

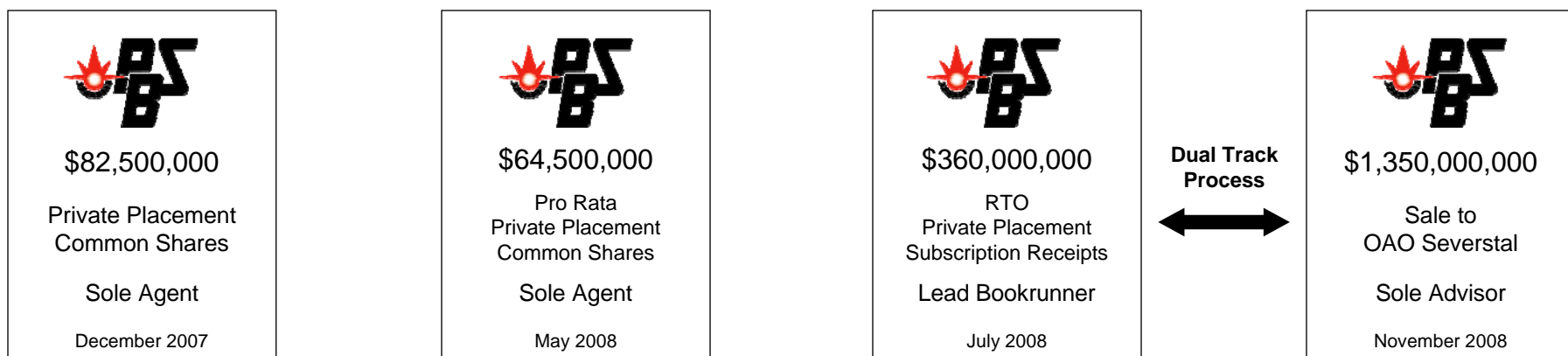


# Client Support – Long Term and Integrated

## Company Description and Transaction Chronology

- PBS Coals is engaged in the mining and processing of high quality metallurgical and thermal coal in Somerset County, Pennsylvania
- Cormark acted as sole advisor to PBS to refinance the Company to fund the expansion to 4.8 million tons of met and thermal coal production in 2011
- Cormark worked with PBS and shareholders to arrange a tax efficient going-public transaction in July/August 2008
- Cormark advised PBS on its sale to OAO Severstal, an international steel producer with over US\$15.2 billion in annual revenues

## Overview of Transactions



**Valuation:** \$1.00 per share

**Details:**

- \$38 million from treasury to fund an expansion program to increase production capacity to 5 million clean tons
- \$45 million via secondary sale to seed institutional shareholder base including Sprott Resource Corp. and Lundin

**Valuation:** \$1.82 per share

**Details:**

- Pro rata private placement to shareholders that bought on initial financing in December
- Proceeds used to purchase additional shares from existing management shareholders

**Valuation:** \$6.00 per share

**Details:**

- \$100 million treasury financing via subscription receipts to fund aggressive regional exploration/acquisition program
- \$114 million secondary offering via subscription receipts
- \$143 million secondary sale to Talbot Group, consisting of former executives of MacArthur Coal
- Concurrent going-public transaction via reverse takeover of CPC company

**Valuation:** \$8.30 per share

**Details:**

- OAO Severstal, a major integrated steel producer made an all-cash bid for 100% of PBS
- Dual-track process concurrent with July private placement and going-public transaction

