

JOHN LEDINGTON ENGINEERING AND SURVEYING
79 WINTERBERRY LANE, CORBIN, KY 40701
TELEPHONE: 606-523-0305

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RESERVE CALCULATION OF THE MOUNTAIN MINERALS, LLC PROPERTY
INDIAN MOUNTAIN, TENNESSEE

The Mountain Minerals, LLC tracts total over 800 acres lying near Jellico, Tennessee. There are several coal seams existing on the property ranging from the Big Mary, which is the uppermost seam, to the Swamp Angel which is the lowest seam known to be mined in the immediate vicinity. This calculation deals with the upper 7 seams, all of which outcrop on the property and are the most likely to readily yield recoverable coal. The seams below the Blue Gem seam are not addressed in this calculation although they should not be ruled out as potential sources of recoverable reserves. In particular, the Swamp Angel has been extensively strip mined in the valley bottoms in the area and may yield recoverable reserves provided that it proves to be of sufficient size and quality to allow for the more capital intensive means of access that will be required for this seam which occurs at lower elevations on the property. These lower elevations will also require that access to the Swamp Angel be gained from adjacent properties.

The in place tons calculated are based on crop line locations from the Jellico West geological quadrangle map and an assumed coal density of 80 pounds per cubic foot. The crop line locations are shown on the attached section of the Jellico West quadrangle map along with the attached coal seam area maps. The seams included in the calculation are tabulated as follows:

<u>SEAM</u>	<u>AVG. ELEV.</u>	<u>COAL HT. (INCHES)</u>	<u>TONS IN PLACE</u>
Big Mary	1880	30	27,000
Windrock	1840	36	63,000
Upper Pioneer	1750	30	172,000
Jordan	1600	24	551,000
Elk Gap	1470	22	638,000
Jellico	1310	48	99,000
Blue Gem	1200	24	2,240,000
		TOTAL	3,790,000

The Big Mary and Windrock seams should be readily recoverable by the mountain top removal method. This will provide a high potential recovery for these seams.

Recovery on the remaining seams will be by contour strip and underground methods. There has been significant contour mining on the Upper Pioneer, Jellico and Blue Gem seams on the property and this method should yield additional coal recovery in the future.

Recovery by underground methods will be required for the bulk of the coal reserves on the

property. Underground mining has been extensively conducted on the Jellico seam and all remaining coal in place is assumed to be recovered by contour mining practices. The Blue Gem seam has had limited mining as recently as 2005 on the property and it is likely that further recovery by this method will yield significant quantities of this high quality coal.

This calculation is based on data from previous reports concerning coal heights and historical mining practices in the area. Maps of prior mining on the portions of the property located in Kentucky were reviewed on the internet to determine mined out areas. The Jellico West quadrangle map was also used to indicate surface mined areas. Although these sources have yielded much data concerning previous mining, it is recommended that a more exhaustive search be conducted. This would be particularly helpful for the Jellico seam, although the suspected time frame of the purported extensive underground mining may pre-date any organized record keeping.

It is also recommended that a drilling program be conducted on the property to verify coal size and quality. This program, depending on how extensively it is conducted, will also yield information on the geological mining conditions and could provide rock samples for future mine permit geo-chemical analyses along with the location of old underground workings for which no mapping has been obtained.

This calculation is intended to provide an indication of the in place coal reserves on the listed seams. No warranty or guarantee of any kind as to the actual coal in place or the mineability of said coal is expressed or implied.

John Ledington, P.E., P.L.S.