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May 31, 2016

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Chief
Section of Administration
Office of Proceedings
Surface Transportation Board
395 "E" Street, S.W.
Washington, D.C. 20423

U.S. POSTAL SERVICE

RECORDATION NO. 32215 FILE

JUN 07 2016 -4:25 PM

SURFACE TRANSPORTATION BOARD

Re: Recordation of Assignment and Security Agreement

Dear Section Chief:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(b) are one (1) original and one (1) copy of an Assignment and Security Agreement, dated as of April 21, 2016 (the "Assignment and Security Agreement"), a primary documents as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed Assignment and Security Agreement are:

Secured Party: United Bank, Inc.
500 Virginia Street, East
Post Office Box 393
Charleston, WV 25322-0393

Debtor: Cline Resource and Development Company
430 Harper Park Drive
Suite A
Beckley, West Virginia 25801

A description of the railroad equipment covered by the enclosed Assignment and Security Agreement, as more particularly set forth therein, is:

Flexible Conveyor Train FCT0400D; Flexible Conveyor Train FCT0404A; Joy Dynamic Move-Up Unit DMU0114; Joy Dynamic Move-Up Unit DMU0115; Joy Dynamic Move-Up Unit

May 31, 2016
Page 2

DMU0118; Joy Dynamic Move-Up Unit DMU0119; and all spare parts related to all of the foregoing.

A short summary of the document to appear in the index is:

Assignment and Security Agreement

Please note that the Assignment and Security Agreement secures after-acquired property. Also enclosed is a check in the amount of \$43.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Please returned stamped copies of the enclosed documents to the undersigned. Thank you for your assistance in this matter and please let us know if you have any questions or concerns.

Sincerely,


Julia A. Chincheck

Enclosures

JUN 07 2016 -4:25 PM

ASSIGNMENT AND SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

THIS ASSIGNMENT AND SECURITY AGREEMENT, dated as of this 21st day of April, 2016 (this "**Security Agreement**"), is by **CLINE RESOURCE AND DEVELOPMENT COMPANY**, a West Virginia corporation ("**Debtor**"), in favor of **UNITED BANK, INC.**, a West Virginia banking corporation ("**Lender**" or "**Secured Party**").

WITNESSETH:

WHEREAS, Secured Party, Debtor, and Christopher Cline are parties to that certain Loan Agreement, dated as of even date with this Security Agreement (together with any modifications, amendments, substitutions, consolidations, renewals, extensions, and restatements, the "**Loan Agreement**"), pursuant to which Lender agreed to renew a loan to Debtor in the principal sum of up to \$10,000,000.00 (the "**Loan**"), which renewed Loan is evidenced by that certain Line of Credit Note, dated April 21, 2016, made payable by Debtor to Secured Party (together with any modifications, amendments, substitutions, consolidations, renewals, extensions, and restatements, the "**Note**"); and

WHEREAS, as security for the prompt and complete payment and performance of all indebtedness evidenced by the Note and the other Loan Documents, as such term is defined in the Loan Agreement, Debtor has agreed to grant and assign to Lender and to grant Lender a lien on certain of Debtor's assets; and

WHEREAS, capitalized terms used but not otherwise defined in this Security Agreement have the meanings given to them in the Loan Agreement.

NOW, THEREFORE, in order to secure the payment and performance of the Obligations (as hereinafter defined), and for other good and valuable consideration, the parties hereto agree as follows:

1. **Grant of Security Interest**. As security for the timely payment and performance of the Obligations, Debtor does hereby sell, assign, transfer, and set over unto Secured Party and grant to Secured Party a security interest in and Lien on the Collateral (as defined below) and agrees that Secured Party will have the rights stated in this Security Agreement with respect to the Collateral, in addition to the other rights that Secured Party may have by law.

2. **Collateral**. The word "Collateral" means the following described property of Debtor, whether now owned or hereafter acquired, whether now existing or hereafter existing, and wherever located, including, without limitation:

(i) (a) Flexible Conveyor Train FCT0400D; (b) Flexible Conveyor Train FCT0404A; (c) Joy Dynamic Move-Up Unit DMU0114; (d) Joy Dynamic Move-Up Unit DMU0115; (e) Joy Dynamic Move-Up Unit DMU0118; (f) Joy Dynamic Move-Up Unit DMU0119; and (g) all spare parts related to all of the foregoing;

(ii) To the extent not included in the items of Collateral set forth in subsection (i) above:

(a) All attachments, Accessions, as such term is defined in the Uniform Commercial Code, accessories, tools, parts, supplies, increases, and additions to and all replacements of and substitutions for any property described in this Collateral section.

(b) All Products and Proceeds, as such terms are defined in the Uniform Commercial Code, of any of the property described in this Collateral section.

(c) All Accounts, contract rights, General Intangibles, Instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, or other disposition of any of the property described in this Collateral section.

(d) All cash and non-cash Proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section.

(e) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Debtor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

(f) All moneys, credits, and other property of any nature whatsoever of Debtor now or hereafter in the possession of, in transit to or from, under the custody or control of, or on deposit with (whether held by Debtor individually or jointly with another, and whether time or demand, general or special), Secured Party or any affiliate of Secured Party, including but not limited to cash collateral accounts.

(g) All guaranties, claims, rights, remedies, and privileges relating to any of the property described in this Collateral section.

(iii) The terms Accessions, Accounts, General Intangibles, Instruments, Products, and Proceeds have the meanings given to them respectively in the Uniform Commercial Code now or hereafter in effect in the State of West Virginia, except to the extent the Uniform Commercial Code of another state takes precedence.

3. **Obligations Secured.** The "Obligations" secured by this Agreement include:

(i) All sums due and owing under the Note and the other Loan Documents, together with all renewals, extensions, refinancings, amendments, restatements and modifications of such Note and such other Loan Documents; and

(ii) All other Indebtedness, obligations, and liabilities of Debtor to Secured Party, whether arising under any of the Loan Documents or otherwise, whether now existing or

hereafter created, absolute or contingent, direct or indirect, liquidated or unliquidated, arising by operation of law or otherwise, or acquired by Secured Party outright, conditionally, or as collateral security from another; and

(iii) All costs and expenses of Secured Party in the collection of the foregoing or in the collection of Collateral involving Accounts, contract rights, or General Intangibles, including but not limited to reasonable attorneys' fees and expenses; and

(iv) All costs and expenses of Secured Party incurred in the protection and preservation of its rights under this Security Agreement and in the protection, preservation and sale of the Collateral including, but not limited to, the payment of any taxes, levies, assessments, premiums of insurance on, repairs to, or maintenance or storage of the Collateral and any and all other out-of-pocket expenses of Secured Party in connection with this Security Agreement or the Collateral including, but not limited to, the cost of repair, if any, to realty or other property to which the Collateral is affixed and expenses in connection with any security therefor.

4. Representations and Warranties. Debtor further represents, warrants to, and agrees with Secured Party as follows:

(i) Status of Debtor. Debtor is a corporation duly organized, validly existing, and in good standing under the laws of the State of West Virginia. Debtor is duly qualified or licensed to conduct business in each jurisdiction in which the nature of its business or assets requires such qualification or licensing under applicable law. Debtor has the requisite power and authority to own and operate its assets and business, and to transact the business in which it is presently engaged and in which it proposes to engage, and to grant to Secured Party the security interests in the Collateral as provided in this Security Agreement.

(ii) Binding Agreement. This Security Agreement has been duly authorized and constitutes the legal, valid, and binding obligation of Debtor and is enforceable against Debtor in accordance with its terms.

(iii) No Default or Required Consent. Neither the execution and delivery of this Security Agreement by Debtor nor the effectuation by Secured Party of any of its rights and remedies under this Security Agreement, whether upon default or otherwise, will result in a breach of, or constitute a default under, any Organization Documents, or any other agreement or instrument to which Debtor is a party or by which any of the Collateral is bound, or violate any law or any rule or regulation of any administrative agency, or any order, writ, injunction, or decree of any court or administrative agency, nor does any of the foregoing require the consent of any person, entity, or governmental agency or any notice or filing with any governmental or regulatory body.

(iv) Priority. Upon the execution and delivery of this Security Agreement by Debtor and the filing of appropriate financing statements with the proper governmental agencies, or, if applicable, upon Secured Party's taking possession of the Collateral, Secured Party will have a perfected security interest in and to the Collateral and will have first priority for the full amount of all of the Obligations secured by this Security Agreement.

(v) No Litigation. There is no action, legal, administrative, or other proceeding pending or threatened against Debtor's interest in the Collateral or against Debtor's grant of a security interest in the Collateral under this Security Agreement, nor does Debtor know of any basis for the assertion of any such claim.

(vi) Location of Debtor's Records. The chief executive office of Debtor and the place where Debtor keeps its books and records concerning the Collateral and a true, complete, and confirmed copy of the Organization Documents are and will remain at 430 Harper Park Drive, Suite A, Beckley, West Virginia 25801, or other address as Debtor may designate in writing to Secured Party as set forth in the last sentence of this subsection (vi). Debtor represents that it has no other place of business or locations where Collateral may be located. If Debtor desires to remove Collateral from its existing locations (except in the ordinary course of business), establish a new location at which Collateral may be located, establish a new name in which it may do business, invoice account debtors or maintain records concerning the Collateral, change its current chief executive office, or change its location from Debtor state to another state, it shall first: (a) give Secured Party at least thirty (30) days' prior written notice of its intention to do so and provide Secured Party with such information in connection with such change as Secured Party may reasonably request; and (b) take such action, satisfactory to Secured Party, as may be necessary to maintain at all times the perfection and priority of the security interests in the Collateral granted to Secured Party under this Security Agreement.

(vii) Credit Information. Any and all credit or other information previously furnished to Secured Party by Debtor in connection with the Obligations, the financial condition, assets, liabilities, business, or prospects of Debtor, or the value or condition of the Collateral is true and correct, and all such information furnished to Secured Party by Debtor after the date of this Security Agreement will be true and correct when furnished.

5. Affirmative Covenants. Debtor covenants and agrees with Secured Party as follows:

(i) Preservation of Collateral and Security Interest. Debtor shall keep the Collateral in good order and repair at all times, shall use the Collateral with reasonable care and caution, may not part with ownership of the Collateral or lease or hire out the Collateral to other third party without the written consent of Secured Party, and shall exhibit the Collateral to Secured Party upon demand. Debtor may not use, or permit the Collateral to be used, in violation of any federal, state, county, or municipal law or regulation or for any unlawful purpose whatsoever. Debtor represents and warrants that, except for the Permitted Encumbrances, it has not made any prior sale, pledge, encumbrance, assignment, or other disposition of any of the Collateral, and the Collateral is free from all liens, security interests, encumbrances, and rights of set off of any kind. Except as provided in this Security Agreement, Secured Party does not authorize Debtor and Debtor may not (without the prior written consent of Secured Party) sell, pledge, lease encumber, assign, or otherwise dispose of any of the Collateral or any rights under this Security Agreement, or permit any right of set off or Lien to exist on the Collateral except to Secured Party. Debtor shall defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

(ii) Insurance. Risk of loss of, damage to, or destruction of all Collateral is on Debtor. Debtor shall maintain at all times adequate insurance to the satisfaction of Secured Party with insurers acceptable to Secured Party against such risks of loss as are customarily insured against and in amounts customarily carried by persons owning, leasing, or operating similar properties, including, but not limited to, fire, theft, and extended coverage insurance in an amount at least equal to the total full insurable value of the Collateral; *provided*, that the amount of such insurance must at all times be sufficient to prevent Debtor from becoming a co-insurer under the terms of any insurance policy. Such insurance must name Lender as an additional insured and a loss payee and must provide for at least thirty (30) days' written notice to Secured Party before cancellation, and, in this regard, Debtor shall cause a certificate of insurance to be delivered to Secured Party upon execution of this Security Agreement and no later than thirty (30) days before the expiration of any such insurance coverage. Debtor shall also keep itself adequately insured at all times against liability on account of injury to persons or property and comply with the insurance provisions of all applicable worker's compensation laws and shall effect all such insurance under valid and enforceable policies issued by insurers of recognized responsibility. Debtor shall repay all sums so paid on demand as part of the Obligations. Until repayment, all such sums will be secured by the security interests provided for in this Security Agreement. Schedules of all insurance of Debtor will be submitted to Secured Party upon request. Such schedules will contain a description of the risks covered, the amounts of insurance carried on each risk, the name of the insurer, the cost of such insurance to Debtor, the then current value and market or determining value of the assets insured and the expiration date. Such schedules will be supplemented by Debtor from time to time promptly to reflect any change in insurance coverage. All amounts payable in settlement of insurance losses may be applied, at Secured Party's sole discretion, on the Obligations, or used to repair, replace, or restore the Collateral. The insurance requirements set forth in this Security Agreement are in addition to those set forth in any other Loan Documents.

(iii) Maintenance of Licenses. Debtor shall do or cause to be done all things necessary to preserve, in full force and effect, its existence, properties, rights, trademarks, service marks, licenses, and qualifications to carry on business in all applicable jurisdictions.

(iv) Conduct of Business. Debtor shall: (i) comply with all Laws pertaining to its use and ownership of its properties and its conduct of its business; (ii) care for and maintain all of its properties in good condition, free of misuse, abuse, waste, and deterioration, reasonable wear and tear caused by normal use excepted; (iii) observe and perform promptly all contracts or agreements to which it is a party or by which any of its properties is bound; and (iv) carry on its business in the ordinary course.

(v) Covenant to Comply with Terms of Loan Documents. Debtor shall pay the principal amount of and interest on the Note and pay and perform all other Obligations, as they become due, in accordance with the Loan Documents, without relief from valuation or appraisal laws, and it shall keep, observe, and perform all of the terms, provisions, covenants, and agreements of this Security Agreement and all other Loan Documents.

(vi) Payment of Filing Fees. Debtor shall pay all filing fees for the filing of this instrument or of financing statements filed to perfect the security interest provided in this Security Agreement or in connection with this Security Agreement.

(vii) Inspection. Debtor shall give Secured Party such information as may be requested concerning the Collateral and permit Secured Party and its agents and representatives to enter upon any premises upon which Debtor's records concerning the Collateral are located for the purpose of inspecting and auditing the same.

(viii) Other Documents. Debtor shall promptly deliver to Secured Party such documents and information pertaining to the status or condition of the Collateral and Secured Party's security interests in the Collateral as Secured Party may request from time to time.

(ix) Defense of Collateral. Debtor shall, at its sole cost and expense, appear in and defend any action or proceeding arising under, growing out of, or in any manner connected with the Collateral or the obligations, duties or liabilities of Debtor under this Security Agreement, and shall pay on demand all costs and expenses, including, without limitation, attorneys' fees, that Secured Party may incur in connection with Secured Party's appearance, voluntary or otherwise, in any such action or proceeding.

(x) Payment or Performance by Secured Party. At its option, Secured Party may, but will not be obligated to: (a) discharge taxes, liens, security interests, or such other encumbrances as may attach to the Collateral; (b) pay for required insurance on the Collateral and other insurance required in this Security Agreement; (c) pay for the maintenance, appraisal or reappraisal, and preservation of the Collateral; and (d) otherwise perform, keep, observe, and render true and correct Debtor's covenants, agreements, representations, and warranties under this Security Agreement and under any other documents evidencing or securing the Obligations, in each case as determined by Secured Party to be necessary. Debtor shall reimburse Secured Party on demand for any payment so made or any expense incurred by Secured Party pursuant to the foregoing authorization, and the Collateral also will secure any advances or payments so made or expenses so incurred by Secured Party.

(xi) Secured Party's Obligations and Duties. Notwithstanding anything to the contrary in this Security Agreement, Debtor will remain obligated and liable under each contract or agreement relating to the Collateral to be observed or performed by Debtor under this Security Agreement. Secured Party will not have any obligation or liability under any such contract or agreement by reason of or arising out of this Security Agreement or the receipt by Secured Party of any payment relating to any of the Collateral, nor will Secured Party be obligated in any manner to perform any of the obligations of Debtor under or pursuant to any such contract or agreement to make inquiry as to the nature or sufficiency of any payment received by Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance, or to collect the payment of any amounts that may have been assigned to Secured Party or to which Secured Party may be entitled at any time or times. Secured Party's sole duty with respect to the custody, safe keeping, and physical preservation of the Collateral in its possession, under Article 9 of the Uniform Commercial Code, will be to deal with such Collateral in the same manner as Secured Party deals with similar property for its own account.

(xii) Information and Actions Regarding Collateral. Debtor shall: furnish to Secured Party from time to time if and as requested current lists of the Collateral; continue to mark on the books of Debtor appropriate entries evidencing the assignment of book accounts to Secured Party and shall mark chattel paper and non-negotiable instruments to evidence the assignment of such paper and instruments to Secured Party, if the Collateral includes such categories; and, if and when requested by Secured Party from time to time, furnish to it copies of all purchase orders, inventory lists, billings, contracts, shipping orders, correspondence, and other instruments or writings in any way evidencing or relating to the Collateral or the proceeds of the Collateral.

(xiii) Possessory Collateral. Debtor shall turn over physical possession to Secured Party of all Collateral the possession of which by Secured Party is required to perfect Secured Party's security interest in such Collateral, all as Secured Party may deem necessary or advisable from time to time to perfect and continue perfected Secured Party's security interests as first priority security interests.

(xiv) Collection of Accounts; Set off. After the occurrence of an Event of Default (as defined below), if directed by Secured Party, or as otherwise agreed to in writing by Debtor and Secured Party, Debtor shall collect all of the Collateral consisting of accounts or general intangibles or any other receivables, and whenever Debtor receives any payment of any of the foregoing, Debtor shall hold such payment in trust for Secured Party and shall deliver to Secured Party the same in the form received by Debtor without commingling with any funds belonging to Debtor, and promptly shall deposit the same in a special collateral account with Secured Party. Debtor authorizes Secured Party, or any employee of Secured Party, upon the occurrence of an Event of Default to endorse the name of Debtor upon any checks, negotiable instruments, or other items received in payment of any of Collateral consisting of accounts or general intangibles and to do all things necessary to reduce the same to cash. Upon the occurrence of an Event of Default, Debtor authorizes Secured Party at any time without notice to appropriate and apply any balances, credits, deposits, or accounts or money of Debtor in its possession, custody, or control to the payment of the Obligations, all of which may at all times be held and treated as additional Collateral.

(xv) Notification of Account Debtors. At any time after the occurrence of an Event of Default and without notice to Debtor, or as otherwise agreed to in writing by Debtor and Secured Party, Secured Party may notify any persons who are indebted to Debtor on any Collateral consisting of accounts or general intangibles of the assignment of those accounts or intangibles to Secured Party and may direct such account debtors to make payment directly to Secured Party of the amounts due. At the request of Secured Party after the occurrence of an Event of Default, or as otherwise agreed to in writing by Debtor and Secured Party, Debtor shall direct any persons who are indebted to Debtor on any Collateral consisting of accounts or general intangibles to make payment directly to Secured Party. The Secured Party is authorized to give receipts to such account debtors for any such payments and the account debtors will be protected in making such payments to Secured Party.

(xvi) Authorization to File Financing Statements. Debtor hereby irrevocably authorizes Secured Party at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments that

(a) indicate the Collateral (i) as described in this Security Agreement or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code, or (ii) as being of an equal or lesser scope or with greater detail, and (b) provide any other information required by Article 9 of the Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether Debtor is an organization, the type of organization, and any organization identification number issued to Debtor and (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Debtor shall furnish any such information to Secured Party promptly upon Secured Party's request.

6. **Negative Covenants.** Debtor covenants that so long as any Obligation remains outstanding:

(i) **Sale or Hypothecation of Collateral.** Debtor may not, directly or indirectly, whether voluntarily or involuntarily, by operation of law or otherwise: (1) sell, assign, transfer, exchange, lease, lend, or dispose of any of the Collateral, or any of Debtor's rights in the Collateral; or (2) cause, suffer, or permit any of the Collateral, or any of Debtor's rights in the Collateral, to be affected by any encumbrance, security interest, equity infusion, or adverse claim of any kind or nature whatsoever, except:

(a) the security interests in favor of Secured Party;

(b) inchoate or statutory liens for taxes that have not been assessed and that are not delinquent or, if assessed, are being contested in good faith by appropriate proceedings and provided that, in any such case, the effect of such proceedings is to stay the enforcement of such liens; and

(c) other liens as may from time to time be expressly permitted in writing by Secured Party.

The inclusion of "proceeds" as a component of the Collateral is not a consent by Secured Party to any sale or disposition of all or any part of the Collateral.

(ii) **No Investments.** Debtor may not make any loan to, or any investment in any debt obligation or equity security of, any Person.

7. **Events of Default.**

(i) **No Event of Default.** So long as no Event of Default (defined below) has occurred, Debtor may use the Collateral in the ordinary course of business for any purpose not inconsistent with the terms of this Security Agreement; provided, however, that Debtor may not exercise or refrain from exercising any such right if it would result in an Event of Default; and, provided further, that Debtor shall notify Secured Party in writing of any such proposed action at least ten (10) Business Days prior to taking the same.

(ii) Event of Default. The occurrence of any of the following constitutes an event of default (each an “**Event of Default**”) under this Security Agreement:

(1) The default in the prompt and complete payment and performance of the Note, any term, condition, or covenant in favor of Secured Party contained in this Security Agreement or in any other Loan Document, any of the other Obligations, or the occurrence of any other event of default specified in any of the Loan Documents, subject to any applicable grace period;

(2) Demand by Secured Party under any of the Obligations that have a demand feature;

(3) There is any materially adverse change in the financial condition of Debtor;

(4) An uninsured material loss, theft, damage, or destruction to any of the Collateral; or

(5) The failure of Secured Party to have at any time a first priority perfected security interest in the Collateral.

(iii) Remedies. Upon to occurrence of an Event of Default, as permitted by the Uniform Commercial Code, Secured Party may:

(1) Declare any or all Obligations to be immediately due and payable without demand or notice of any kind and proceed to collect the same;

(2) Peaceably by its own means or with judicial assistance enter Debtor’s premises and take possession of the Collateral;

(3) Render the Collateral unusable;

(4) Use, operate, manage, control, maintain, repair, alter, or dispose of the Collateral on Debtor’s premises; and

(5) Require Debtor to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party.

Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice (within the time established by subsection (v) below) of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition of the Collateral is to be made. Expenses of retaking, holding, preparing for sale, selling, or the like includes Secured Party’s reasonable attorneys’ fees and legal expenses, incurred or expended by Secured Party to enforce any payment due it under this Security Agreement either as against Debtor, or in the prosecution or defense of any action, or concerning any matter growing out of or in connection with the subject matter of this Security Agreement and the

Collateral pledged under this Security Agreement. Debtor waives all claims for damages by reason of any seizure, repossession, retention, use or sale of the Collateral under the terms of this Security Agreement.

(iv) Application of Proceeds. The net proceeds arising from the disposition of the Collateral after deducting expenses incurred by Secured Party will be applied to the Obligations in the order determined by Secured Party. If any excess remains after the discharge of all of the Obligations, the excess will be paid to Debtor. If there is a deficiency after exhausting all of the Collateral, Debtor will be liable therefor to Secured Party. Nothing contained in this Security Agreement will obligate Secured Party to proceed against any other party obligated under the Obligations or proceed against any other collateral for the Obligations before making a claim against the Collateral.

(v) Notice. Whenever notice is required by Law to be sent by Secured Party to Debtor of any sale, lease, or other disposition of the Collateral, ten (10) days' written notice sent to Debtor's address set forth in the Loan Agreement will be reasonable.

(vi) Sales on Credit. If Secured Party sells any of the Collateral upon credit, Debtor will be credited only with payments actually made by the purchaser, received by Secured Party and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor will be credited with the proceeds of the sale.

(vii) Marshaling. Secured Party has no obligation to marshal any assets in favor of Debtor, or against or in payment of the Obligations or any other indebtedness owed to Secured Party by Debtor or any other person or entity.

(viii) Warranties. Secured Party may sell the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(ix) Suretyship Waivers by Secured Party. Debtor waives demand, notice, protest, notice of acceptance of this Security Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance on this Security Agreement and all other demands and notices of any description. With respect to both the Obligations and the Collateral, Debtor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange, or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment and the settlement, compromising, or adjusting of any Obligations or Collateral, all in such manner and at such time as Secured Party may deem advisable. The Secured Party has no duty as to the collection or protection of the Collateral or any income from the Collateral, the preservation of rights against prior parties, or the preservation of any rights pertaining to the Collateral beyond the safe custody of the Collateral as set forth in subsection (xi) of Article 5 of this Security Agreement. Debtor further waives any and all other suretyship defenses.

8. General Provisions.

(i) Rights and Remedies Cumulative. All rights and remedies granted to Secured Party under this Security Agreement and under any agreement referred to in this Security Agreement, or otherwise available at law or in equity, are concurrent and cumulative, and not alternative remedies, and Secured Party may proceed with any number of remedies at the same time until the Obligations are satisfied in full.

(ii) Power of Attorney. Debtor irrevocably constitutes and appoints Secured Party and any officer of Secured Party, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor or in its name, from time to time in Secured Party's discretion for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Security Agreement. The appointment of Secured Party as Debtor's attorney-in-fact is coupled with an interest and is therefore irrevocable.

(iii) No liability. Nothing in this Security Agreement constitutes an assumption by Secured Party of any liability or obligation of Debtor with respect to any of the Collateral.

(iv) Further Assurances. At any time and from time to time, upon demand of Secured Party and at Debtor's expense, Debtor shall give, execute, file, and record any notice, financing statement, continuation statement, amendment statement, instrument, document, or agreement that Secured Party may consider necessary or desirable to create, preserve, continue, perfect, or validate any security interest granted under this Security Agreement or to enable Secured Party to exercise or enforce its rights under this Security Agreement with respect to such security interest. Debtor authorizes Secured Party to file financing statements, continuation and amendment statements, and other documents under the Uniform Commercial Code relating to the Collateral without the signature of Debtor, naming Debtor as debtor and Secured Party as secured party.

(v) Notices. Notice or demand, if required to be given under this Security Agreement, will be given in accordance with the Loan Agreement.

(vi) Waiver. No delay or omission on the part of Secured Party to exercise any right or power arising from any Event of Default will impair any such right or power or be considered a waiver of any such right or power or a waiver of or acquiescence in any such Event of Default, nor will the action or inaction of Secured Party in case of any Event of Default impair any right or power arising as a result of that Event of Default. Debtor waives any right it may have to require Secured Party to pursue any third person for any of the Obligations.

(vii) Illegality. If any one or more of the provisions contained in this Security Agreement is invalid, illegal, or unenforceable in any respect, then the validity, legality, and enforceability of the remaining provisions contained in this Security Agreement will not in any way be affected or impaired.

(viii) Successors and Assigns. This Security Agreement will be binding upon and inure to the benefit of Debtor and Secured Party and their respective personal representatives, successors, and assigns, and will bind all persons who become bound as a debtor to this Security Agreement; provided, that Debtor may not assign or delegate this Security Agreement in whole or in part without the prior written consent of Secured Party, and Secured Party at any time may assign this Security Agreement in whole or in part. Any attempted assignment by Debtor is void *ab initio*.

(ix) Changes in Writing. No modification, amendment, or waiver of any provision of this Security Agreement or consent to any departure by Debtor from this Security Agreement will be effective unless it is in writing and signed by Secured Party, and then such waiver or consent is effective only in the specific instance and for the purpose for which given. No notice to or demand on Debtor in any case will entitle Debtor to any other or further notice or demand in the same, similar, or other circumstance.

(x) Entire Agreement. This Security Agreement (including the documents and instruments referred to in this Security Agreement) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to its subject matter.

(xi) Governing Law; Severability. This Security Agreement, all amendments and supplements, and all acts, transactions, agreements, certificates, assignments, and transfers under this Security Agreement, and all rights of the parties, are governed as to their validity, enforcement, construction, and effect, and in all other respects, by West Virginia law, except to the extent that the Uniform Commercial Code provides for the application of the laws of another state. The provisions of this Security Agreement are severable, and the invalidity or unenforceability of any provision will not affect or impair the remaining provisions, which will continue in full force and effect.

(xii) Interpretation. Whenever used in this Security Agreement, the singular number will include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender will include all genders. If more than one party signs below as Debtor, such parties are jointly and severally liable under this Security Agreement. Section headings of this Security Agreement are for convenience only, and will not limit or otherwise affect any of the terms of this Security Agreement.

(xiii) Consent to Jurisdiction. Debtor agrees to the jurisdiction of any state or federal court located in the State of West Virginia, and consents that all service of process may (in addition to other lawful methods) be sent by nationally recognized overnight courier service directed to Debtor at Debtor's address set forth in the Loan Agreement, and service so made will be deemed to be completed on the business day after deposit with such courier; provided, that nothing contained in this Security Agreement will prevent Secured Party from bringing any action or exercising any rights against Debtor individually, or against any property of Debtor within any other state or nation to enforce any award or judgment obtained in the venue specified above. Debtor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Security Agreement.

[Signature page follows this page.]

Accordingly, the Debtor has caused this Security Agreement to be executed by its authorized representative as of the date set forth above.

CLINE RESOURCE AND
DEVELOPMENT COMPANY

By: John Dickson
Name: John Dickson
Title: President