

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement") is entered into as of the 5th day of May, 2011 between BET Lehigh Real Estate, LLC ("BETLRE" or the "Debtor"), having its principal place of business at 1233 E. Broad Street, P.O. Box 150, Tamaqua, Pennsylvania 18252-2229, and Woodlands Bank ("Bank" or "Secured Party"), as Trustee for the Panther Valley Treatment Trust ("Trust"), having its principal place of business at 2450 E. Third Street, Williamsport, Pennsylvania 17701-4028.

BACKGROUND

A. On or about June 3, 2010, BETLRE and its affiliate, BET Associates IV, LLC ("BET IV") acquired substantially all of the assets of Lehigh Coal and Navigation Company ("LCN") relating to the mining, processing, marketing, sale and distribution of anthracite coal and related activities, free and clear of liens, claims, encumbrances and interests except for those title exceptions set forth on Exhibit "A" attached hereto (collectively, the "Permitted Encumbrances").

B. LCN was the holder of a certain Surface Mining Permit No. 54733020 (the "SMP").

C. On or about May 24, 2010, the Pennsylvania Department of Environmental Protection ("DEP") suspended the SMP.

D. BET IV has sought authorization from DEP to transfer the SMP to BET IV.

E. BET IV has entered into or will enter into: (1) a Post-Mining Treatment Trust Consent Order and Agreement ("COA") setting forth, among other things, the nature and extent of BET IV's water treatment obligations in connection with BET IV's mining operations; and (2) a Treatment Trust Agreement dated May 5, 2011 (the "TTA") between BET IV and Bank.

F. In order to secure BET IV's water treatment funding obligations under the COA and TTA, BETLRE has executed and delivered to Bank: (1) a certain limited recourse guaranty (the "Guaranty") of BET IV's obligations under the COA and TTA; and (2) this Agreement granting the Trust a lien on and security interest in the collateral described herein, subject to the limitations described below:

1. COLLATERAL SECURITY. Solely to secure BETLRE's obligations under the Guaranty, BETLRE hereby grants to the Trust a security interest in and to the coal

located within the Rahn Reserves (also known as No. 11 West), as more particularly identified on Exhibit "B" attached hereto, together with all cash and non-cash proceeds thereof (collectively, the "Collateral").

2. REPRESENTATIONS AND WARRANTIES. BETLRE hereby represents and warrants that the execution, delivery and performance of this Agreement will not violate any law, rule or regulation or any agreement or instrument to which BETLRE is a party or by which it or the Collateral is or may be bound. BETLRE further warrants that, as of the date of this Agreement, it has good title to the Collateral, free of liens, claims and encumbrances of any third party or person except for: (a) the Permitted Encumbrances; and (b) that certain Coal Lease and Option Agreement dated as of May 4, 2011 (the "Coal Lease") among BETLRE, BET IV and Lehigh Anthracite, LP ("Lehigh"), which Coal Lease Lehigh has agreed to subordinate to this Agreement and the liens created hereby.

3. COVENANTS. BETLRE covenants that it will immediately notify the Bank in writing of any prospective change to its legal name, the location of its principal place of business or state of incorporation. BETLRE shall permit the Bank and its representatives at all times to have access and rights to inspect the Collateral and all records pertaining to the Collateral. BETLRE shall, at its sole cost and expense, maintain the Collateral, free and clear of all liens, claims and encumbrances, except the Permitted Encumbrances, the Coal Lease and the liens created pursuant to this Agreement, and defend its right, title and interest in and to the Collateral. BETLRE shall assume the risk of loss of the Collateral and shall keep itself and the Collateral insured against all hazards in such amounts and by such insurers as are satisfactory to the Bank.

4. DEBTOR AUTHORIZATION. BETLRE hereby authorizes any duly constituted agent or representative of the Bank to sign and endorse the name of BETLRE upon any financing statements and/or continuations thereof (or to file the same without BETLRE's signature as permitted by applicable law) required by the Bank to perfect and continue its liens on and security interests in and to the Collateral.

5. SECURED PARTY'S RIGHTS UPON DEFAULT. Upon or after the occurrence of any event of default under the Guaranty (provided that BETLRE has failed to cure any such event of default timely or otherwise within any grace period of similar period of performance thereunder), the Bank may exercise any right or remedy with respect to the Collateral, as provided in the Guaranty or this Agreement.

6. MISCELLANEOUS. This Agreement shall inure to the benefit of, and is and shall be binding upon, the parties hereto and their respective heirs, personal representatives, successors and assigns, but nothing contained herein shall be construed to permit BETLRE to assign this Agreement or any of BETLRE's rights or obligations without

the Bank's prior written consent. This Agreement has been executed pursuant to, delivered in and shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, and the parties to this Agreement hereby agree to the jurisdiction of the courts of the state and the federal courts located within the Commonwealth of Pennsylvania for resolution of controversies arising from or relating to this Agreement. No modifications of this Agreement shall be binding or enforceable unless in writing and signed by duly authorized representatives of BETLRE and the Bank, and this Agreement is intended to take effect as an instrument under seal. Notwithstanding anything herein to the contrary, BETLRE liability under this Agreement shall be limited the identical extent provided in the last paragraph of the Guaranty.

7. EXECUTION OF AGREEMENT. This Agreement may be signed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. Facsimile and electronically scanned signatures shall be valid and effective.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have hereinto caused this Agreement to be duly executed and delivered as of the day and year first above written.

ATTEST:

DEBTOR:

BET LEHIGH REAL ESTATE, LLC

Douglas L. Topkis

By: *Douglas L. Topkis*
Name: Douglas L. Topkis
Title: Managing Member

ATTEST:

SECURED PARTY:

WOODLANDS BANK

By: _____
Marc S. Winkler
President and CEO

Exhibit(s):

A - Permitted Encumbrances
B - Rahn Reserves

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DEBTOR:

BET LEHIGH REAL ESTATE, LLC

By: _____

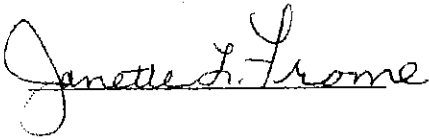
Name: Douglas L. Topkis

Title: Managing Member

ATTEST:

SECURED PARTY:

WOODLANDS BANK



By:  _____

Marc S. Winkler
President and CEO

Exhibit(s):

- A - Permitted Encumbrances
- B - Rahn Reserves

Exhibit "A"

Permitted Encumbrances

See Schedule B exceptions on title insurance policy issued by First American Title Insurance Company on June 4, 2010 (File No. PAFA10-2046GD).

Exhibit "B"

Rahn Reserves

[See attached]



Kaufman Engineering, Inc.
Rock Creek Corporate Center
Suite 200
1444 E. Lackawanna Ave.
Olyphant, Pennsylvania 18447
T (570) 307-1267
F (570) 307-1304

May 4, 2011

EXHIBIT 6 – SECURITY INTEREST IN COAL RESERVE

The following has been prepared to support the set aside of coal reserves to support the Treatment Trust. The reserve area described is known as the Rahn/Number 11 Shaft area. This project site was evaluated by Bethlehem Mines Corporation when that company owned and operated the property. Summary reports are available. Bethlehem's engineers estimated that recoverable, clean coal in the vicinity totaled approximately 1.3 million tons at a stripping ratio of 13.2:1 (bank cubic yards of overburden per clean ton of coal). The precise mine designs applied by Bethlehem are not available, however, Kaufman Engineering, Inc. has been able to use the existing cross sections to approximate the potential in the area, and we have arrived at similar quantities.

When the underground mines were operating in Panther Creek Valley, the engineers associated with those mines maintained detailed maps and records of their progress. One of their primary legacies was a set of cross sections illustrating geology and mine workings. These sections are available approximately every 1,000 feet throughout the valley. In the vicinity of the Rahn District, Sections KL through O define the area. These, together with mine maps, make it possible to project mining potential. For the work that Kaufman Engineering did, we used Sections KL, L, LM, M and MN, N and O. One of these sections, MN is attached as Exhibit 6.1. A surface map outlining the potential limits of a Rahn District Mine as well as the location of the cross sections is also attached as Exhibit 6.2. The sections cover a distance of 6,600 feet and suggest that mineable clean coal reserves would be approximately 1,350,000 tons. Most of this coal would be in the Top and Bottom Splits of the Mammoth Coal Seam.

Bethlehem Mines Corporation created a set of cross sections through the same area using the original sections as a basis. Their sections were numbered 7+00 through 12+00, and their summary analysis is dated May 13, 1981. Between and adjacent to their sections 7+00 and 12+00, over a distance of 5,000 to 6,000 feet, Bethlehem's engineers estimated 1,300,000 clean tons would be present.

The above estimates were made based on historical recovery factors for coal mined in similar operations on the property. Bethlehem's experience suggested that 50% of the Mammoth Vein coal was still in-place following underground mining. Of this, 90% was recoverable by surface mining methods. Kaufman Engineering used the same recovery factors in preparing estimates for the Rahn District.

The other factor described in various Bethlehem reports is plant recovery. It was assumed that this factor would be 85%. This quantity is applied to "clean" coal. In

essence, if 100 tons of “clean” coal enters the plant, 85 tons will exit the plant as washed and saleable coal. The other 15% would be lost due to inefficiencies in the washing process or as non-marketable fines.

In actual practice, coal from the mine would be shipped to the processing plant as raw or run-of-mine coal. A reasonable approximation of plant recovery of clean coal from run-of-mine or raw coal would be 40%. Using this factor it is possible to convert the above clean coal estimates to raw coal estimates. The following table summarizes the Rahn District reserve estimates on the basis of clean and raw coal.

Estimate	Clean Coal Tons	Raw Coal Tons
Bethlehem – Sections 7+00 to 12+00	1,300,000	3,250,000
Kaufman Engineering - Sections KL to O	1,350,000	3,375,000

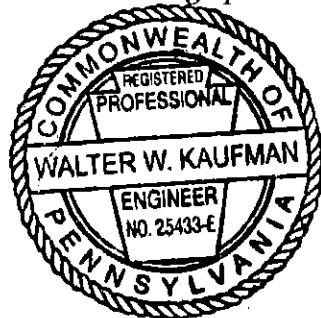
Stripping ratios for the above estimates were based on the clean coal values. These can also be converted to raw coal as follows:

Estimate	Cu. Yds. Overburden Per Clean Ton	Cu. Yds. Overburden Per Raw Ton
Bethlehem – Sections 7+00 to 12+00	13.2	5.3
Kaufman Engineering - Section KL to O	14.0	5.6

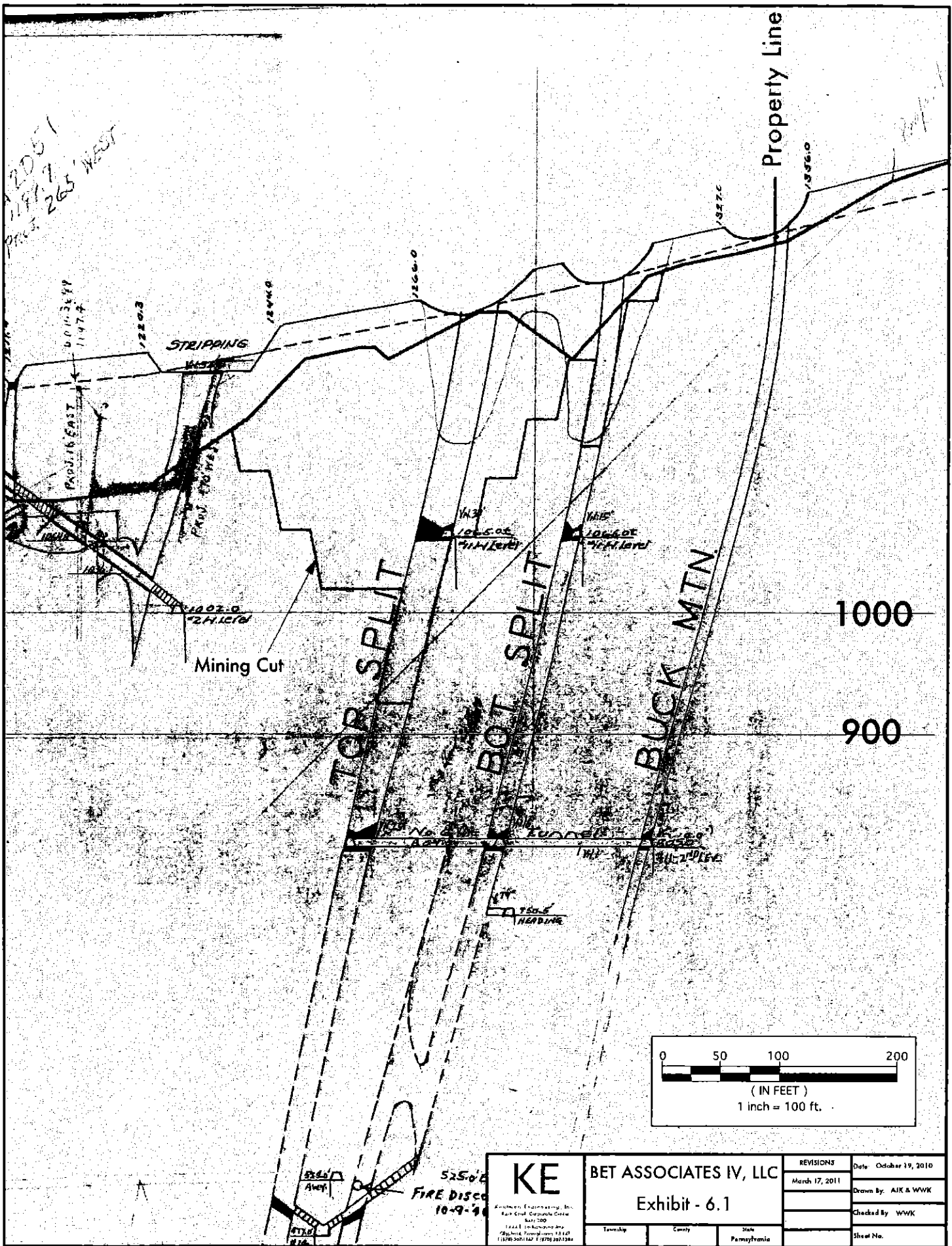
Assuming a cost of \$3.00 per bank cubic yard of overburden, the mining cost for each ton of raw coal would be approximately \$16.80 for the estimates shown above. Current value for similar raw coal is \$33.20 per ton f.o.b. the mine yielding a margin of \$16.40 per raw ton. Each 1,000,000 tons of raw coal reserve should be worth approximately \$16,400,000. \$30,000,000 of value would require: $\$30,000,000 / \$16,400,000$ or 1,830,000 raw tons. This quantity represents approximately: $1,830,000 / 3,375,000$ or 54.2% of the measured reserve. Assuming the total measured reserve extends over 6,600 feet between cross sections O and KL, $6,600 \times 54.2\%$ or 3,577 feet of reserve length would be required to secure \$30,000,000 worth of raw coal. Exhibit 6.2 illustrates a set aside block 3,600 feet long established within this reserve area. Each 120 feet of the set aside reserve would be worth approximately \$1,000,000 to the trust.

Access to the set aside block would be by dedicated easement from Route 209 to the mining area. Exhibit 6.2 illustrates the line of this easement.

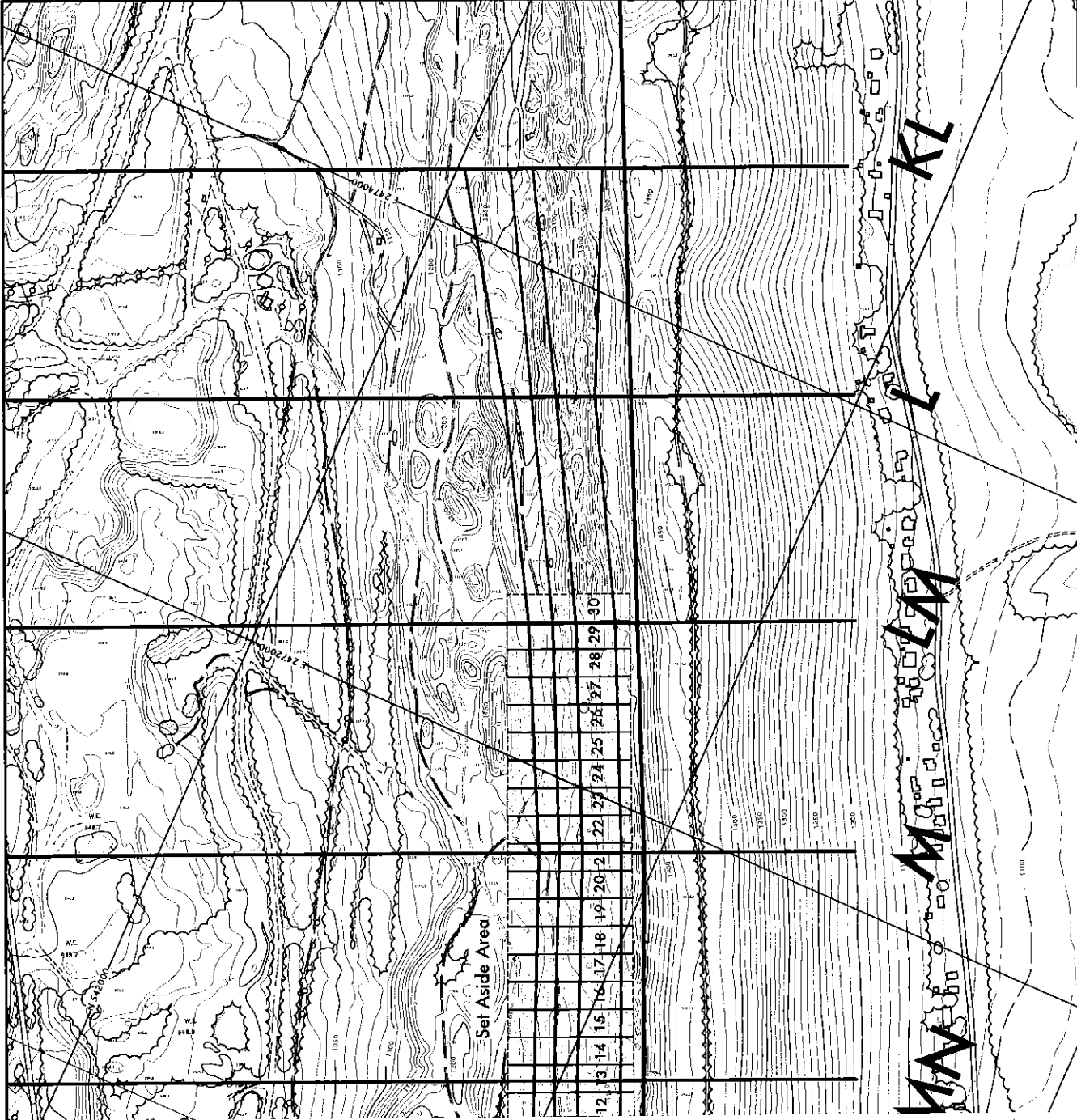
In their reports, Bethlehem’s engineers suggest a number of boreholes to verify the above reserves prior to beginning mining operations. Kaufman Engineering, Inc. concurs with this suggestion, but the available information (maps and cross sections) indicates that a successful mining operation should be possible.



Walter W. Kaufman
Walter W. Kaufman, P.E.
Mining Engineer



KE <small>Architect-Engineering, Inc. 12221 Independence Ave. P.O. Box 100 19380-0100</small>	BET ASSOCIATES IV, LLC Exhibit - 6.1		REVISIONS Date: October 19, 2010 March 17, 2011 Drawn By: AJK & WWK Checked By: WWK
	Township	County	State
			Pennsylvania



KE

BET ASSOCIATES IV, LLC

Exhibit - 6.2

Keystone Engineering, Inc.
 1444 S. Independence Ave.
 Suite 200
 P.O. Box 100
 Pottsville, PA 17860
 (717) 866-2222

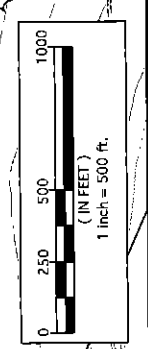
County: _____ State: Pennsylvania

REVISIONS

Date:	October 19, 2010
Drawn By:	AJK & WPK
Checked By:	WWK
Sheet No.:	

REVISIONS

Date:	March 17, 2011
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