



May 11, 2016

Mr. Ross R. Bhappu  
Partner  
Resource Capital Partners  
1400 16<sup>th</sup> Street, Suite 200  
Denver, CO 80802

Dear Ross,

I am writing directly to you because in our interaction over the past few years with Ambre/Lighthouse we had dealt principally with Dan Speck. We understand he is no longer with the company. We also understand that RCP has functionally assumed control of Lighthouse. As we ourselves are a portfolio company of an equity fund-Yorktown Partners, I felt that it made sense to elevate the matter and reach out to you. We have no interest in a long-term adversarial relationship with either RCP or Lighthouse.

As you perhaps are aware, we have engaged in various attempts to reach some accommodation with Lighthouse over the past five years in order to proceed with the mining of Ramaco's coal reserves in Wyoming. We acquired the property in 2011, with the prior legal advice that we not only owned all of the underlying coal reserves, but also the surface rights to mine that coal established some 60 years prior by deed. For the sake of clarity I attach the operative language of the deed.

We are fortunate to have a very low cost basis in our Wyoming assets. As a result, we are prepared, if necessary, to continue to pursue legal or other recourse to ultimately develop our reserves. Like any rational investor, we would prefer to reach some reasonable accommodation with you without having to go that route.

As background, Ramaco is currently well capitalized and will begin mining and construction on two of our metallurgical properties in the Appalachian area this summer. We are bringing other institutional investors into the met project, with Yorktown, and expect an ultimate public offering once we are in production in 2017.

Late last year, Dan Speck delivered to me an offer to acquire all of Big Horn's (BH) assets for roughly \$29 million. We candidly did not regard this as a serious proposal, and of course it made no economic sense. We are however, happy to work with you to structure some transaction, which does make economic sense, for both sides. In that spirit I am happy to have my colleague, Charlie Wesley contact your office to visit with you or one of your partners. Charlie, lives in Denver, and runs our Ram Terminal operation in Louisiana. I know he worked with you extensively on the L3 sale of coal assets to Ambre.

Essentially, we do not wish to acquire all of BH, perhaps only selective assets which we can economically use. We also have no interest in assuming any of BH's



liabilities. Ramaco has built its overall coal reserve and operating portfolio with a careful discipline to not assume those types of liabilities.

Let me summarize how we view the basic business points:

- As far as mineral reserves, the only mineable coal reserves we are aware that you control are State leases on Sections 23 and 26, contiguous to our area of control. We would be willing to "top lease" those reserves for an over-riding royalty once they are mined. We have existing leases with \$.125 per ton as the rate arrangement with other parties on non-Ramaco owned reserves.
- We are not aware that any of the BHI reserves outside of the State lease(s) above are either economically mineable, or are not within the alluvial valley (legally unmineable), which would sterilize the ability to mine those reserves.
- We have finalized and provided Lighthouse with our Phase 1 mine and reclamation plans, which have now been technically signed off on by the Wyoming DEQ. We will ultimately amend the original permit to also include our additional controlled mineral areas where we have the reserved surface rights to mine. Despite that, there may be selected areas, which are now non-irrigated agriculturally zoned rangeland, which we would be willing to acquire outright on a commercially reasonable basis. We could discuss the specifics, but it could involve several hundred acres.
- As far as stranded assets like your shop building/bridge/houses etc. we don't really put any current value on these, as far as our own mining activities. We assume those will soon be demolished as Lighthouse completes its required reclamation plans with the State.
- If a lease agreement was reached with Lighthouse, Ramaco would ultimately mine under Sec. 23 and 26, instead of our owned reserves under State Road 338. If we did not reach an agreement, we would mine under SR 338. Per the existing agreement between our predecessors, Lighthouse is required to pay for the relocation of that road. We calculate that cost (exclusive of your financial cost to obtain surface rights of way) to be roughly \$12.5 million, including about 3.5 miles of new road and construction of two bridges.

We approach this with the same sense of commercial reasonableness that you would. If we are able to reach some accommodation, we believe that would be in the best interests of both parties. If we are not, we are prepared to be in this protracted situation for the long term. As rational businessmen we prefer the former and would look forward to see if this approach has interest to RCP.

As an aside, Bryan Lawrence of Yorktown joins me in offering to meet with you socially in New York whenever you might be in the area.

All the best,



Randall W. Atkins  
Chief Executive Officer

Cc: Bryan R. Lawrence  
Everett C. King

The 1954 Deed between Sheridan Wyoming Coal ("**Ramaco**"), as Grantor, and Big Horn Coal ("**Lighthouse**"), as Grantee, contains the following express reservation in the grantor and in the grantor's successors and assigns at conveyance:

"The Grantor reserving unto itself, its successors and assigns all gas, oil, coal and other minerals contained in all of the above described lands, together with the right to mine, explore, drill, extract and remove the same, **and including the right to use as much of the surface of said lands as may be necessary or convenient in order to enable the Grantor, its successors and assigns to mine, explore, drill, extract and remove said oil, gas, coal and other minerals.** And in the event that the Grantor, its successors or assigns, shall hereafter mine, drill, explore, extract and remove gas, oil, coal or other minerals and shall utilize any part of the surface of said lands in connection therewith, they shall be free from any liability or claim for damage to the surface of said lands that might be asserted by the Grantee, its successors and assigns, on account of subsidence or other injury to the surface of said lands resulting from such operations, except that in case of any such injury Grantor will pay such actual damage as the parties shall agree has been caused to any said lands, or in default of such agreement, as shall be determined by arbitration to have been so caused; provided, however, that in no event shall Grantor, its successors or assigns, be obliged to pay for such damage more than Ten Dollars (\$10.00) per acre for any of said lands damaged which are dry grazing lands, Fifty Dollars (\$50.00) per acre for any said lands damaged which are bottom lands, and Two Hundred Dollars (\$200.00) per acre for any of said lands which are irrigated lands."