



KaMin Energy Surcharge Policy

January 1, 2015

Natural gas and other energy sources are critical cost components of our mining and beneficiation processes. Kaolin clay margins are insufficient to absorb the risks posed by volatile natural gas prices. Therefore, KaMin will implement a standard energy surcharge policy effective January 1, 2015 for all of its kaolin products being sold to the paper markets. We believe this variable surcharge as outlined in the following schedule provides a fair and flexible approach to managing volatile and unpredictable natural gas cost inflation, as it considers the amount of natural gas used to produce the various forms of kaolin clay.

Energy surcharges will be applied and adjusted monthly based on the final NYMEX settlement price, which is available three days before the end of the month at <http://tonto.eia.doe.gov/dnav/ng/hist/rngc1M.htm> for the following month. We will use a threshold of \$5 US per MMBTU as a basis. The surcharge amount will be applied as a separate line item on invoices per the table below.

NYMEX Close (\$/MMBTU)	Surcharge Per Short Ton			Surcharge Per Metric Ton		
	Waterwashed Slurry	Spray Dried Waterwashed	Calcined	Waterwashed Slurry	Spray Dried Waterwashed	Calcined
≤ \$5.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$5.01 - \$6.00	\$1.50	\$4.50	\$10.00	\$1.65	\$4.95	\$11.00
\$6.01 - \$7.00	\$3.00	\$9.00	\$20.00	\$3.30	\$9.90	\$22.00
\$7.01 - \$8.00	\$4.50	\$13.50	\$30.00	\$4.95	\$14.85	\$33.00
\$8.01 - \$9.00	\$6.00	\$18.00	\$40.00	\$6.60	\$19.80	\$44.00
\$9.01 - \$10.00	\$7.50	\$22.50	\$50.00	\$8.25	\$24.75	\$55.00
\$10.01 - \$11.00	\$9.00	\$27.00	\$60.00	\$9.90	\$29.70	\$66.00
\$11.01 - \$12.00	\$10.50	\$31.50	\$70.00	\$11.55	\$34.65	\$77.00
\$12.01 - \$13.00	\$12.00	\$36.00	\$80.00	\$13.20	\$39.60	\$88.00