

Randall W. Atkins
Chairman and CEO

November 7, 2014

Mr. Trey Patterson, Ph.D.
Chief Executive Officer
Padlock Ranch Company
8420 US Highway 14
Ranchester, WY 82839

Dear Trey,

Thank you for your email of late September. We have been very busy since then, hence the delay in my reply. I would like to brief you on where we are in our development process, as well as respond to your comments.

As I said when we met, I am hopeful we will be able to work out a mutually agreeable arrangement. I have the utmost respect for Homer Scott and the kindness he has shown me on a personal level since I moved to Wyoming. We also have a strong inclination to work fairly with local interests. Lastly, we hope that the Brook Mine will be a significant contribution to the economic future of Sheridan and Sheridan County for many years to come.

Having said that, the Ramaco Board has determined that after three years, the point has been reached to move forward with the Brook Mine project, with or without any additional agreement with Padlock.

As an update, we recently filed our mine and reclamation permit with the Wyoming DEQ. That permit application has now been certified for completeness and is under technical review. We determined that Padlock's consent was not legally necessary for the filing of our permit, based upon the explicit language of our deed.

We have also filed an action in Sheridan District Court against Big Horn Coal (whose stock is owned by Ambre Energy through intermediate company acquisitions). This action is to declare our rights regarding condemnation of certain surface area on the former Big Horn site, where we will construct our rail loop and related facilities.

Since we acquired the property in 2011, we have consistently said to all parties that Ramaco owns the legal right to utilize the surface overlying our mineral for the purpose of mining our coal, along with related support activities. This is set forth in all deeds flowing from our mutual predecessor Sheridan Wyoming Coal (SWC), which we have previously provided to you.

For more than three years, we have attempted to be a good local partner. We have offered surface owners substantially more "contemporary" compensation for surface damage than is provided in the 1954 Deed between SWC and Big Horn Coal (from whom Padlock acquired its surface rights).

However, in reality, even before we acquired the property, we understood that no new or revised agreements were legally necessary for us to carry out our mining. Now, even absent any new alternative arrangements, we have decided to simply exercise our legal rights to permit and mine our coal.

In your September email, you expressed that the Padlock Board was not willing to move forward with an agreement or consent to the mine. You said there was concern that Padlock would want reasonable compensation for loss of grazing caused by mining activities. I would like to address that point in hopes that you will understand what Ramaco put on the table is indeed more than reasonable.

To begin, I think it is useful to summarize where we now stand. Below is a chart showing Padlock's current position absent any new agreement. It also shows Padlock's position under the terms we proposed (based on Ramaco's current mine plans):

Padlock Monetary Assessment					
	Total Acres	Total Disturbed Acres	Damages @ \$10.00/disturbed acre (per 1954 deed)	Total Recoverable Tons	Ramaco Proposed \$0.125/ ton override
Phase 1	1,408	187	\$1,865	5,543,464	\$692,933
Phase 2	881	239	\$2,391	30,544,341	\$3,818,043
Total	2,289	426	\$4,256	36,087,805	\$4,510,976

Basically, under our mining plan Ramaco expects to "disturb" only 425 acres of Padlock's 2,300 surface acres over our mineral. The 1954 Deed provides for damages to Padlock of "no more than \$10.00 per acre of disturbed dry grazing land", or approximately \$4,250. Absent any new agreement with Ramaco, Padlock would receive \$4,250.

Ramaco has offered an override of \$0.125 per mined ton. Assuming, that roughly 36 million tons of coal are mined, that would equate to approximately \$4.5 million in overriding royalties to Padlock.

That "disturbance", as currently planned, is estimated to occur over a five-year period on Padlock surface. I have attached maps showing areas of proposed disturbance and an estimate of what Padlock would potentially earn each year from the proposed override, as an offset to any loss of grazing income.

We also asked Western Water to calculate the estimated gross income from cattle production on acreage disturbed on both Phase 1 and 2 of our mine plans, which is attached. This shows a normal loss of grazing income of \$11,000 per year in Phase 1 and \$13,000 per year in Phase 2. By this estimate, the potential override to Padlock would exceed lost grazing income by between 15x to 59x per year.

Further, Ramaco will mine utilizing a highwall mining technique. We will therefore not have as large a surface disturbance, as perhaps you are familiar with in some of the other Powder River mines. Accordingly, although Padlock has almost 2,300 acres of surface area over our mineral, only 426 acres are estimated to be disturbed.

Given our highwall mining technique, we are also not averse to working out an arrangement (with suitable safety precautions) whereby Padlock could continue to utilize its non-disturbed surface for grazing during our mining. That may further mitigate any diminution of income from grazing.

I believe most disinterested parties would regard a \$4.5 million override as "reasonable compensation" to Padlock for potential annual loss of roughly \$12,000 in cattle grazing income. This is particularly given that Padlock is currently only legally entitled to compensation of \$4,500, as set forth in the deed between our predecessors.

As to Ramaco's proposed surface lease business terms, over two years ago, we executed surface leases with other third parties on the same terms as proposed to Padlock. Those parties enjoy a superior legal surface right to Padlock by virtue that their property is not burdened by the surface mining reservation contained in the Padlock deed.

Therefore for this, and fundamental reasons of fairness, we do not agree that Padlock should enjoy preferential lease arrangements superior to terms these parties already agreed to through long negotiation. You have proposed for Padlock to receive 5x higher monetary payment terms than what was agreed in executed leases with these parties.

As part of any potential new arrangement we would, however, be interested to also consider the lease of additional land which Padlock may own to the West or North of our area of control, provided it has economically mineable coal. That might potentially be a means to offer Padlock additional compensation.

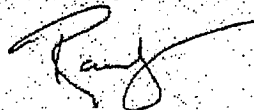
Similarly, we would be interested in acquiring from Padlock approximately four (4) acres near our proposed rail load-out area, which abuts the BNSF track. I attach a map showing this area. We are currently having this parcel appraised and would shortly be in a position to offer an idea on value once we have received that appraisal.

I would be happy to meet with you at your convenience, to see if there is a way to reach a mutually agreeable arrangement, similar to our other surface leases now in place. I plan to be back in town the week of November 17 until shortly before Thanksgiving. I feel, in short order, we can determine if there is a mutual interest in what we have proposed, or whether we will simply maintain the status quo under the 1954 Deed.

We are hopeful that Padlock will recognize that we are offering something of both significant value and in good faith. However, Ramaco will proceed with our Brook Mine plans, with or without a new agreement, if this effort to find a solution is unsuccessful.

I will look forward to hearing from you and with best personal regards;

Cordially yours,

A handwritten signature in black ink, appearing to read "Randall W. Atkins". The signature is fluid and cursive, with a prominent initial "R" and a long, sweeping underline.

Randall W. Atkins
Chief Executive Officer

Cc: Homer S. Scott

Estimated Padlock Grazing Loss of Income

Assume 30% Harvest Efficiency for simple rotation grazing				
		Range Production Unfavorable Year	Range Production Normal Year	Range Production Favorable Year
Phase 1	# of 1200lb cow/w calf pairs (6 months)	5	9	11
	Gross income @ \$1,200/steer/yr	\$6,004	\$10,747	\$13,709
	Total for 5 yrs disturbance	\$30,021	\$53,737	\$68,545
Phase 2	# of 1200lb cow/w calf pairs (6 months)	6	11	14
	Gross income @ \$1,200/steer/yr	\$7,373	\$12,903	\$16,496
	Total for 5 yrs disturbance	\$36,866	\$64,513	\$82,481

Note: Phase 1 has 186.5 disturbed Acres and Phase 2 has 239.1 Disturbed Acres

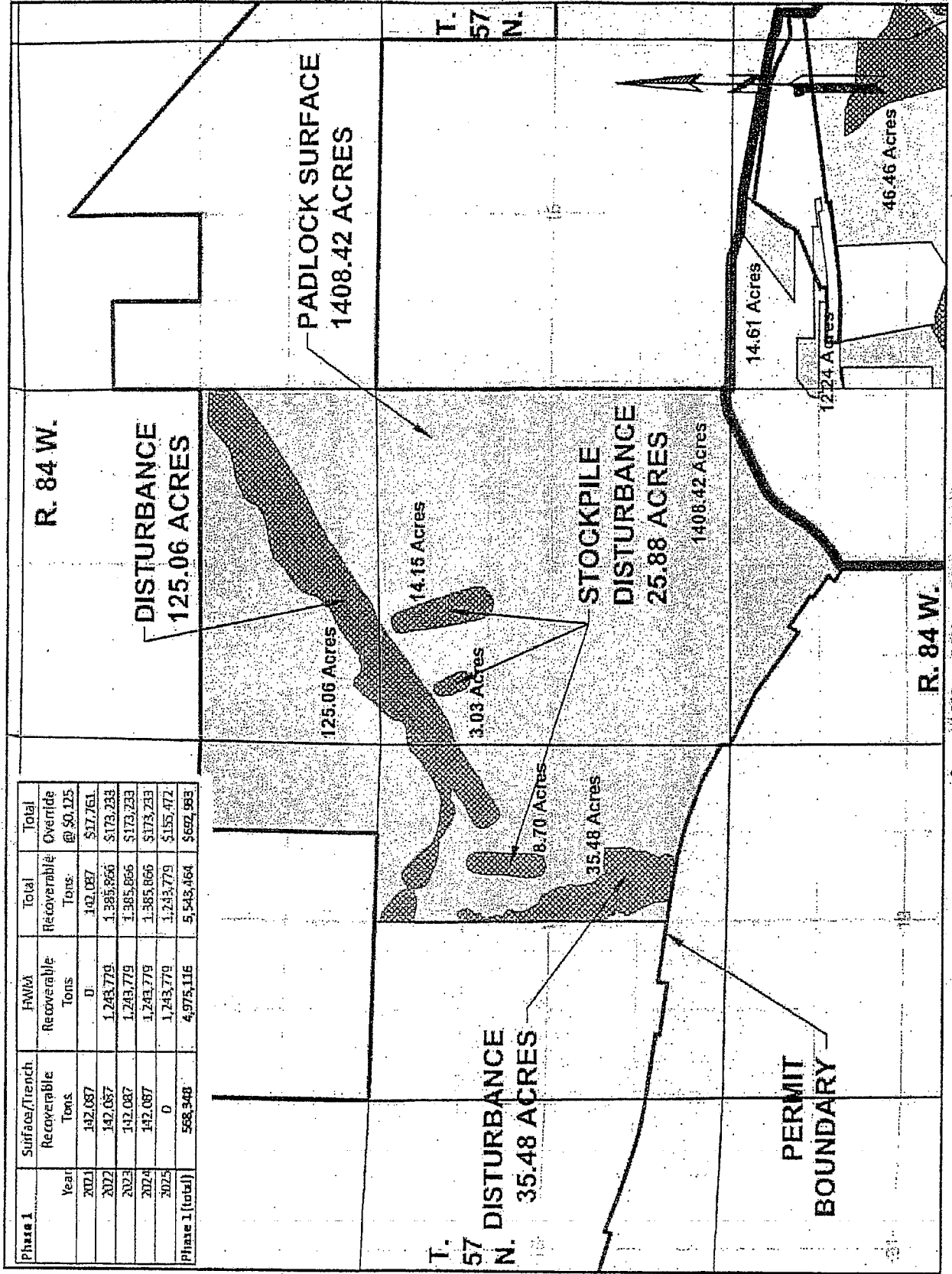
Estimated Annual Padlock Income Breakdown by Mine Plan

Phase 1	Surface/Trench	HWM	Total	Proposed
Year	Recoverable Tons	Recoverable Tons	Recoverable Tons	Override @ \$0.125
2021	142,087	0	142,087	\$17,761
2022	142,087	1,243,779	1,385,866	\$173,233
2023	142,087	1,243,779	1,385,866	\$173,233
2024	142,087	1,243,779	1,385,866	\$173,233
2025	0	1,243,779	1,243,779	\$155,472
Phase 1 (total)	568,348	4,975,116	5,543,464	\$692,933

Phase 2	Surface/Trench	HWM	Total	Proposed
Year	Recoverable Tons	Recoverable Tons	Recoverable Tons	Override @ \$0.125
2017	4,059,745	0	4,059,745	\$507,468
2018	4,059,745	2,049,123	6,108,868	\$763,609
2019	4,059,745	2,049,123	6,108,868	\$763,609
2020	4,059,745	2,049,123	6,108,868	\$763,609
2021	0	2,049,123	2,049,123	\$256,140
2030	4,059,745	0	4,059,745	\$507,468
2031	0	2,049,123	2,049,123	\$256,140
Phase 2 (total)	20,298,726	10,245,615	30,544,341	\$3,818,043

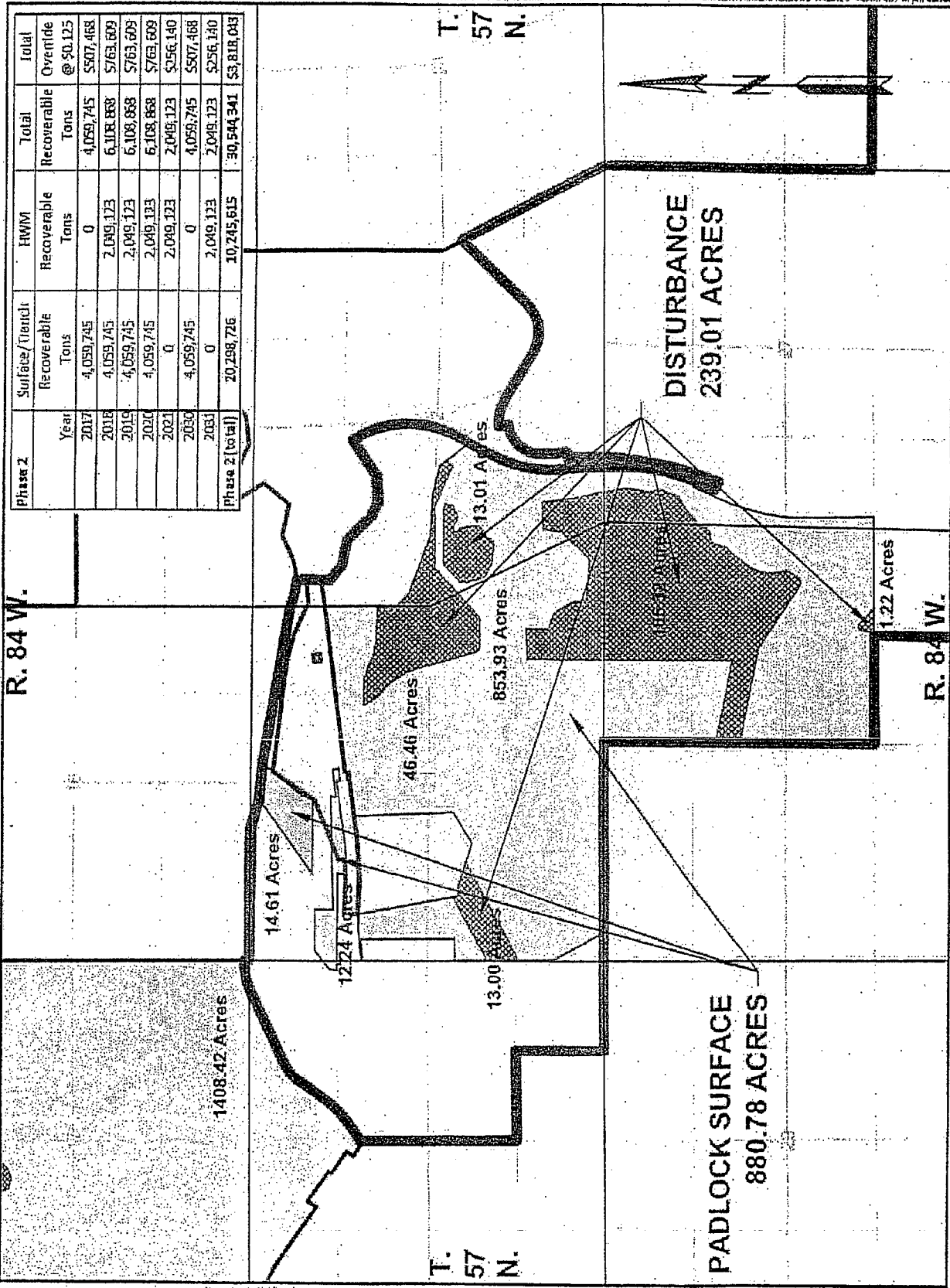
PHASE 1

Year	Surfaces/Trench Recoverable Tons	HWM Recoverable Tons	Total Recoverable Tons	Total Override @ \$0.125
2021	142,087	0	142,087	\$17,761
2022	142,087	1,243,779	1,385,866	\$173,233
2023	142,087	1,243,779	1,385,866	\$173,233
2024	142,087	1,243,779	1,385,866	\$173,233
2025	0	1,243,779	1,243,779	\$155,472
Phase 1 (total)	568,348	4,975,116	5,543,464	\$692,963

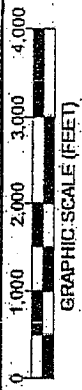


WORKMAP PADLOCK

PHASE 2

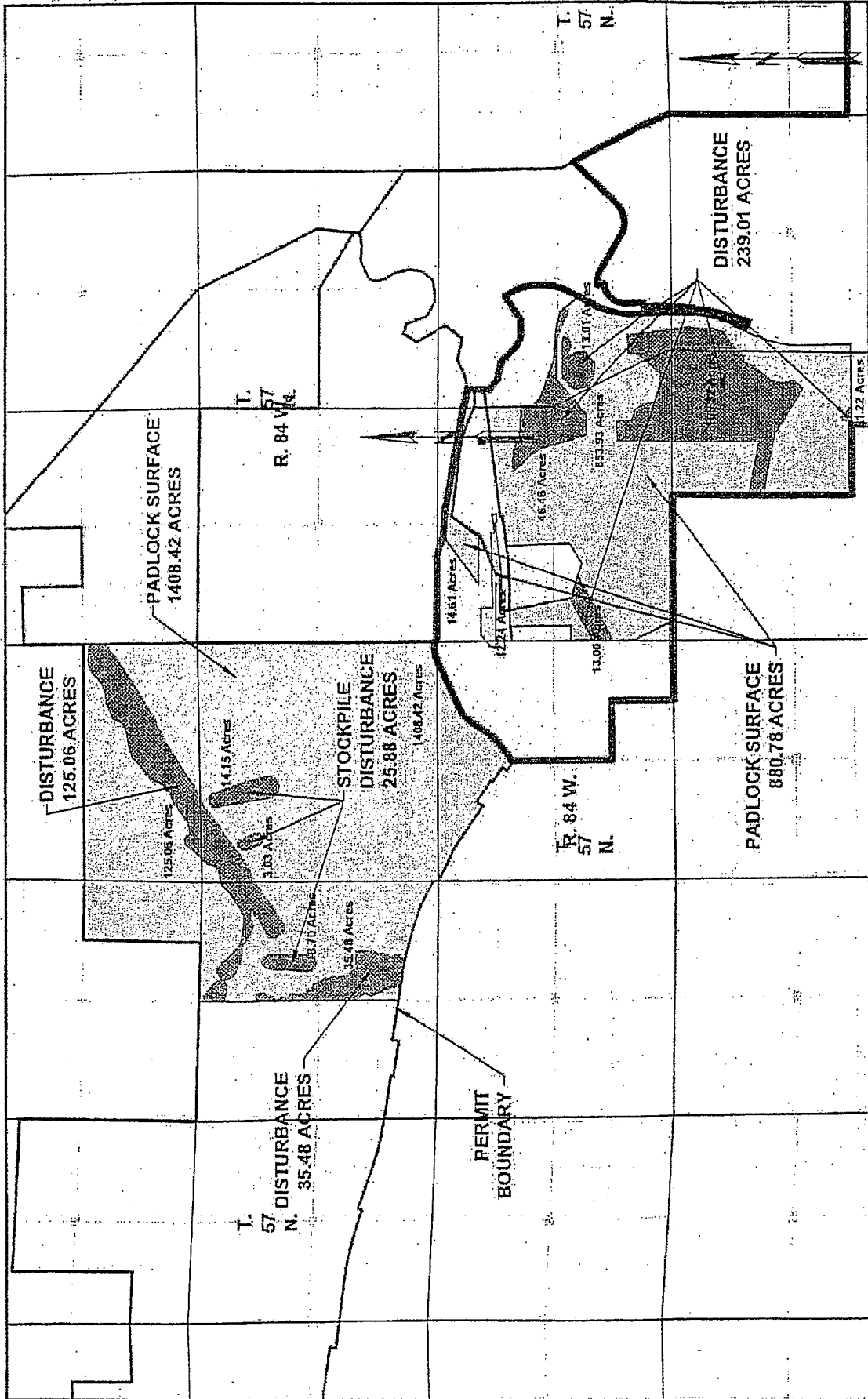


Phase 2		Surface/Tonnet	HWM	Total	Total
Year	Tons	Recoverable Tons	Recoverable Tons	Recoverable Tons	Overtide @ \$0.125
2017	4,059,745	0	0	4,059,745	\$507,468
2018	4,059,745	2,049,123	2,049,123	6,108,868	\$763,609
2019	4,059,745	2,049,123	2,049,123	6,108,868	\$763,609
2020	4,059,745	2,049,123	2,049,123	6,108,868	\$763,609
2021	0	0	0	2,049,123	\$256,140
2030	4,059,745	0	0	4,059,745	\$507,468
2031	0	0	0	2,049,123	\$256,140
Phase 2 (to all)		20,298,726	10,245,615	30,544,341	\$3,818,043



WORKMAP PADLOCK

OVERVIEW



WORKMAP PADLOCK

LEGEND

- +-----+ EXISTING MAIN LINE
- PROPOSED FACILITIES
- BROCK MINE PERMIT BOUNDARY

