CUSTOM SOFTWARE SOLUTIONS

Presents

COAL SOFTWARE & SYSTEMS'

The Platinum Version

Of

Land Management

MISCALCULATING ROYALTIES AND TAXES WILL RESULT IN:

Lost Or Renegotiated Leases

Federal And State Penalties

Recoupments Lost Forever

Not Any More!

With Land Management - Platinum Edition

From Production	To Royalty Payments	And Federal / State Taxation

Introducing Land Management - Platinum Edition:

➢ A new generation of software incorporating the many facets of Royalty and Taxation in a versatile easy-to-use format.

➢ The methods of Royalty calculations are a contractual Lease requirement requiring flexible with the calculation routines.

➢ The Rules of Coal Taxation are subject to change at any time, and we must be proactive to ensure compliance.

Features and Highlights

✓ Land Management - Platinum Edition is a single source solution. By eliminating the need for Royalty and Tax spreadsheets, many potential errors are avoided.

✓ Provides Expiration Reports to avoid lease expiration or non-renewal and creates Notices to be mailed if required

✓ The Division of Interest (Number of Payees) is unlimited and can include escrow designation.

✓ Various calculation methods are available, including per ton with quality variations. Surface and Mineral Royalties can be calculated on a Per Ton, Percent of Sales basis or a combination of both

✓ A complete payment history is available. A detail listing of all payments paid to a specific individual for the entire life of the lease is included.

✓ All advance payments can be automatically recouped based on the terms of the contract.

✓ The calculation of minimums and maximum can be implemented.

✓ Various *Wheelage* and other *Override* calculation routines are available.

✓ Allocation of tons and revenue is available utilizing the Production Screens.

- ✓ Imputed Revenue calculations are incorporated with calculating the basis for monthly royalties.

- ✓ Rental Fees have their own setup and payment timeframe.

- ✓ Calculation of OSM, State Severance Tax and Federal Excise Tax is provided

- ✓ General Ledger setups identify Expense, Accrual, and Payables accounting for each type of Coal Tax.

- ✓ Coal Excise Tax (Black Lung) calculations include the 2nd Lookback Quarter and the special September Rule calculation routines.

- ✓ State Severance worksheets are provided based on state specifics as required.

- ✓ Federal Reclamation worksheets are provided.

- ✓ A document repository is included. All documents associated with leases, permits and royalty agreements can be retrieved for a specific lease.

- ✓ After a specific period has been calculated and statements produced, the period can be locked by the Land Manager. This capability ensures data cannot be altered.

- ✓ Tracks Property Tax amounts and Due Date including the appraised values

- ✓ Lease *Overrides* can be defined to calculate amounts based on the production of another lease.

- ✓ To facilitate inevitable regulatory changes, the user has the ability to enter changes in tax rates and other numeric variables.

Since 1978
Coal
Software
& Systems

Expanded Lease Features

***When The Basic Lease Structure
Isn't Enough***

General Information	Lease Dates and specific location information is stored. The date information may be used to generate notices.
Minimums	Lease minimums are automatically calculated per period. This amount can be recoupable for a specific number of recouple months.
Rates	Per ton rates and percentage of sales are standard or the greater of both can be used in the calculation of lease royalties. Other criteria can also be made available i.e. Mining method, BTU, etc.
Payees	Unlimited number of payees can be entered. When required, this amount can be Escrowed by checking on box.
Advances	Advances can be made in addition to minimums if required. This payment is normally at the beginning of the month, whereas royalty payments are typically later in the month.
Notices	The printing of user-defined notices can be triggered based on the criteria entered.
Deeds	Deed information can be cross-referenced to each lease to track and pay property taxes.

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Lease Payments Based On Production

Converting Production to Payments Made Easy

Calculation Step	*Calculation Explanation*
Beginning Inventory Tonnage	The *beginning inventory* starts with the *ending inventory* from last month for each lease in a given district.
Production	Production is entered in the Production screen per lease. (This information normally comes from the Engineering Department.)
Total Tonnage Available	By combining the beginning inventory and current month production, the Total Tonnage Available for sale is calculated by lease.
Lease Percentage	The tons available per lease are divided by the total amount to derive each leases percentage.
Allocated Tons Sold	By multiplying the total tons sold by the lease percentage, the allocated tons sold per lease are obtained.
Ending Inventory Tonnage	The ending inventory is then a subtraction of the total tons available minus the allocated tons sold. This amount is the beginning for next month.
Allocated Sales Revenue	The allocated sales revenue is the average price of the coal sold multiplied by the tons sold.
Net Sales Revenue (including Imputed if required)	If applicable, Imputed sales revenue is added. This amount and the Allocated tons sold is used to calculate the *Division of Interest.*

Common Issues and the
Land Management - Platinum Edition Solution

Existing Issue	*Land Management - Platinum Edition Solution*
We have many different spreadsheets we use to calculate our royalties and taxes.	Land Management - Platinum Edition is a single source solution. By eliminating the need for Royalty and Tax spreadsheets, many potential errors are avoided.
Our auditor reclassified a Recoupable Asset to an expense because we didn't mine a lease when we should have	A Potential Un-recoupable Loss report will be available. An estimate of the amount of coal that should be mined to avoid these losses will be provided per monthly average.
We have spent hours creating a detailed list of all payments paid to a specific payee when ordered by the court.	A Complete royalty payment history is available. A detail listing of all payments paid to a specific individual for the entire life of the lease is included.
I am always afraid I will miss a recoupment deduction.	Advance payments and Royalty Minimums can be automatically recouped based on the terms of the contract.
We have had some of our leases a long time, and the numbers of payees have grown over the years.	The Division of Interest (Number of Payees) is unlimited and can include escrow designation.
Some royalty calculations are based on a combination of factors.	Various calculation methods are available, including per ton with quality variations. Surface and Mineral Royalties can be calculated on a Per Ton, Percent of Sales basis or a combination of both.
We have several leases per pit and we must determine the Royalty amount based on engineering statistics.	Allocation of tons and revenue is available utilizing the Production Screens (See: Converting Production to Payments Made Easy section.)

Some of our sales are intercompany which complicates our royalty calculations.

Imputed Revenue calculations are incorporated with calculating the basis for monthly royalties.

We were penalized because we did not use a special *September Rule*.

Coal Excise Tax (Black Lung) calculations includes the 2nd Lookback Quarter and the special September Rule calculation routines.

Our Severance taxes are calculated different for some of our mine locations.

State Severance worksheets are provided based on state specifics as required.

With so many different Lease Agreements, we have a paper nightmare!

A document repository is included. All documents associated with leases, permits, and royalty agreements can be retrieved for a specific lease.

Our Accountants have us calculate some of the taxes every month, even though they are not due.

Land Management - Platinum Edition allows the accrual of taxes and that amount is deducted from the actual amount for General Ledger purposes.
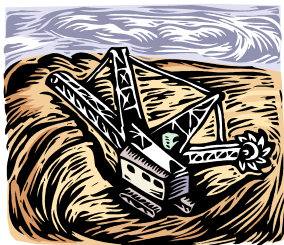
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Additional Integrated Components
To Develop Your Total Solution

Truck Scale Systems

The system captures data for both COSB - Platinum Edition and Land Management - Platinum Edition solutions. Configurations for both automated and manual modes are available. Trucker statement information is available for previewing or printing.

Equipment Maintenance

Maintains a detail history of equipment repairs, maintenance, down time, etc. for the life of the equipment. Produces work orders with a bill of material based on various maintenance intervals. Provides for warranty and core tracking reducing the cost of replacements.

Purchase Orders

Provides management and operations daily insight to all aspects of this activity. Requisition entries requiring management approval is available. Includes daily cost tracking and includes vendor analysis.

Inventory (Parts Tracking)

Multiple warehouse locations are supported with weighted average costing. Detailed information is visible for on-hand and on-order quantities. Kitting operations are supported.

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Accounts Payable

Designed for ease of use by the staff and provides management with tools necessary to determine cash requirements. EFT and bank reconciliations are included.

Payroll & Labor Distribution

Complex flexibility is the basis for this solution. Provides for user definable deductions and pay types. Provides for entering data frequently supporting Daily Cost Reporting.

Human Resources

Tracks certification status and retraining dates. Consumable benefits, including vacation and PDO are accrued and tracked. Tracks all absenteeism by reason.

Job Costing

Provides detail analysis of labor, expenses and overheads on any type of Job that you need to track. The overhead structure is very user-definable.

General Ledger

Has complete flexibility for all financial statements using a built-in formatter. Includes user-definable consolidation tools. Drill-down capabilities are inherent to this solution.

Risk Management

Designed to track insurance information for each vendor, trucker, contractor and various other guests. Various notices including Expiration notices can be generated.

Production System

Surface, Deep Mining and Long Wall analysis is available. Downtime is tracked for each piece of equipment. Provides management with detailed analysis for Availability and Utilization.

Mine Permitting

Provides tracking of permit information and documentation from inception to completion. All stages are tracked to help guarantee compliance. Detailed bond information is stored to help ensure timely release.

Safety Administration

Tracks citations, methane detectors, SCSR and specific violation patterns. Exposure calculations are available for budgeting and identifying areas that should be addressed timely.

Hauling Management

Designed for Trucking Companies to capture data for invoicing as well as the basis for paying truckers. Tracks each shipment from the truck tickets to statements.
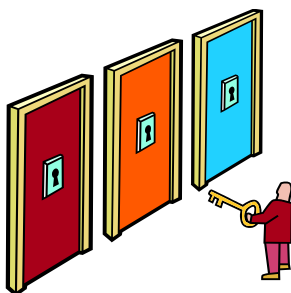
Standard Features of all Components
Designed To Enhance Your Total Solution

Integration

The sharing of data between different functions greatly reduces the entering of redundant information saving time and reducing errors. When specific data is entered, *automatic validity checking or data lookup* options further ensure the data is entered correctly the first time.

User Preferences

A wide range of *defaults* and *user definable* lists are available to tailor your solution. Finding data has never been easier with the ability to *sort* and *search*.
If you do not want your data changed, use our *locking* system for some of the date sensitive data.

Reporting

Has the ability for you to create your personal f*avorites* list of frequently used reports. *Detail filtering* criteria can be based on dates, accounting information, locations, various *KEY* elements or various combinations. A Quick Print Wizards is available for each master and transaction screen.

Communications

Includes robust exporting capabilities with over 20 formats available including PDF, CSV, RPT, XLS, WKS, ODBC and Text. Some solutions provide for automatic Emailing and Faxing. Each screen also has a Data Export Wizard available.

Custom Software Solutions   Phone (304) 467-7856   Email sales@coalsoftware.com

The *CSS Methodology*

Is The *Foundation* Of Your Solution

- We do not just sell software, but develop a *Total Software Solution*. Our software will be incorporated with your internal procedures and controls to develop a unique business solution.

- Our Methodology incorporates a four step process to ensure success:

  (1)   Analysis of your operations
  (2)   Understand your business model
  (3)   Review main issues and concerns
  (4)   Develop a Total Solution

- Our Development Approach:

  (1)   Assign a Project Leader and Development Personnel
  (2)   Develop Timeline and Implementation Criteria
  (3)   Create a Library with the Initial Programming Components
  (4)   Tailor Each Component to Develop The Total Solution

- Our Solutions also include:

  (1)   Face-to-face meetings and training
  (2)   Automatic updates via Email
  (3)   Additional Webinar training as required
  (4)   Customization Services and Applications

Software Acquisition Alternatives

Choice	*Considerations*
Standard Off-The-Shelf	This software is most readily available and is at the lowest cost. For standard applications e.g. Word Processing, Spreadsheets, it is the best choice. However, Coal Production and Management tools are nonexistent. In any case you Must Adapt Your Business to use the tool effectively and the tool is Not industry specific.
Build from Scratch – Third Party	At the conclusion of the contract, you will probably receive the desired product. However, this alternative comes with a very high cost and long development times. Testing is limited to a sterile environment, not your real world.
Build from Scratch - In House	At first glance, this may seem to be the best solution. However, most companies have limited resources to accommodate the development and maintenance required. Employees know the requirements of their company, but not that of the industry as a whole.
Tailored Solutions from CSS	Your Solution begins at CSS by combining proven components based on your requirements. One of our Solution Analyst, who has in excess of thirty years' experience, provides the direction for our professionals to tailor your application. With our research resources and additional information received from our clients, we continually update our offerings due to changes in Federal and State Regulations.

Solutions Tailored For The Way You Do Business!

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Solution Criteria
& Checklist

_____ Does the proposed solution currently have a minimum of at least 80% of the required functionality?

_____ Does the solution take into account the unique nature of your business?

_____ Does the proposed software vendor understand the Coal Industry?

_____ Is the flexible, maintainable, and extensible throughout the intended life of the software?

_____ If you were considering creating the software in-house, would you need to hire additional professionals to development and maintain your software?

_____ Is part of your design criteria to retain the majority of your business processes?

_____ Does the software provider conduct an on-site detailed analysis?

_____ Is on-site training and installation included?

_____ Has the software provider demonstrated longevity in the industry?

_____ Are additional integrated solutions readily available to complement the current solution?

_____ Does the provider continually research the regulations that may affect the software?

_____ Does the solution satisfy the needs of all levels of your personnel?

__YES__ Do solutions built especially for a client typically have a substantially longer economic life?

__YES__ Does <u>Custom Software Solutions</u> meet the above criteria?

We Do Not Just Sell Software   We Provide Solutions.

An Investment is to gain profitable returns

ROI
At A GLANCE

- ✓ A *Cost Center* can become a *Profit Center* with the right software.

- ✓ A *decrease in cost* is equal to an increase in revenue.

- ✓ Information must be timely to be of *value*.

- ✓ Ability to *leverage* knowledge and work load.

- ✓ Increase *cash flow* by timely billing.

- ✓ *Avoid* paying for a warranted repair.

- ✓ Identify the reasons for *lost* production.

- ✓ Don't *under-bill* for quality or additives.

- ✓ Be aware of *expiring* recoupable royalties and lease renewals.

- ✓ Eliminate *mistakes* due to manipulation of spreadsheets.

Simplicity Pricing

*As your business grows your license fees **do not**!*

Therefore:

Number of Users	Unlimited
Number of Companies	Unlimited
Number of Locations	Unlimited
Number of Seats	Unlimited
Increase in Gross Revenue	No Effect
Number of Employees	No Effect

Our fee is based on the complexity of the solution and the required tailoring / customization required which is determined by:

Reviewing your system requirements and goals.
Conducting a detailed analysis of existing operations.
Determining the installation and training requirements within the timeline.

At the conclusion of our investigation, your investment will be presented in the form of a company-wide perpetual nontransferable license agreement for a single server location. Annual Maintenance Contracts will be made available.

The History of CSS

More than 33 years developing integrated software solutions

Prior to 1978, companies used either Mainframe computers or Unit Record Equipment that was leased from IBM or another major vendor. In January 1978, IBM introduced the IBM 5110 computing system, which was the first desktop style computer for use in business. Computer Software & Systems was born.

We soon became a Value Added Retailer (VAR) for IBM. In 1981, we started developing software for the IBM System23 (DataMaster) and later that year, the Personal Computer which is now commonly known as a PC. Although this has been our focus, we have designed solutions for a host of midsize computer systems with a variety of operating systems and databases.

It was evident from the beginning; software would be in great demand to satisfy a new population of first time users. We therefore developed custom applications for a variety of industries including Doctors' Clinics, fruit packing companies, real estate companies, manufacturing, supply chains, cemeteries and others. During this time, we developed many different applications for the Coal Mining Industry. This suite of software solutions was marketed as Coal Software & Systems.

In 2010, we expanded our business and renamed our corporation to Custom Software Solutions (CSS), which better reflects our versatility in the market place. CSS is incorporated under the laws of West Virginia. Besides, the traditional Administration and Marketing functions, our internal organization consists of two main departments: software development and software support. In addition to our internal sales force, we have collaborated with other firms to market our software in conjunction to their individual offerings.

CSS has the same management in place since its inception and some of our staff has been with us in excess of thirty years. We have continued to enhance and upgrade our products as new hardware, operating systems, user interfaces and databases have become available. We are a solid, well-defined leader in the Coal Business with the stability and longevity to confirm it.

Thank you for considering us as one of premier software providers,

The CSS Staff and Management

For an On-site or On-line Demonstration of these and other solutions

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