

**Small Cap Acquisition 3  
Steam Coal Reserve**

The Property:	Kentucky Mining and Equipment Company holding property lease and permit to mine pre-sold steam coal using surface mining and auger method.
Coal Reserves:	Approximately 2.6 million tons of recoverable reserves with phase 1 existing permit covering 600,000 tons
Coal Quality:	Lab tests results are 1.5% Sulfur, 12% Ash and 12,200 BTU
Coal Buyer:	80% to be contracted to Detroit Edison at \$67 ton, remaining 20% will be sold at spot in order to benefit from market conditions.
Contract Miner:	Surface mining costs are \$48 ton, auger costs are \$35 ton with phase 1 job duration of 40 months based on 15,000 tons/mo on phase 1 permit.
Capital Required:	\$4.5 million includes \$3.5 million for lease, permit and some mining equipment + \$1 million for closing costs, start-up costs & working capital reserve. * Note: Operator offering buy-in of 30% - 70% project equity.
Pay Back Period:	Accelerated priority rate applied to paying back capital which is expected to occur in approximately 12 mos.
Investment Returns:	5% on balance of capital outstanding. After priority return of all capital, 8% Royalty payment for life of all project phases.
Security:	First claim on assets (coal lease, mining permit, etc), revenue into escrow to ensure priority return of capital and timely royalty payments.
Pro forma & Property Report:	Please Read Notice and Click Link at Page Bottom for NDA. Please Complete and Return NDA for complete package.
<p>This document is a Summary and is for Information Purposes Only and is not a solicitation nor an offering to buy or sell Securities. It is the property of Elkhorn Partners and is unlawful to possess same unless given to you by the company, or it's assigned representative. It is unlawful to copy or reproduce the contents of this document or any portion thereof.</p>	

[Download NDA](#)

If Download Doesn't Start Copy This Into Your Browser:  
[http://www.indnrg.com/NDA\\_GMS1.pdf](http://www.indnrg.com/NDA_GMS1.pdf)

