



## Project Heat: Recapitalization

### Executive Summary & Transaction Request

Rush Street Capital has been engaged to raise \$30.0 million of asset-based financing for the refinance of Project Heat. Headquartered in the Eastern half of the US, Project Heat mines Anthracite coal through its three active surface mines and two advanced processing plants, one of which is adjacent to its state-of-the-art bagging facility. Project Heat is a platform investment of a reputable East Coast-based Private Equity Sponsor, who has invested over \$25.0 million into this particular company.

The Company is seeking \$30.0 million that will be used to refinance its existing credit facilities, provide working capital, growth capital and transaction expenses. Rush Street Capital has been engaged on an exclusive basis to source the financing for this opportunity.

Sources	(\$000's)	Uses	(\$000's)
New Senior Revolving Line of Credit Drawn at Close	13,000	Pay Off Senior Equipment Loan and RLOC Outstanding	12,500
New Senior Revolving Line of Credit Undrawn at Close	5,000	Refinance Second Lien Debt	11,000
New Equipment Term Loan	7,000	New Senior Revolving Line of Credit Undrawn at Close	5,000
New Split Lien / Mezzanine Term Loan	5,000	Working Capital	700
		Transaction Expenses	800
<b>Total</b>	<b>30,000</b>	<b>Total</b>	<b>30,000</b>

The Company generated \$47.4 million of TTM revenue and \$6.2 million of TTM Adjusted EBITDA through February 2022. The Company currently has over \$15.0 million of gross working capital assets, comprised of A/R and inventory, as well as an abundance of fixed assets. Fixed assets include processing plants worth \$21.0 million, in addition to trucks, cranes and earth-hauling equipment valued at a net FLV of \$5.9 million and additional equipment worth several million dollars.

### Company Overview

Founded in 1937, the Company has been at the forefront of the anthracite industry, leading with technology, mining, and land reclamation innovations. The Company controls more than 16 million in-situ (in the ground) tons of ultra-high grade anthracite reserves at well-located, high yield portfolio of active mines. The highest grade of coal, anthracite has a wide array of uses, including water and other media filtration; carbon source for the metal and alloy industry; process of making sugar out of sugar beets; steel dust recycling; residential, greenhouse and institutional heating; glass tinting and making coal-fired pizza.

In its 85th consecutive year of operations, Project Heat focuses on safety and operational excellence. With the best brand recognition in the industry, and conveniently located in the “center” of the region, the Company has a strong reputation for reliability and quality anthracite coal, which it distributes to over 550+ anthracite dealers.