- (x) Material breach of the representations and warranties set forth herein and failure to cure such material breach under applicable notice and cure provisions herein.

All of Buyer's rights and remedies set forth in §9.4 and otherwise as to offset or withholding of funds due to Buyer from payments otherwise due to Seller are fully preserved and remain in force provided.

All of each party's rights and remedies upon default set forth in this Agreement, under the applicable Uniform Commercial Code, and under other applicable law are fully preserved and remain in place.

Notwithstanding anything herein to the contrary, Buyer may at its option, terminate this Agreement immediately upon voluntary bankruptcy filing by Seller, or an Order For Relief being entered following an involuntary bankruptcy petition being filed against Seller.

SECTION 14. TAXES, DUTIES AND FEES.

Seller shall pay when due, and the price set forth in Section 8 of this Agreement shall be inclusive of, all taxes, duties, fees, royalties and other assessments of whatever nature imposed by governmental authorities with respect to the transactions contemplated under this Agreement.

SECTION 15. DOCUMENTATION AND RIGHT OF AUDIT.

Seller shall maintain all records and accounts pertaining to payments, quantities, quality analyses, and source for all coal supplied under this Agreement for a period lasting through the term of this Agreement and for two (2) years thereafter. Buyer shall have the right at no additional expense to Buyer to audit, copy and inspect such records and accounts at any reasonable time upon reasonable notice during the term of this Agreement and for two (2) years thereafter, and Seller shall cooperate at no additional cost to Buyer. Buyer shall be responsible for all costs associated with travel by Buyer or Buyer's auditor.

SECTION 16. EQUAL EMPLOYMENT OPPORTUNITY. To the extent applicable, Seller shall comply with all of the following provisions which are incorporated herein by reference: Equal Opportunity regulations set forth in 41 CFR § 60-1.4(a) and (c) prohibiting discrimination against any employee or applicant for employment because of race, color, religion, sex, or national origin; Vietnam Era Veterans Readjustment Assistance Act regulations set forth in 41 CFR § 50-250.4 relating to the employment and advancement of disabled veterans and veterans of the Vietnam Era; Rehabilitation Act regulations set forth in 41 CFR § 60-741.4 relating to the employment and advancement of qualified disabled employees and applicants for employment; the clause known as “Utilization of Small Business Concerns and Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged Individuals” set forth in 15 USC § 637(d)(3); and subcontracting plan requirements set forth in 15 USC § 637(d).

SECTION 17. COAL PROPERTY INSPECTIONS. Buyer and its representatives, and others as may be required by applicable laws, ordinances and regulations in connection with Buyer (“Visitors”) shall have the right at all reasonable times and at their own expense to inspect the Coal Property, including the loading facilities, scales, sampling system(s), wash plant facilities, and mining equipment (collectively “Facilities”) for conformance with this Agreement. Seller shall cooperate with such inspections at no additional cost to Buyer. Seller shall undertake reasonable care and precautions to prevent personal injuries to any Visitors who inspect the Coal Property or the Facilities. All Visitors shall make every reasonable effort to comply with Seller’s regulations and rules regarding conduct on the work site (to the extent they are made known to Visitors prior to entry), as well as safety measures mandated by state or

federal rules, regulations and laws. Buyer understands that coal mines and related facilities are inherently high-risk environments. Buyer's inspection (or failure to inspect) the Coal Property or Facilities or to object to defects therein shall not relieve Seller of any of its responsibilities nor be deemed to be a waiver of any of Buyer's rights hereunder.

SECTION 18. MISCELLANEOUS.

§18.1 Applicable Law. This Agreement shall be construed in accordance with the laws of the Commonwealth of Kentucky without regard to any conflicts of laws that would result in the application of the laws of any other jurisdiction, and all questions of performance of obligations hereunder shall be determined in accordance with such laws.

§18.2 Headings. The section headings appearing in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement.

§18.3 Waiver. The failure of either party to insist on strict performance of any provision of this Agreement, or to take advantage of any rights hereunder, shall not be construed as a waiver of such provision or rights.

§18.4 Remedies Cumulative. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided under this Agreement or by law or in equity.

§18.5 Severability. If any provision of this Agreement is found contrary to law or unenforceable by any court of law, the remaining provisions shall be severable and enforceable in accordance with their terms, unless such unlawful or unenforceable provision is material to the

transactions contemplated hereby, in which case the parties shall negotiate in good faith a substitute provision.

§18.6 Binding Effect. This Agreement shall bind and inure to the benefit of the parties and their successors and assigns.

§18.7 Relationship of the Parties. Seller agrees that it is not and will not hold itself out as a partner, joint venture, employee, agent or representative of Buyer. Nothing herein contained shall be construed as creating a single enterprise, joint venture, agency, partnership, joint employer, owner-contractor, or lessor-lessee relationship between Buyer and Seller or between Buyer and Producer.

§18.8 Several Liability. LG&E and KU shall be severally but not jointly liable for obligations of Buyer hereunder, and each shall be liable only for such obligations that pertain to a particular party constituting Buyer.

§18.9 Limitation of Remedies. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, AND EXCEPT TO THE EXTENT A CLAIM, DEMAND, LOSS, OR LEGAL ACTION (“CLAIM”) BROUGHT BY A THIRD PARTY INCLUDES ONE OR MORE SUCH ITEMS FOR WHICH THERE IS AN INDEMNITY OBLIGATION UNDER THIS AGREEMENT WITH RESPECT TO SUCH CLAIM, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, PUNITIVE, EXEMPLARY, SPECIAL OR INDIRECT DAMAGES, LOST REVENUES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES.

EXCEPT AS OTHERWISE EXPRESSLY SET FORTH HEREIN, SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATION, WRITTEN OR ORAL,

EXPRESS OR IMPLIED, INCLUDING ANY REPRESENTATION OR WARRANTY WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.

§18.10 Forward Contract. The parties agree that the transactions for the sale and purchase of coal hereunder are and shall constitute “forward contracts,” and that the parties hereto are and shall be considered “forward contract merchants” within the meaning of the United States Bankruptcy Code.

§18.11 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Delivery of the manual, conformed, or other executed signature pages by facsimile, email, electronic, or other transmission will constitute effective and binding execution and delivery of this Agreement.

§18.12 Assignment.

(a). Seller shall not, without Buyer’s prior written consent, which may be withheld in Buyer’s sole discretion, make any assignment or transfer of this Agreement, by operation of law or otherwise, including without limitation any assignment, encumbrance or transfer as security for any obligation, and shall not assign or transfer the performance of or right or duty to perform any obligation of Seller hereunder; provided, however, that Seller may assign the right to receive payments for coal directly from Buyer to a lender as part of any accounts receivable financing or other revolving credit arrangement which Seller may have now or at any time during the term of this Agreement.

(b). Buyer shall not, without Seller's prior written consent, which may not be unreasonably withheld, assign this Agreement or any right or duty to perform any obligation of Buyer hereunder; except that, without such consent, Buyer may assign this Agreement in connection with a transfer by Buyer of all or a part interest in the generating station comprising the Delivery Point, or as part of a merger or consolidation involving Buyer.

(c) Any transaction or series of transactions which results in the transfer of a controlling interest in Seller (other than a transfer of a controlling interest to another wholly-owned subsidiary or affiliate of Alpha Natural Resources, Inc.), whether such transfer is voluntary, involuntary or by operation of law, shall be deemed an assignment for which appropriate consent as required by this section shall be required, unless such transfer would not materially impair Seller's ability to perform its obligations under this Agreement.

(d). In the event of an assignment or transfer contrary to the provisions of this section, the non-assigning party may terminate this Agreement immediately.

(e). The parties acknowledge that Buyer's performance of its rights and obligations pursuant to this Agreement may be performed by one or more agents, including without limitation LG&E and KU Services Company.

§18.13 Entire Agreement. This Agreement contains the entire agreement between the parties as to the subject matter hereof, and there are no representations, understandings or agreements, oral or written, which are not included herein.

§18.14 Amendments. Except as otherwise provided herein, this Agreement may not be amended, supplemented or otherwise modified except by written instrument signed by both

parties hereto. The parties agree and confirm that the terms of this Agreement shall govern and control the subject matter hereof, notwithstanding the terms and provisions (including any conflicting terms or provisions) of any plan of reorganization, assignment or arrangement for creditors, or any order confirming such plan assignment or arrangement.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, intending it to be binding as of the date(s) indicated below and to be performed as set out herein.

BUYER:
LOUISVILLE GAS AND ELECTRIC
COMPANY

By: David Shuler *ett*
Title: VP Energy Supply & Analysis *JPF*
Date: 2-2-21

SELLER:
KNIGHT HAWK COAL., LLC

By: A.W. G
Title: V.P. MARKETING
Date: 1/27/21

KENTUCKY UTILITIES COMPANY

By: David Shuler *ett*
Title: VP Energy Supply & Analysis *JPF*
Date: 2-2-21

SCHEDULE 1 TO COAL SUPPLY AGREEMENT

SAMPLE COAL PAYMENT CALCULATIONS

<u>Section I</u>	<u>Base Data</u>
1) Base or Adjusted Base FOB Price Per Ton:	<u>31.50</u> /ton
1a) Tons of coal loaded:	<u> </u> tons
2) Guaranteed monthly weighted average heat content:	<u>11200</u> BTU/LB.
2a) As received monthly weighted avg. heat content:	<u> </u> BTU/LB.
2b) Total Energy (BTU's) loaded in the month: [(Line 1a) *2,000 lb./ton*(Line 2a)] *MMBTU/1,000,000 BTU	<u> </u> Millions of BTU's
3) Guaranteed monthly weighted avg. max. sulfur	<u>2.68</u> LBS/MMBTU
3a) As received monthly weighted avg. sulfur	<u> </u> LBS/MMBTU
4) Guaranteed monthly weighted avg. ash	<u>8.40</u> LBS/MMBTU
4a) As received monthly weighted avg. ash	<u> </u> LBS/MMBTU
5) Guaranteed monthly weighted avg. max. moisture	<u>11.70</u> LBS/MMBTU
5a) As received monthly weighted avg. moisture	<u> </u> LBS/MMBTU
6) BTU True Up Adjustment: {[(line 2a - line 2)] ÷ line 2 } x line 1	<u> </u> Dollars/Ton
6a) BTU True Up Adjustment Dollars (line 6 x line 1a)	<u> </u> Dollars
<u>Section II</u>	<u>Discounts</u>
7) Assign a (-) to all discounts (round to (5) decimal places) BTU/LB.: If line 2a < 11,100 BTU/LB. then: {1 - { (line 2a) / (line 2) } } * \$0.2604/MMBTU {1 - () / () } * \$0.2604 =	\$ <u> </u> /MMBTU
7a) SULFUR: If line 3a is greater than 3.00 LBS/MMBTU [(line 3a) - (line 3)] * 0.1232/MMBTU per lb. Sulfur/MMBTU [() - ()] * 0.1232 =	\$ <u> </u> /MMBTU
7b) ASH: If line 4a is greater than 9.00 LBS/MMBTU [(line 4a) - (line 4)] * 0.0083/MMBTU per lb. Ash/MMBTU [() - ()] * 0.0083 =	\$ <u> </u> /MMBTU
7c) MOISTURE: If line 5a is greater than 12.10 LBS/MMBTU [(line 5a) - (line 5)] * 0.0016/MMBTU per lb. Moist/MMBTU [() - ()] * 0.0016 =	\$ <u> </u> /MMBTU

<u>Section III</u>		<u>Total Price Adjustments</u>
Determine total Discounts as follows:		
8)	BTU/Lb Discount Dollars (line 7 x line 2b)	\$ _____ Dollars
9)	Sulfur Discount Dollars (line 7a x line 2b)	\$ _____ Dollars
10)	Ash Discount Dollars (line 7b x line 2b)	\$ _____ Dollars
11)	Moisture Discount Dollars (line 7c x line 2b)	\$ _____ Dollars
12)	Total Discount Dollars: Sum of lines 8 thru 11:	\$ _____ Dollars
<u>Total Coal Payment Calculation</u>		
13)	Total coal payment for month: [(line 1 x line 1a) + line 6a] – line 12	\$ _____ Dollars

EXHIBIT 1 TO COAL SUPPLY AGREEMENT

COAL PROPERTIES

<u>Mine ID</u>	<u>Mine Name</u>	<u>Type</u>	<u>County/State</u>
1103020	Creek Paum	Surface	Jackson, IL
1103248	Black Hawk	Surface	Randolph, IL
1103045	Red Hawk	Surface	Perry, IL
1103147	Prairie Eagle-UG	Underground	Perry, IL
1103226	Hawkeye	Surface	Randolph, IL
1103274	Golden Eagle	Surface	Perry, IL