

KNIGHT HAWK COAL, LLC
PRAIRIE EAGLE MINE
Cutler, Illinois

Knight Hawk Coal (KHC) has grown rapidly since its founding in 1998. One of the primary reasons for this growth is a dedication to customer service based upon delivering a competitive product at the required quality. The company began mining operations in May 1998 at the Creek Paum Mine near Ava in Jackson County and has since expanded its operation to include four surface mines.

In early 2005 KHC opened the Prairie Eagle Mine in western Perry County. This is a new combination surface mine, highwall underground and future room and pillar underground mine. They are mining the Herrin Seam at an approximate depth of 140-190 feet. Portions of the permit area are the old Southwestern Coal Streamline surface mine from the 1960's.

Knight Hawk Coal's mines combined produced 3,300,000 tons of coal and employ 200 people.

GATEWAY MINE
Coulterville, Illinois

Gateway Mine, formerly Horizon Natural Resource's Zeigler #11 Mine, is located near Coulterville in Randolph County. Zeigler Mine #11 was opened in 1976 as a conventional underground mine. In the early 1980s the mine was converted from conventional methods to continuous miners. In 1996 the mine was idled for one year due to poor market conditions. The mine was reopened in 1997 and transformed from single miner production units to super units. The mine's annual tonnage was increased from 1 million tons to 2.5 million tons. Some infrastructure changes were completed to accommodate the increased production. In 1999, the production slope belt was increased from 500HP to 1,000HP and in 2000, the prep plant was upgraded.

Horizon Natural Resources, the parent company, filed for bankruptcy in November 2002 and was closed in September 2004. Before closing in 2004 the mine produced 1.8 million tons and employed 275 people. Zeigler #11 was purchased by Black Beauty Coal Company, a subsidiary of Peabody Energy and renamed the Gateway Mine. Gateway Mine began production in August 2005. They are mining the Herrin Seam at an approximate depth of 170-240 feet. This is the only mine left in Illinois where you can get pyrite dollars. The newly opened mine's tonnage is 371,686 tons and has 179 employees.

Knight Hawk Coal, LLC

- **Corporation**

- Virginia LLC formed in April, 1997
 - Steve Carter – 50%
 - F.D. Robertson – 25%
 - James Bunn – 15%
 - James Bunn, Jr. – 10%
- 984 E. Sugar Hill Road, Ava, IL 62907
Phone: 618-426-3323
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- **Operation**

- Opened Creek Paum Mine in May, 1998
- Opened Pioneer Mine in April, 2001
- Purchased Assets of Red Hawk Mine in November, 2003
- Production & Sales
 - 1998 – 260,000
 - 1999 – 650,000
 - 2000 – 800,000
 - 2001 – 1,200,000
 - 2002 – 1,300,000
 - 2003 – 1,500,000
 - 2004 – 2,100,000 (est.)

- **Mines/Reserves**

- Creek Paum Mine – Ava, IL
 - Surface Mine
 - Production – 900,000 TPY
 - Reserves – 6,000,000 tons
 - Quality – 1.3% Sulfur
11800 Btu
5.5% Ash
 - Stoker Coal Available
 - Truck Mine
 - 300 TPH Heavy Media Wash Plant
- Pioneer Mine – Willisville, IL
 - Surface Mine
 - Production – 550,000 TPY
 - Reserves – 2,000,000 tons

- Quality – 3.2% Sulfur
11,200 Btu
10% Ash
 - Truck Mine
 - Coal Washed at Creek Paum
 - Red Hawk Mine – DuQuoin, IL
 - Surface Mine
 - Production – 550,000 TPY
 - Reserves – 6,500,000 tons
 - Quality – 3.2% sulfur
11,200 Btu
10% Ash
 - Stoker Coal Available
 - Truck Mine
 - 200 TPH Jig Wash Plant
 - Royalton Reserve – Royalton, IL
 - Underground Mine Development – Scheduled for 2006
 - Production – 2,000,000 TPY
 - Reserves – 35,000,000 tons
 - Quality – .99% to 1.8% Sulfur
11500 Btu
8% Ash
 - Unit train rail – Union Pacific
 - Heavy Medium Wash Plant to be built
 - Campbell Hill Reserve – Campbell Hill, IL
 - Surface Mine – Development estimated for 2005
 - Production – 200,000 TPY
 - Reserves – 2,000,000 tons
 - Quality – 5% Sulfur
11300 Btu
14% Ash
- Transport Facilities
 - Lone Eagle Dock – Chester, IL
 - Mile Post #105 – Mississippi River
 - Capacity – 2,000,000 TPY – Single Shift
 - 1,200hp Tug Boat & 500 HP Tug
 - 35 barges available for direct shipment
 - Crane for off loading, cleanout and cover placement

- Rail Loadout – Carbondale, IL
 - Canadian National/Illinois Central Rail – Main Line
 - 20 car siding – Hopper direct load
 - Capacity – 500,000 TPY

- Rail Load – Cutler, IL
 - CN/IC & Union Pacific
 - Unit Train Capacity – 120 car
 - Capacity – 1 million TPY

KNIGHT HAWK COAL FACILITY LOCATIONS

