

FIVE STAR



MINING, INC. 6594 West State Road 56 | Petersburg, IN 47567 | 812-354-6883 | Fax 812-354-8973

July 2, 2014

Indiana Department of Workforce Development
State of Indiana Dislocated Worker Unit
Attention: Manager, Workforce Transition Unit
10 North Senate Avenue, Room 304
Indianapolis, Indiana 46204

To Whom It May Concern:

Yesterday, July 1, 2014, Five Star Mining, Inc. (Five Star) received notice that Vectren Corporation has signed an agreement to sell its wholly owned coal mining subsidiary Vectren Fuels, Inc. (Fuels) to Sunrise Coal, LLC (Sunrise), a subsidiary of Hallador Energy Company. Fuels indirectly owns the company that owns the Prosperity mine, which is located at 6594 West State Rd. 56, Petersburg, Indiana 47567. Fuels is also the indirect owner of the two companies that own the mines near Oaktown, Indiana, which will also be acquired by Sunrise.

After the sale, Five Star's contract to operate the Prosperity mine will come to an end. We expect the sale to occur sometime between September 1 and September 14, 2014. Five Star will continue to be the employer of the individuals that work at the Prosperity mine until this time, at which point their employment with Five Star will permanently end, contingent on the sale actually happening. However, Sunrise will soon start its hiring process to make sure they have employed mine staff who can conduct the necessary operations at the Prosperity and Oaktown mines on and after the sale. Our view is that the existing mine employees are well situated to step into the roles needed by Sunrise.

Sunrise senior management has indicated they intend to begin the process of interviewing and hiring miners and support staff in the coming days, and it is expected that Sunrise will evaluate all contract miners for employment. We fully expect Sunrise will be looking to existing Prosperity employees to fill many of these positions. To ensure a good process is in place, Sunrise will be holding job fairs outlining employment details on health screenings, compensation and benefits. As of now, we understand the job fairs will be held in Vincennes, Indiana to ensure employees can readily participate. In fact, Sunrise senior management has asked for our assistance in making sure employees are aware of these job fairs and have the opportunity to participate in them. We have provided Sunrise with their contact information, and they will be sending information regarding these job fairs to our other Five Star employees currently working at the Prosperity mine later this month. I also expect Sunrise's hiring process will be done by the time of the sale, so for those who become Sunrise employees, there should be little or no gap in their employment.

For questions regarding this matter, you may contact Ms. Hannah Wiscaver at 812-354-6883.

Sincerely,

Donnie Blankenberger
Five Star Mining, Inc.

This letter will constitute notice under the Worker Adjustment and Retraining Notification Act, P.L. 100-379, 102 Stat. 890, 29 U.S.C. § 2101 et seq, to the 388 current employees of Five Star Mining, Inc. of the termination of Five Star Mining, Inc.'s contract to operate the Prosperity mine and the anticipated end of their employment with Five Star Mining, Inc., contingent on the closing of the sale of Vectren Fuels. Other information listed at 29 C.F.R. § 639.7(e) will be maintained on site and will be made readily accessible to you upon request. There are no automatic bumping rights for positions at the Prosperity mine.

CERTIFIED MAIL NO. 7012 3460 0002 4173 5849