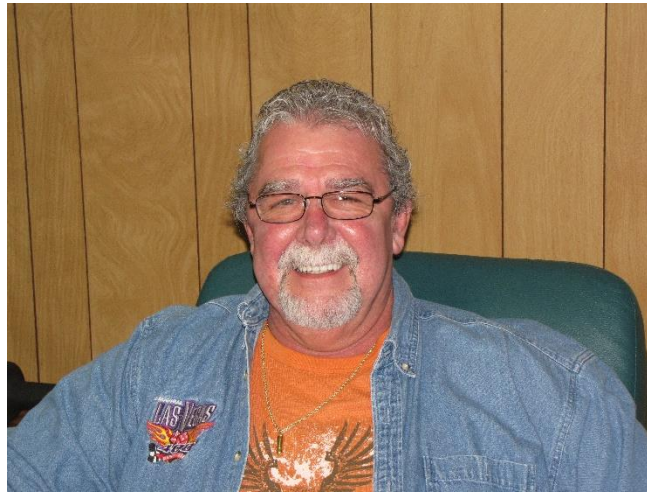


Tim Grimmatt Talks to Coal Miner Exchange



Tim Grimmatt

Bill Reid: *Tim Grimmatt is President and CEO and Mark Grimmatt is Vice-President and Secretary-Treasurer of NARCO, North American Rebuild Company Inc. First of all, you and Mark are joint owners of NARCO. How did you get started?*

Tim Grimmatt: Yes. Mark and I are joint owners, and then we have two minority partners. Years ago, back in 1986, a company called Servmax was bringing new mining solutions to the industry, and we were a contractor for them doing machinery and they were very good at what they did. They were just mismanaged. When they went into bankruptcy, my brother, myself and my father broke off and formed NARCO. We started NARCO in 1988. In the early '90s, we brought on board Andy and Mike Simpson, a two-brother tag-team. We brought them on for a small portion of the company. They needed us and we needed them.

Bill Reid: *You started focusing on shuttle cars. Why did you pick shuttle cars to focus on?*

Tim Grimmatt: Shuttle cars were a specialty item that we decided to carve out a niche in the market. Shuttle cars are a machine that has high wear, and they were having trouble in the industry with them, so we improved the shuttle car. A shuttle car has a certain life span and then it has to be replaced. Basically every continuous miner needs three shuttle cars and that was new equipment from then on for us. We are an OEM. We don't do any rebuilds. We do repairs for some companies, but 90% of it is new machinery with a six-month warranty. It's actually from the time you start until you finish, it's like a two-year marriage to that machine. Actually it lasts a lifetime, the relationship; we try to make it that way.

Bill Reid: *Tell us a bit about some of the new technology that you've built into shuttle cars recently.*

Tim Grimmatt: We originally designed the AA Car in the '90s. We called it a NARCO Special. Then people copied it and called it an AA or 10-21SC, but we did the original design. We added cool reel adaptors to displace heat from the cable reel. We have also developed heavier axles along with axle braces that keeps the wheel unit stationary. We designed that in our shop. We've also introduced a system on shuttle cars that's an intermittent steering dump valve that when an operator hits a rib with a tire, it dumps the steering pressure immediately and saves on steering arms and drag links, as well as additional features too many to list.

Bill Reid: *Have you done any business overseas over the years?*

Tim Grimmatt: Yes. We were the first company to ever ship a fully operational machine out of the U.S. to South France in the early '90s. We went over and commissioned the machine. We are now involved in British Columbia, Canada, and every state in the U.S. We are also very aggressive in the Australian markets and we are working with South Africa with India following.

Bill Reid: *How has your plant evolved over the years?*

Tim Grimmatt: Our plant has expanded. We do everything in house with the exception of all of the motor work, which we job out, and the mainframe of the shuttle cars are jobbed out to our specifications. We have 60,000 sq. ft. in our shop. We have one complete fab shop with pattern torch. We have a shear and a brake $\frac{3}{4}$ " with automatic cut-off saws, and an iron worker. Our assembly shop is equipped with 10-ton overhead

crane and jib cranes, so there is no need for fork trucks. Same thing in our fab shop; no need for fork trucks – 18-ton overhead crane and jib cranes. We choose jib cranes as opposed to fork trucks to prevent accidents. In the assembly shop, we also have complete power centers and also a rectifier so that we can run equipment and test on adequate voltage. The highest voltage of a shuttle car is 1,000-volt, and the highest voltage on DC is 600 volt. Now we have another assembly shop with a 15-ton overhead crane. We have also purchased additional property for our expansion program.

Bill Reid: *When things were normal, how many people did you employ typically?*

Tim Grimmett: We had 55 at one time in our facility. Indirectly, at the motor shop and the fab shop, the other electric shops, and machines shops, another 35 or 40. Now we have a complete electric shop where we do everything in house. We have a unit rebuild shop where we rebuild all of the mechanical units and reducers. We have a fully stocked warehouse for shipping and receiving. We have a full machine shop. Also we have a complete hydraulic shop and an engineering department for drafting, and the manufacture of parts manuals which are laminated and in 3D.

Bill Reid: *Tim, we are seeing a little bit of an improvement in the coal market with met prices and steam prices as well. Are you seeing this yet?*

Tim Grimmett: Yes, we are seeing that. As a matter of fact we have taken orders since I last spoke with you. The thing about NARCO is we are well-positioned with the industry and we don't owe our vendors anything, and I don't care to speak that because they know it's true.

Bill Reid: *Once all the bankruptcies are over and the mergers that are going to take place are over, when the coal industry stabilizes, how do you see the future of coal and also the future of NARCO?*

Tim Grimmett: We see the stability of the coal industry still maintaining, the 30-40 percent of the electrical energy sector in the U.S. Also, all of the met coal, which this country has in the east – Southern West Virginia - has some of the best met coal in the world. There is a huge demand for it. We see that market growing. Anytime the U.S. has to rebuild its infrastructure - we have waited too long and everyone knows that - the whole infrastructure takes steel, and that's what I look at there. As far as exports of met coal, we see improvement because the growth is projected to be 2% a year for the next

five years in China and India. NARCO is in it for the long-term. This is not our first storm we have weathered but it's the longest.

Bill Reid: *And it's the most brutal one as well, isn't it?*

Tim Grimmett: Oh absolutely. That's when you pull your horns in. It makes a better businessman out of you because you actually find out areas you can trim and give a little more attention to detail that you thought you were doing before. It's a situation that brings you and your people together, because everybody is on board. There's not anybody with our company that has not stepped up to the plate to help one of their fellow workers out at his house, on his vehicle, or if it's groceries, something out of his garden; it just brings people together. I have taken money out of my own pocket and helped people and so have my employees. These guys are troopers. They're not asking for a government handout. All they want to do is work. It gave them time to do repairs around their place and get closer to the children. It's kind of a gift in a way; slowed their life down a little bit. You've got a situation where they put in gardens and they did a little hunting and fishing, which made them a little closer to their whole families. I think sometimes the man upstairs gives us what we deserve!

Bill Reid: *Well, thank you very much for talking with me and is there anything else you wish to add?*

Tim Grimmett: No, other than the fact that my people have made me, I have an amazing staff in the personnel department with my office manager, financial officer, my foremen and my men. Like I said, Cinda is a great asset to us. I've always told her no matter what I do she is going to be there with me. It's contagious, this industry, salt of the earth, and I love it! NARCO's objectives are to supply equipment that is maintenance friendly for the operator, provide comfort with less fatigue, maximize payload, increase production and availability, and most of all provide greater safety. NARCO is a company with the main goal of being able to add value to mining operations and that's what we do!

Bill Reid: *Well, Tim, thank you very much!*