

CONTURA ENERGY, INC.



**CONDENSED CONSOLIDATED AND
CONDENSED PREDECESSOR COMBINED
FINANCIAL STATEMENTS
FOR THE THREE AND
NINE MONTHS ENDED
SEPTEMBER 30, 2017**

Date published: November 27, 2017

Contura Energy, Inc.

340 Martin Luther King Jr. Blvd.
Bristol, Tennessee 37620
(423) 573-0300

State of incorporation: Delaware

I.R.S. Employer Identification Number: 81-3015061

Number of shares of Common Stock, \$0.01 par value, outstanding as of September 30, 2017: 10,450,711.

The contents of these Condensed Consolidated Financial Statements and Report for the three and nine months ended September 30, 2017 should not be construed as investment, legal or tax advice. This report is being prepared pursuant to contractual arrangements and is not required by any rules or regulations of, and will not be filed with, the U.S. Securities and Exchange Commission ("SEC") or any other securities regulatory authority of any country, state or any other relevant jurisdiction, nor has the SEC or any other authority or commission passed upon the accuracy or adequacy of this report. Contura Energy, Inc. is a new company and is in the early stages of the costly and challenging process of compiling the systems and processing the documentation necessary to implement and evaluate the effectiveness of its disclosure controls and procedures and internal control over financial reporting. The interim Condensed Consolidated Financial Statements contained in this report are unaudited.

Statements contained herein describing documents and agreements are summaries only and are qualified in their entirety by reference to the corresponding documents and agreements.

TABLE OF CONTENTS
FINANCIAL INFORMATION

Financial Statements

<u>Condensed Consolidated Statement of Operations of the Company for the Three and Nine Months Ended September 30, 2017 (Unaudited) and the Period from July 26, 2016 to September 30, 2016 (Unaudited) and Condensed Predecessor Combined Statement of Operations for the Period from July 1, 2016 to July 25, 2016 (Unaudited) and the Period from January 1, 2016 to July 25, 2016</u>	<u>1</u>
<u>Condensed Consolidated Statement of Comprehensive Income (Loss) of the Company for the Three and Nine Months Ended September 30, 2017 (Unaudited) and the Period from July 26, 2016 to September 30, 2016 (Unaudited) and Condensed Predecessor Combined Statement of Comprehensive Loss for the Period from July 1, 2016 to July 25, 2016 (Unaudited) and the Period from January 1, 2016 to July 25, 2016</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets of the Company as of September 30, 2017 (Unaudited) and December 31, 2016</u>	<u>4</u>
<u>Condensed Consolidated Statement of Cash Flows of the Company for the Nine Months Ended September 30, 2017 (Unaudited) and the Period from July 26, 2016 to September 30, 2016 (Unaudited) and Condensed Predecessor Combined Statement of Cash Flows for the Period from January 1, 2016 to July 25, 2016</u>	<u>5</u>
<u>Condensed Consolidated Statement of Stockholder’s Equity of the Company for the Nine Months Ended September 30, 2017 (Unaudited) and the Period from July 26, 2016 to September 30, 2016 (Unaudited) and Condensed Combined Statement of Predecessor Business Equity for the Period from January 1, 2016 to July 25, 2016</u>	<u>7</u>
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>8</u>
<u>(1) Business and Basis of Presentation</u>	<u>8</u>
<u>(2) Acquisition</u>	<u>10</u>
<u>(3) Accumulated Other Comprehensive Income</u>	<u>12</u>
<u>(4) Earnings Per Share</u>	<u>12</u>
<u>(5) Inventories, net</u>	<u>13</u>
<u>(6) Prepaid Expenses and Other Current Assets</u>	<u>14</u>
<u>(7) Property, Plant, and Equipment, Net</u>	<u>14</u>
<u>(8) Asset Impairment and Restructuring</u>	<u>14</u>
<u>(9) Dividend Paid</u>	<u>15</u>
<u>(10) Accrued Expenses and Other Current Liabilities</u>	<u>15</u>
<u>(11) Long-Term Debt</u>	<u>16</u>
<u>(12) Acquisition-Related Obligations</u>	<u>17</u>
<u>(13) Asset Retirement Obligations</u>	<u>18</u>
<u>(14) Other Non-Current Liabilities</u>	<u>19</u>
<u>(15) Fair Value of Financial Instruments and Fair Value Measurements</u>	<u>19</u>
<u>(16) Warrants</u>	<u>22</u>
<u>(17) Income Taxes</u>	<u>23</u>
<u>(18) Employee Benefit Plans</u>	<u>24</u>
<u>(19) Stock-based Compensation Awards</u>	<u>25</u>
<u>(20) Reorganization Items</u>	<u>27</u>
<u>(21) Related Party Transactions</u>	<u>27</u>
<u>(22) Commitments and Contingencies</u>	<u>28</u>
<u>(23) Segment Information</u>	<u>29</u>
<u>(24) Investment in Unconsolidated Affiliate</u>	<u>34</u>
<u>(25) Subsequent Events</u>	<u>35</u>
<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>37</u>
<u>Results of Operations</u>	<u>39</u>
<u>Liquidity and Capital Resources</u>	<u>61</u>
<u>Contractual Obligations</u>	<u>66</u>
<u>Critical Accounting Policies and Estimates</u>	<u>67</u>
<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>69</u>
<u>Controls and Procedures</u>	<u>70</u>

Financial Statements

CONTURA ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND
CONDENSED PREDECESSOR COMBINED STATEMENT OF OPERATIONS
(Amounts in thousands, except share and per share data)

	Successor			Predecessor	
	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017	Period from July 26, 2016 to September 30, 2016	Period from July 1, 2016 to July 25, 2016	Period from January 1, 2016 to July 25, 2016
	Unaudited	Unaudited	Unaudited	Unaudited	
Revenues:					
Coal revenues	\$ 417,933	\$ 1,367,597	\$ 212,911	\$ 67,685	\$ 537,320
Freight and handling revenues	61,492	191,411	29,903	4,292	52,076
Other revenues	3,504	11,164	2,599	10,313	18,542
Total revenues	482,929	1,570,172	245,413	82,290	607,938
Costs and expenses:					
Cost of coal sales (exclusive of items shown separately below)	358,620	1,087,828	178,396	55,446	489,652
Freight and handling costs	61,492	191,411	29,903	4,292	52,076
Other expenses	1,326	3,752	1,092	726	4,893
Depreciation, depletion and amortization	15,154	49,431	22,230	10,659	85,379
Amortization of acquired intangibles, net	14,868	49,111	23,562	11,104	11,567
Selling, general and administrative expenses (exclusive of depreciation, depletion and amortization shown separately above)	15,946	56,094	9,547	3,477	29,567
Asset impairment and restructuring	—	—	—	618	3,755
Secondary offering costs	1,061	4,499	—	—	—
Total other operating (income) loss:					
Mark-to-market adjustment for acquisition-related obligations	839	3,221	—	—	—
Gain on settlement of acquisition-related obligations	—	(9,200)	—	—	—
Total costs and expenses	469,306	1,436,147	264,730	86,322	676,889
Income (loss) from operations	13,623	134,025	(19,317)	(4,032)	(68,951)
Other (expense) income:					
Interest expense	(8,598)	(28,373)	(9,090)	(22)	(63)
Interest income	43	116	2	(22)	29
Loss on early extinguishment of debt	—	(38,701)	—	—	—
Equity loss in affiliates	(405)	(2,106)	(1,039)	(104)	(2,726)
Mark-to-market adjustment for warrant derivative liability	—	—	(16,552)	—	—
Bargain purchase gain	369	1,011	—	—	—
Miscellaneous income, net	51	278	201	9	683
Total other expense, net	(8,540)	(67,775)	(26,478)	(139)	(2,077)
Income (loss) before reorganization items and income taxes	5,083	66,250	(45,795)	(4,171)	(71,028)
Reorganization items, net	—	—	—	(4,773)	(31,073)
Income (loss) before income taxes	5,083	66,250	(45,795)	(8,944)	(102,101)

[Table of Contents](#)

Income tax benefit (expense)	5,076	(8,369)	(1)	1,981	34,889
Net income (loss)	<u>\$ 10,159</u>	<u>\$ 57,881</u>	<u>\$ (45,796)</u>	<u>\$ (6,963)</u>	<u>\$ (67,212)</u>
Basic income (loss) per common share	\$ 0.99	\$ 5.62	\$ (4.44)		
Diluted income (loss) per common share	\$ 0.93	\$ 5.34	\$ (4.44)		
Weighted average shares - basic	10,277,974	10,298,889	10,309,310		
Weighted average shares - diluted	10,896,856	10,832,989	10,309,310		

See accompanying Notes to Condensed Consolidated Financial Statements.

CONTURA ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) AND
CONDENSED PREDECESSOR COMBINED STATEMENT OF COMPREHENSIVE LOSS
(Amounts in thousands)

	Successor			Predecessor	
	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017	Period from July 26, 2016 to September 30, 2016	Period from July 1, 2016 to July 25, 2016	Period from January 1, 2016 to July 25, 2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Net income (loss)	\$ 10,159	\$ 57,881	\$ (45,796)	\$ (6,963)	\$ (67,212)
Other comprehensive (loss) income, net of tax:					
Employee benefit plans:					
Amortization of and adjustments to employee benefit costs, net of income tax of \$0 for the three and nine months ended September 30, 2017 and the period from July 26, 2016 to September 30, 2016, respectively, and (\$40) and (\$118) for the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016, respectively	(51)	(1,069)	—	71	209
Total other comprehensive (loss) income, net of tax	(51)	(1,069)	—	71	209
Total comprehensive income (loss)	<u>\$ 10,108</u>	<u>\$ 56,812</u>	<u>\$ (45,796)</u>	<u>\$ (6,892)</u>	<u>\$ (67,003)</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

CONTURA ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share data)

	Successor	
	September 30, 2017 (Unaudited)	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 173,490	\$ 127,948
Trade accounts receivable, net of allowance for doubtful accounts of \$0 as of September 30, 2017 and December 31, 2016	178,979	182,600
Inventories, net	61,866	75,399
Assets held for sale	—	1,714
Prepaid expenses and other current assets	55,370	37,555
Total current assets	469,705	425,216
Property, plant, and equipment, net	326,247	317,013
Other acquired intangibles (net of accumulated amortization of \$110,962 and \$61,851 as of September 30, 2017 and December 31, 2016, respectively)	38,038	87,149
Long-term restricted cash	57,364	43,341
Long-term deposits	17,153	55,501
Other non-current assets	23,570	18,532
Total assets	\$ 932,077	\$ 946,752
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 8,420	\$ 2,324
Trade accounts payable	107,298	98,166
Acquisition-related obligations - current	19,545	27,258
Accrued expenses and other current liabilities	91,310	90,864
Total current liabilities	226,573	218,612
Long-term debt	366,789	346,837
Acquisition-related obligations - long-term	44,476	59,088
Asset retirement obligations	199,528	187,097
Other non-current liabilities	63,637	97,894
Total liabilities	901,003	909,528
Commitments and Contingencies (Note 22)		
Stockholders' Equity		
Preferred stock - par value \$0.01, 2.0 million shares authorized, none issued	—	—
Common stock - par value \$0.01, 20.0 million shares authorized, 10.8 million issued and 10.5 million outstanding at September 30, 2017 and 10.3 million issued and outstanding at December 31, 2016	108	103
Additional paid-in capital	37,236	45,964
Accumulated other comprehensive income	1,018	2,087
Treasury stock, at cost: 0.3 million shares at September 30, 2017 and none issued at December 31, 2016	(17,447)	—
Retained earnings (accumulated deficit)	10,159	(10,930)
Total stockholders' equity	31,074	37,224
Total liabilities and stockholders' equity	\$ 932,077	\$ 946,752

See accompanying Notes to Condensed Consolidated Financial Statements.

CONTURA ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS AND
CONDENSED PREDECESSOR COMBINED STATEMENT OF CASH FLOWS
(Amounts in thousands)

	Successor		Predecessor
	Nine Months Ended September 30, 2017	Period from July 26, 2016 to September 30, 2016	Period from January 1, 2016 to July 25, 2016
	Unaudited	Unaudited	
Operating activities:			
Net income (loss)	\$ 57,881	\$ (45,796)	\$ (67,212)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, depletion and amortization	49,431	22,230	85,379
Amortization of acquired intangibles, net	49,111	23,562	11,567
Accretion of acquisition-related obligations discount	5,954	2,633	—
Mark-to-market adjustment for acquisition-related obligations	3,221	—	—
Gain on settlement of acquisition-related obligations	(9,200)	—	—
Bargain purchase gain	(1,011)	—	—
Equity loss in affiliates	2,106	1,039	2,726
Mark-to-market adjustment for warrant derivative liability	—	16,552	—
Accretion of asset retirement obligations	16,573	4,569	12,422
Employee benefit plans, net	8,459	1,180	11,917
Deferred income taxes	—	—	(34,889)
Asset impairment and restructuring	—	—	3,755
Non-cash reorganization items, net	—	—	3,837
Non-cash loss on extinguishment of debt	13,665	—	—
Stock-based compensation	11,946	1,941	658
Other, net	1,616	216	254
Changes in operating assets and liabilities	36,157	6,361	30,276
Net cash provided by operating activities	245,909	34,487	60,690
Investing activities:			
Capital expenditures	(56,403)	(12,773)	(23,433)
Proceeds from sale of property, plant and equipment	2,449	453	526
Capital contributions to equity affiliates	(4,160)	(870)	(2,122)
Cash acquired in acquisition	—	51,000	—
Purchase of additional ownership interest in equity affiliate	(13,293)	—	—
Other, net	(408)	—	—
Net cash (used in) provided by investing activities	(71,815)	37,810	(25,029)
Financing activities:			
Proceeds from borrowings on debt	396,000	—	—
Principal repayments of debt	(368,500)	—	—
Principal repayments of capital lease obligations	(798)	(83)	(42)
Debt issuance costs	(14,385)	—	—
Debt extinguishment costs	(25,036)	—	—
Common stock repurchases	(17,445)	—	—
Debt amendment costs	(4,520)	—	—
Proceeds from exercise of warrants	11	—	—
Special dividend paid	(92,786)	—	—
Principal repayments of notes payable	(1,093)	(167)	—
Transfers to Alpha	—	—	(35,780)
Net cash used in financing activities	(128,552)	(250)	(35,822)
Net increase (decrease) in cash and cash equivalents	45,542	72,047	(161)
Cash and cash equivalents at beginning of period	127,948	—	269
Cash and cash equivalents at end of period	\$ 173,490	\$ 72,047	\$ 108

Supplemental cash flow information:			
Cash paid for interest	\$ 34,091	\$ 127	\$ —
Cash paid for income taxes	\$ 13,328	\$ —	\$ —
Supplemental disclosure of non-cash investing and financing activities:			
Capital leases and capital financing - equipment	\$ 735	\$ 751	\$ —
Accrued capital expenditures	\$ 9,169	\$ 6,374	\$ 13,376
Issuance of equity in connection with acquisition	\$ —	\$ 44,644	\$ —

See accompanying Notes to Condensed Consolidated Financial Statements.

CONTURA ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND
CONDENSED COMBINED STATEMENT OF PREDECESSOR BUSINESS EQUITY
(Amounts in thousands)

	<u>Common Stock Amount</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Treasury Stock at Cost Amount</u>	<u>(Accumulated Deficit) Retained Earnings</u>	<u>Alpha's Investment</u>	<u>Total Stockholders' Equity / Predecessor Business Equity</u>
Predecessor							
Balances, December 31, 2015	\$ —	\$ —	\$ 4,135	\$ —	\$ (559,922)	\$ 1,769,684	\$ 1,213,897
Net loss	—	—	—	—	(67,212)	—	(67,212)
Other comprehensive income (loss), net	—	—	209	—	—	—	209
Net distributions to Alpha	—	—	—	—	—	(26,641)	(26,641)
Balances, July 25, 2016	\$ —	\$ —	\$ 4,344	\$ —	\$ (627,134)	\$ 1,743,043	\$ 1,120,253
Successor (Unaudited)							
Balances, July 26, 2016	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Issuance of common stock in connection with acquisition	100	44,544	—	—	—	—	44,644
Net loss	—	—	—	—	(45,796)	—	(45,796)
Stock-based compensation and net issuance of common stock for share vesting	3	1,938	—	—	—	—	1,941
Balances, September 30, 2016	\$ 103	\$ 46,482	\$ —	\$ —	\$ (45,796)	\$ —	\$ 789
Balances, December 31, 2016	\$ 103	\$ 45,964	\$ 2,087	\$ —	\$ (10,930)	\$ —	\$ 37,224
Net income	—	—	—	—	57,881	—	57,881
Other comprehensive income, net	—	—	(1,069)	—	—	—	(1,069)
Stock-based compensation and net issuance of common stock for share vesting	5	11,907	—	—	—	—	11,912
Special dividend	—	(22,019)	—	—	(70,767)	—	(92,786)
Common stock repurchase	—	—	—	(17,445)	—	—	(17,445)
Retrospective warrants adjustment	—	1,166	—	—	33,975	—	35,141
Warrant exercises	—	218	—	(2)	—	—	216
Balances, September 30, 2017	\$ 108	\$ 37,236	\$ 1,018	\$ (17,447)	\$ 10,159	\$ —	\$ 31,074

See accompanying Notes to Condensed Consolidated Financial Statements.

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

(1) Business and Basis of Presentation

Business

Contura Energy, Inc. (“Contura”, the “Company”, “we” or “us”) is a private, Tennessee-based, diversified coal supplier with affiliate mining operations across multiple major coal basins in Pennsylvania, Virginia, West Virginia and Wyoming. With customers across the globe, high-quality reserves, and significant port capacity, Contura supplies both met coal to produce steel and steam coal to generate power. Contura was formed to acquire and operate certain of Alpha Natural Resources, Inc.’s (“Alpha”) core coal operations (see Note 2), as part of the Alpha restructuring. Contura began operations on July 26, 2016, with mining complexes in Northern Appalachia (Cumberland mine complex), the Powder River Basin (Belle Ayr and Eagle Butte complexes), and three Central Appalachian mining complexes (the Nicholas mine complex in West Virginia, and the McClure and Toms Creek mine complexes in Virginia).

As a result of the Alpha core coal operations’ acquisition, the historical financial statements are separated into Predecessor and Successor periods. Predecessor represents Contura prior to July 26, 2016, whereas Successor refers to the Company beginning July 26, 2016 and thereafter. For more detailed information regarding the Company’s and Predecessor’s consolidation and accounting policies, please refer to the Basis of Presentation discussion below and the financial statements and the notes thereto included elsewhere in this report.

Basis of Presentation

Together, the condensed consolidated statement of operations, statement of comprehensive income, balance sheet, statement of cash flows and statement of stockholders’ equity for the Company and the condensed combined statement of operations, statement of comprehensive loss, balance sheet, statement of cash flows and statement of business equity for the Predecessor are referred to as the “Condensed Financial Statements.” The Condensed Financial Statements are also referred to as consolidated (to reflect the Successor’s capital structure), and references across periods are generally labeled “Balance Sheets,” “Statements of Operations,” and “Statements of Cash Flows.”

The Condensed Consolidated Financial Statements include all wholly-owned subsidiaries’ results of operations for the three and nine months ended September 30, 2017. All significant intercompany transactions have been eliminated in consolidation.

The Condensed Combined Predecessor Financial Statements presented include the assets, liabilities, operating results and cash flows of Contura, prepared on a carve-out basis using Alpha’s historical bases in the assets and liabilities and the historical results of operations of Contura. The Condensed Combined Predecessor Financial Statements have been derived from the consolidated financial statements and accounting records of Alpha. All transactions between Contura and Alpha have been included in these Condensed Combined Predecessor Financial Statements. The aggregate net effect of such transactions has effectively been considered settled for cash at the time of the transaction and reflected in the condensed combined Predecessor statement of cash flows as “Transfers to Alpha.”

The Condensed Combined Predecessor Financial Statements also include expense allocations of \$5,861 and \$57,217 for the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016, respectively, for certain corporate and overhead functions historically performed by Alpha, including, but not limited to, general corporate expenses related to finance, legal, information technology, human resources, employee benefits and incentives, insurance, stock-based compensation, engineering, asset management, and sales and logistics, which were included in cost of coal sales and selling, general and administrative expenses in the accompanying Condensed Statements of Operations. These amounts exclude reorganization items which are discussed in Note 20. These expenses have been allocated to the Predecessor on the basis of direct usage when identifiable, with the remainder allocated on the basis of revenues, operating expenses, headcount or other relevant measures. The provision for income taxes has been prepared on a separate return basis. Management believes the assumptions underlying the Condensed Combined Predecessor Financial Statements, including the assumptions regarding the allocation of corporate expenses from Alpha, are reasonable. Nevertheless, the Condensed Combined Predecessor Financial Statements may not include all of the expenses that would have been incurred had the Company been a stand-alone Company during the period presented and may not reflect the Company’s condensed consolidated financial position, results of operations and cash flows had the Company been a stand-alone Company during the period. Actual costs that would have been incurred if

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

the Predecessor had been a stand-alone Company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Alpha used a centralized approach to cash management and financing of its operations. The majority of the Company's cash during the Predecessor period was transferred to Alpha, which funded its operating and investing activities as needed. This arrangement is not reflective of the manner in which the Company would have been able to finance its operations had it been a stand-alone business separate from Alpha during the Predecessor period.

On August 3, 2015 ("Petition Date"), Alpha and each of its wholly-owned domestic subsidiaries other than ANR Second Receivables Funding LLC (collectively the "Alpha Debtors") filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court"). The Alpha Debtors pursued a reorganization plan under which certain expenses were incurred and settlements negotiated, which were included within Reorganization items, net, during the Predecessor period. See Note 20 for further reorganization items disclosures. The Bankruptcy Court approved the Alpha Debtors Plan of Reorganization on July 7, 2016 and Alpha Debtors emerged from bankruptcy on July 26, 2016.

The accompanying Condensed Consolidated Financial Statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

Interim Financial Information

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been omitted. In the opinion of management, these interim Condensed Financial Statements reflect all normal and recurring adjustments necessary for a fair presentation of the results for the periods presented. Results of operations for the three and nine months ended September 30, 2017 are not necessarily indicative of the results to be expected for the year ending December 31, 2017 or any other period. These financial statements should be read in conjunction with the Company's audited financial statements and the notes thereto.

New Accounting Pronouncements

Revenue Recognition: In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-9, Revenue from contracts with customers (Topic 606), which, along with amendments issued in 2015 and 2016, will replace substantially all current U.S. GAAP guidance on this topic and eliminate industry-specific guidance. In addition, the standard requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The standard is effective for annual reporting periods beginning after December 15, 2018 (December 15, 2017 for public entities), with early adoption permitted. The guidance permits two methods of adoption: full retrospective method (retrospective application to each prior reporting period presented) or modified retrospective method (retrospective application with the cumulative effect of initially applying the guidance recognized at the date of initial application and providing certain additional disclosures). The Company plans to adopt the standard using the modified retrospective method and management is currently evaluating the impact on the Company's financial statements and related disclosures.

Leases: In February 2016, the FASB issued ASU 2016-02, Leases. ASU 2016-02 creates Topic 842, Leases, in the Accounting Standards Codification ("ASC") and supersedes ASC 840, Leases. The standard is effective for annual reporting periods beginning after December 15, 2019 (December 15, 2018 for public entities), with early adoption permitted. This update requires the recognition of lease assets and lease liabilities on the balance sheet for all lease obligations and disclosing of key information about leasing arrangements. The update also requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under current generally accepted accounting principles. The impact will depend on the Company's lease portfolio at the time of adoption. Management is currently evaluating the impact on the Company's financial statements and related disclosures.

Statement of Cash Flows: In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. This update addresses whether to present certain specific cash flow items as operating, investing or financing activities. The standard is effective for annual reporting periods beginning after December 15, 2018 (December 15, 2017 for public entities) and is required to be adopted using a retrospective approach if

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

practicable, with early adoption permitted. Management is currently evaluating the impact on the Company's financial statements and related disclosures.

In November 2016, the FASB issued ASU 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash (“ASU 2016-18”). The amendments in this Update provide guidance on restricted cash presentation in the statement of cash flows. ASU 2016-18 is effective for annual reporting periods beginning after December 15, 2018 (December 15, 2017 for public entities), and interim periods within annual periods beginning after December 15, 2019 (December 15, 2017 for public entities). Early adoption is permitted. The Company is currently evaluating the impact this guidance will have on financial statements and disclosures.

Retirement Benefits: In March 2017, the FASB issued ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-retirement Benefit Cost. This update requires that an employer disaggregate the service cost component from the other components of net periodic benefit cost. In addition, only the service cost component will be eligible for capitalization. The standard is effective for annual reporting periods beginning after December 15, 2018 (December 15, 2017 for public entities). The new guidance is to be applied retrospectively for income statement effect and prospectively for balance sheet effects. Management is currently evaluating the impact on the Company's financial statements and related disclosures.

Derivatives: In July 2017, the FASB issued ASU 2017-11 Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815) (“ASU 2017-11”). Under ASU 2017-11, when determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instruments are indexed to an entity’s own stock. ASU 2017-11 is effective for annual reporting periods beginning after December 15, 2019 (December 15, 2018 for public entities) and interim periods within fiscal years beginning after December 15, 2020 (December 15, 2018 for public entities). Early adoption is permitted for all entities, including adoption in an interim period. The Company has elected to early adopt this ASU 2017-11 for fiscal year 2017 and all interim periods therein. See Note 16 for detail on the impact this guidance had on the Company’s financial statements and disclosures.

(2) Acquisition

On July 26, 2016, a consortium of former Alpha creditors acquired Company common stock in exchange for a partial release of their creditor claims pursuant to the Alpha restructuring. Furthermore, pursuant to an asset purchase agreement between Contura and Alpha, Contura purchased certain former core coal operations of Alpha as further described in Note 1. As consideration for the purchased assets, in addition to the assumption by Contura of certain liabilities and the credit release by former Alpha creditors, Contura delivered to Alpha the following consideration: (i) 10,000,000 shares of Contura common stock with a fair value of \$44,644 (representing 100% of the issued and outstanding Contura common stock at that time), (ii) a promissory note with a face amount of \$300,000 and fair value of \$285,936 (the “Buyer Takeback Paper” or “Senior Secured First Lien Notes”), (iii) a promissory note with a face amount of \$5,500 and fair value of \$4,208 (the “GUC Distribution Note”) and warrants to acquire 810,811 shares of Contura common stock with a fair value of \$1,167. Contura is accounting for the acquisition as a business combination.

Purchase Price

The purchase price of \$335,955 consisted of the following:

Fair value of common stock issued	\$ 44,644
Issuance of 10% Senior Secured First Lien Notes (net of discount of \$14,064)	285,936
Issuance of GUC Distribution Note (net of discount of \$1,292)	4,208
Issuance of warrants	1,167
Purchase price	<u>\$ 335,955</u>

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

Allocation of Purchase Price

The total purchase price has been allocated to the net tangible and intangible assets as follows:

	Provisional December 31, 2016	Adjustments	Final
Cash and cash equivalents	\$ 51,000	\$ —	\$ 51,000
Trade accounts receivable	68,355	—	68,355
Inventories	43,705	—	43,705
Assets held for sale	2,178	—	2,178
Prepaid expenses and other current assets	36,493	(177)	36,316
Property, plant, and equipment	348,407	—	348,407
Other acquired intangibles	149,000	—	149,000
Long-term restricted cash	92,800	—	92,800
Long-term deposits	94	—	94
Other non-current assets	3,688	4,417	8,105
Total assets	\$ 795,720	\$ 4,240	\$ 799,960
			—
Current portion of long-term debt	\$ 1,112	\$ —	\$ 1,112
Trade accounts payable	39,993	—	39,993
Acquisition-related obligations - current ⁽¹⁾	42,235	—	42,235
Accrued expenses and other current liabilities	42,905	(3,339)	39,566
Long-term debt	11,720	—	11,720
Acquisition-related obligations - long-term ⁽¹⁾	59,092	—	59,092
Asset retirement obligations	196,487	—	196,487
Other non-current liabilities	58,502	6,568	65,070
Total liabilities	452,046	3,229	455,275
			—
Bargain purchase gain	7,719	1,011	8,730
			—
Allocation of purchase price	\$ 335,955	\$ —	\$ 335,955

⁽¹⁾ See Note 12.

The Company finalized the purchase price allocation as of July 25, 2017.

Prior to the finalization of the purchase price allocation, during the nine months ended September 30, 2017, the Company recorded measurement-period adjustments to the provisional opening balance sheet related to property and income tax liabilities. As a result of the measurement-period adjustments made, the provisional amount of bargain purchase gain was increased by \$1,011 resulting in a total bargain purchase gain of \$8,730.

The following unaudited pro forma information has been prepared for illustrative purposes only and assumes the acquisition occurred on January 1, 2016. The unaudited pro forma results have been prepared based on estimates and assumptions, which the Company believes are reasonable; however, they are not necessarily indicative of the consolidated results of operations had the acquisition occurred on January 1, 2016, or of future results of operations.

The unaudited pro forma results for the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016:

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

	Period from July 1, 2016 to July 25, 2016	Period from January 1, 2016 to July 25, 2016
Total revenues		
As reported	\$ 82,290	\$ 607,938
Pro forma	\$ 82,290	\$ 607,938
Net loss		
As reported	\$ (6,963)	\$ (67,212)
Pro forma	\$ (15,513)	\$ (128,530)

(3) Accumulated Other Comprehensive Income

The following tables summarize the changes to accumulated other comprehensive income during the nine months ended September 30, 2017 and the period from January 1, 2016 to July 25, 2016:

	Successor			
	Balance January 1, 2017	Other comprehensive income (loss) before reclassifications	Amounts reclassified from accumulated other comprehensive income (loss)	Balance September 30, 2017
Employee benefit costs	\$ 2,087	\$ (917)	\$ (152)	\$ 1,018
	Predecessor			
	Balance January 1, 2016	Other comprehensive income (loss) before reclassifications	Amounts reclassified from accumulated other comprehensive income (loss)	Balance July 25, 2016 ⁽¹⁾
Employee benefit costs	\$ 4,135	\$ (2,188)	\$ 2,397	\$ 4,344

⁽¹⁾ There was no activity during the period from July 26, 2016 to September 30, 2016.

The following table summarizes the amounts reclassified from accumulated other comprehensive income (loss) and the Statements of Operations line items affected by the reclassification during the three and nine months ended September 30, 2017, the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016:

Details about accumulated other comprehensive income (loss) components	Amounts reclassified from accumulated other comprehensive (loss) income						Affected line item in the Statements of Operations
	Successor			Predecessor			
	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017	Period from July 26, 2016 to September 30, 2016	Period from July 1, 2016 to July 25, 2016	Period from January 1, 2016 to July 25, 2016		
Employee benefit costs:							
Amortization of actuarial (gain) loss	\$ (51)	\$ (152)	\$ —	\$ 28	\$ 206 ⁽¹⁾		
Amortization of prior service cost	—	—	—	83	824 ⁽¹⁾		
Curtailment loss	—	—	—	—	2,712 ⁽¹⁾		
Total before income tax	(51)	(152)	—	111	3,742		
Income tax expense	—	—	—	(40)	(1,345)	Income tax (expense) benefit	
Total, net of income tax	\$ (51)	\$ (152)	\$ —	\$ 71	\$ 2,397		

⁽¹⁾ These accumulated other comprehensive income (loss) components are included in the computation of net periodic benefit costs for black lung. See Note 18.

(4) Earnings Per Share

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

The number of shares used to calculate basic earnings per common share is based on the weighted average number of the Company's outstanding common shares during the respective period. The number of shares used to calculate diluted earnings per common share is based on the number of common shares used to calculate basic earnings per share plus the dilutive effect of stock options and other stock-based instruments held by the Company's employees and directors during the period, and the Company's outstanding Series A warrants. The warrants become dilutive for earnings per common share calculations when the market price of the Company's common stock exceeds the exercise price. For the three months ended September 30, 2017, 129,520 stock options were excluded from the computation of dilutive earnings per share because they would have been anti-dilutive. For the nine months ended September 30, 2017, 129,520 stock options and 144,876 other stock-based instruments were excluded from the computation of dilutive earnings per share because they would have been anti-dilutive. These potential shares could dilute earnings per share in the future. From July 26, 2016 to September 30, 2016, the Company recorded a net loss of \$45,796. In periods of net loss, the number of shares used to calculate diluted earnings per share is the same as basic earnings per share.

The following table presents the net income (loss) per common share for the three and nine months ended September 30, 2017 and the period from July 26, 2016 to September 30, 2016:

	Successor		
	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017	Period from July 26, 2016 to September 30, 2016
Basic			
Net income (loss)	\$ 10,159	\$ 57,881	\$ (45,796)
Weighted average common shares outstanding - basic	10,277,974	10,298,889	10,309,310
Net income per common share - basic	<u>\$ 0.99</u>	<u>\$ 5.62</u>	<u>\$ (4.44)</u>
Diluted			
Net income (loss)	\$ 10,159	\$ 57,881	\$ (45,796)
Weighted average common shares outstanding - basic	10,277,974	10,298,889	10,309,310
Diluted effect of warrants	221,261	173,072	—
Diluted effect of stock options	274,309	275,006	—
Diluted effect of restricted share units and restricted stock shares	123,312	86,021	—
Weighted average common shares outstanding - diluted	<u>10,896,856</u>	<u>10,832,989</u>	<u>10,309,310</u>
Net income (loss) per common share - diluted	<u>\$ 0.93</u>	<u>\$ 5.34</u>	<u>\$ (4.44)</u>

(5) Inventories, net

Inventories, net consisted of the following:

	Successor	
	September 30, 2017	December 31, 2016
Raw coal	\$ 3,032	\$ 5,055
Saleable coal	47,610	58,376
Materials, supplies and other, net	11,224	11,968
Total inventories, net	<u>\$ 61,866</u>	<u>\$ 75,399</u>

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

(6) Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	Successor	
	September 30, 2017	December 31, 2016
Prepaid freight	\$ 9,054	\$ 9,065
Deferred longwall move expenses	10,651	5,264
Maintenance and repairs contract	2,283	—
Other non-trade receivables	834	4,146
Prepaid insurance	3,070	2,073
Prepaid property tax	3,722	2,804
Refundable income taxes	6,589	1,305
Prepaid bond premium	5,764	3,485
Other prepaid expenses	13,403	9,413
Total prepaid expenses and other current assets	<u>\$ 55,370</u>	<u>\$ 37,555</u>

(7) Property, Plant, and Equipment, Net

Property, plant, and equipment, net consisted of the following:

	Successor	
	September 30, 2017	December 31, 2016
Plant and mining equipment	\$ 217,210	\$ 171,846
Owned and leased mineral rights ⁽¹⁾	127,719	126,219
Mine development	23,949	10,750
Land	24,887	24,684
Office equipment, software and other	2,263	978
Construction in progress	29,592	34,009
Total property, plant, and equipment	<u>425,620</u>	<u>368,486</u>
Less accumulated depreciation, depletion and amortization	99,373	51,473
Total property, plant, and equipment, net	<u>\$ 326,247</u>	<u>\$ 317,013</u>

⁽¹⁾ Amounts primarily relate to asset retirement obligation assets associated with active mining operations.

Included in plant and mining equipment are assets under capital leases totaling \$3,505 and \$2,888 with accumulated depreciation of \$1,015 and \$231 as of September 30, 2017 and December 31, 2016, respectively.

Depreciation, depletion and amortization expense associated with property, plant and equipment, net was \$15,154, \$49,431, and \$22,230 for the three and nine months ended September 30, 2017 and the period from July 26, 2016 to September 30, 2016, respectively and \$10,659 and \$85,379 for the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016, respectively.

(8) Asset Impairment and Restructuring

The Company did not record any restructuring-related charges for the nine months ended September 30, 2017 or the period from July 26, 2016 to September 30, 2016. For the period from July 1, 2016 to July 25, 2016, the Company recorded severance expenses and other restructuring-related charges of \$589. Of this amount, \$298, \$135, \$150, and \$6 were recorded on the Central Appalachia (“CAPP”), Northern Appalachia (“NAPP”), Powder River Basin (“PRB”), and Trading & Logistics report segments, respectively. For the period from January 1, 2016 to July 25, 2016, the Company recorded severance expenses and

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

other restructuring-related charges of \$1,614. Of this amount, \$600, \$334, \$658, and \$22 were recorded on the CAPP, NAPP, PRB, and Trading & Logistics report segments, respectively.

The Company did not record any gains or losses related to non-core property divestitures for the nine months ended September 30, 2017 or the period from July 26, 2016 to September 30, 2016. For the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016, the Company recorded losses related to non-core property divestitures of \$29 and \$2,141, respectively, all of which related to the CAPP and NAPP reporting segments.

(9) Dividend Paid

The Company entered into the First Amendment to the Asset-Based Revolving Credit Agreement on June 9, 2017 and the First Amendment to Term Loan Credit Agreement on June 13, 2017. The amendments, among other things, permit an aggregate amount of \$150,000 of cash to be used for the (i) payment of a one-time cash dividend on its common stock no later than July 28, 2017, and (ii) repurchase of its common stock at any time no later than December 31, 2017, subject to certain terms and conditions. See Note 11.

On June 16, 2017, the Company declared a special cash distribution of approximately \$92,786 in the aggregate (the “Special Dividend”), payable to eligible holders of record of its common stock as of the close of business on July 5, 2017, the record date. In addition, pursuant to the terms of the Company’s Management Incentive Plan, dividend equivalent payments of approximately \$7,949 in the aggregate (including the amounts payable with respect to each share underlying outstanding stock option awards and restricted stock unit awards and outstanding restricted common stock under the Management Incentive Plan) were paid to plan participants. The dividend equivalent payments were made on July 11, 2017, and the Special Dividend of \$92,786 was paid on July 12, 2017, which reduced the Company’s retained earnings by \$70,767 and additional paid-in capital by \$22,019. Pursuant to terms of the debt amendments, the Company made an offer to all Term Loan Credit Facility lenders to repay the loans at par concurrently with the payment of the Special Dividend, in an aggregate principal amount equal to \$10,000. All the Term Loan Facility lenders accepted the offer, and the Company repaid \$10,000 on July 13, 2017.

(10) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	Successor	
	September 30, 2017	December 31, 2016
Wages and benefits	\$ 32,646	\$ 32,020
Taxes other than income taxes	27,250	13,208
Income taxes	699	201
Maintenance and repairs contract liability	10,146	9,502
Current portion of asset retirement obligations	4,899	4,298
Freight accrual	1,859	3,006
Interest payable	216	13,574
Deferred revenue	1,500	3,780
Other	12,095	11,275
Total accrued expenses and other current liabilities	<u>\$ 91,310</u>	<u>\$ 90,864</u>

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

(11) Long-Term Debt

Long-term debt consisted of the following:

	Successor	
	September 30, 2017	December 31, 2016
Term Loan Credit Facility - due March 2024	\$ 388,000	\$ —
Term Facility - due July 2020	—	42,500
LC Facility	—	—
Closing Tranche Term Loan - due January 2018	—	8,500
GUC Distribution Note - due January 2018	—	5,500
10% Senior Secured First Lien Notes - due August 2021	—	300,000
Other	5,876	7,024
Debt discount and issuance costs	(18,667)	(14,363)
Total long-term debt	375,209	349,161
Less current portion	(8,420)	(2,324)
Long-term debt, net of current portion	\$ 366,789	\$ 346,837

Term Loan Credit Facility

On March 17, 2017, the Company entered into a Credit Agreement with Jefferies Finance LLC, as administrative agent and collateral agent, and the other lenders party thereto (as defined therein) and UBS Securities LLC, as joint lead arrangers and joint bookrunners, that provides for a term loan facility (the “Term Loan Credit Facility”) in an aggregate amount of \$400,000 with a maturity date of March 17, 2024. Principal repayments equal to \$1,000 are due each March, June, September and December (commencing with June 30, 2017) with the final principal repayment installment repaid on the maturity date and in any event shall be in an amount equal to the aggregate principal amount outstanding on such date. The Term Loan Credit Facility bears an interest rate per annum based on the character of the loan (defined as either “Base Rate Loan” or “Eurocurrency Rate Loan”) plus an applicable rate of 4.00% to 5.00% depending on loan type (the “Applicable Rate”), payable bi-monthly in arrears. As of September 30, 2017, the Term Loan Credit Facility was classified as a Eurocurrency Rate Loan with an interest rate of 6.28%, calculated as the eurocurrency rate during the period plus an applicable rate of 5.00%.

In connection with entering Credit Agreement, the Company paid all of its \$300,000 outstanding 10.00% Senior Secured First Lien Notes due 2021. The proceeds of the Term Loan Credit Facility were also used to repay the \$42,500 outstanding Term Facility due 2020, the \$8,500 outstanding Closing Tranche Term Loan due 2018 and the \$5,500 outstanding GUC Distribution Note due 2018. The Company recorded a loss on early extinguishment of debt of \$38,701, primarily related to a prepayment premium on the 10.00% Senior Secured First Lien Notes and the write-off of outstanding debt discounts on the 10.00% Senior Secured First Lien Notes and GUC Distribution Note.

The Company entered into the First Amendment to the Term Loan Credit Agreement on June 13, 2017. The amendments, among other things, permits an aggregate amount of \$150,000 of cash to be used for the (i) payment of a one-time cash dividend on its common stock no later than July 28, 2017, and (ii) repurchase of its common stock at any time no later than December 31, 2017, subject to certain terms and conditions. Pursuant to terms of the amendment, the Company made an offer to all Term Loan Credit Facility lenders to repay the loans at par concurrently with the payment of the Special Dividend, in an aggregate principal amount equal to \$10,000. All the Term Loan Facility lenders accepted the offer, and the Company repaid \$10,000 on July 13, 2017.

The Term Loan Credit Facility, as amended, and related documents contain negative and affirmative covenants including certain financial covenants. The Company was in compliance with all covenants under these agreements as of September 30, 2017.

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

Asset-Based Revolving Credit Agreement

On April 3, 2017, the Company entered into an Asset-Based Revolving Credit Agreement with Citibank N.A. as administrative agent, collateral agent, and swingline lender and the other lenders party thereto (the “Lenders”), and Citibank N.A., BMO Harris Bank N.A. and Credit Suisse AG as letter of credit issuers (“LC Lenders”). The Asset-Based Revolving Credit Agreement includes a senior secured asset-based revolving credit facility (the “Facility”). Under the Facility, the Company may borrow cash from the Lender or cause the LC Lenders to issue letters of credit, on a revolving basis, in an aggregate amount of up to \$125,000, of which no more than \$80,000 may be drawn through letters of credit. Any borrowings under the Facility will have a maturity date of April 4, 2022 and will bear interest based on the character of the loan (defined as either “Base Rate Loan” or “Eurocurrency Rate Loan”) plus an applicable rate ranging from 1.00% to 1.50% for Base Rate Loans and 2.00% to 2.50% for Eurocurrency Rate Loans, depending on the amount of credit available. The Asset-Based Revolving Credit Agreement provides that a specified percentage of billed, unbilled and approved foreign receivables and raw and clean inventory meeting certain criteria are eligible to be counted for purposes of collateralizing the amount of financing available, subject to certain terms and conditions. As of September 30, 2017, the Company had \$0 borrowings and \$11,300 letters of credit outstanding under the Facility.

The Company entered into the First Amendment to the Asset-Based Revolving Credit Agreement on June 9, 2017. The amendment, among other things, permits an aggregate amount of \$150,000 of cash to be used for the (i) payment of a one-time cash dividend on its common stock no later than July 28, 2017, and (ii) repurchase of its common stock at any time no later than December 31, 2017, subject to certain terms and conditions.

The Asset-Based Revolving Credit Agreement, as amended, and related documents contain negative and affirmative covenants including certain financial covenants. The Company was in compliance with all covenants under these agreements as of September 30, 2017.

Capital Leases

The Company entered into capital leases for certain property and other equipment during 2017 and 2016. The Company’s liability for capital leases totaled \$2,556 and \$2,745, with \$1,117 and \$1,007 reported within the current portion of long-term debt as of September 30, 2017 and December 31, 2016, respectively.

(12) Acquisition-Related Obligations

Acquisition-related obligations consisted of the following:

	Successor	
	September 30, 2017	December 31, 2016
Retiree Committee VEBA Funding Settlement Liability	\$ 7,000	\$ 10,000
UMWA Funds Settlement Liability	7,500	7,500
UMWA VEBA Funding Settlement Liability	—	9,300
UMWA Contingent VEBA Funding Note 1	—	8,750
UMWA Contingent VEBA Funding Note 2	—	8,750
Reclamation Funding Liability	32,000	42,000
Contingent Reclamation Funding Liability ⁽¹⁾⁽²⁾	22,906	20,370
Contingent Credit Support Commitment ⁽¹⁾⁽²⁾	5,252	4,567
Other	2,108	2,261
Discount	(12,745)	(27,152)
Total acquisition-related obligations - long-term	64,021	86,346
Less current portion	(19,545)	(27,258)
Acquisition-related obligations, net of current portion	\$ 44,476	\$ 59,088

⁽¹⁾ Measured using the fair value option. See Note 15 for further disclosures on fair value.

⁽²⁾ On October 23, 2017, Alpha completed a transaction with Lexington Coal Company which eliminated the Company’s obligation related to the Contingent Reclamation Funding Liability and Contingent Credit Support Commitment. The

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

Company will record a gain related to this extinguishment, which will be classified as other operating income in the Consolidated Statement of Operations during the quarter ending December 31, 2017.

The Company entered into various settlement agreements with Alpha and/or the Alpha bankruptcy successor ANR, Inc. (“ANR”) and third parties as part of the Alpha bankruptcy reorganization process. The Company assumed acquisition-related obligations through those settlement agreements which became effective on July 26, 2016, the effective date of Alpha’s plan of reorganization.

Contingent Credit Support Commitment

As of September 30, 2017, ANR had not drawn against the Contingent Commitment. The Company is electing to use the fair value option to measure this liability at each reporting period. During the three and nine months ended September 30, 2017, the Company recorded mark to market losses of \$149 and \$685, respectively, which are classified as other operating expense in the Condensed Consolidated Statement of Operations. As of September 30, 2017, the fair value of the Contingent Commitment was \$5,252, all of which is classified as a loan commitment within acquisition-related obligations - current in the Condensed Consolidated Balance Sheet.

No significant changes in factors were made for the contingent credit support fair value computation during the nine months ended September 30, 2017.

Contingent Funding of Restricted Cash Reclamation

The Company is electing to use the fair value option to measure this liability at each reporting period. During the three and nine months ended September 30, 2017, the Company recorded mark to market losses of \$690 and \$2,536, respectively, which are classified as other operating income in the Condensed Consolidated Statement of Operations. As of September 30, 2017, the carrying value of the Contingent Reclamation Funding Liability was \$22,906, all of which was classified as an acquisition-related obligation - long-term in the Condensed Consolidated Balance Sheet. The Company’s credit-adjusted risk free rate as of September 30, 2017 decreased relative to the rate used to discount the Contingent Reclamation Funding Liability as of December 31, 2016, and a reduction in the required funding of the Contingent Reclamation Funding Liability by the Company, due to contributions by ANR, was offset by the change in discount rate resulting in an overall loss of \$2,536 for the nine months ended September 30, 2017.

UMWA Contingent VEBA Funding Notes

Pursuant to the UMWA VEBA Funding Settlement agreement entered into on July 5, 2016, if federal legislation providing retirement healthcare benefits to the UMWA Retirees had not been enacted or if monies under the legislation had not become available for the benefits before August 1, 2017, on August 1, 2017, the Company would have been required to issue to the VEBA a 7-year 5.00% unsecured note (“UMWA Contingent VEBA Funding Note 1”) with a face value of \$8,750. If federal legislation providing retirement healthcare benefits to the UMWA Retirees had not been enacted or if monies under the legislation had not become available for the benefits before December 1, 2017, on December 1, 2017, the Company would also have been required to issue to the VEBA a 7-year 5.00% unsecured note (“UMWA Contingent VEBA Funding Note 2”) with a face value of \$8,750. On May 5, 2017, federal legislation was passed in an omnibus spending bill which provided funding for retiree healthcare for UMWA Retirees. The Company eliminated all of its remaining carrying value of the UMWA Contingent VEBA Funding Notes 1 and Note 2 of \$4,548 and \$4,498, respectively, and recorded a gain on settlement of \$9,046 which was classified as other operating income in the Condensed Consolidated Statement of Operations during the nine months ending September 30, 2017.

(13) Asset Retirement Obligations

The following table summarizes the changes in asset retirement obligations for the nine months ended September 30, 2017:

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

Successor	
Total asset retirement obligations at December 31, 2016	\$ 191,395
Accretion for the period	16,573
Revisions in estimated cash flows ⁽¹⁾	(1,774)
Expenditures for the period	(1,767)
Total asset retirement obligations at September 30, 2017	\$ 204,427
Less current portion	(4,899)
Long-term portion	<u>\$ 199,528</u>

⁽¹⁾ Deferral of estimated cash out-flows resulting from the approval of a permit for mine life extension within the CAPP Segment. The adjustment was recorded as a reduction to depreciation, depletion, and amortization in the statements of operations for the nine months ended September 30, 2017.

(14) Other Non-Current Liabilities

Other non-current liabilities consisted of the following:

	Successor	
	September 30, 2017	December 31, 2016
Warrants ⁽¹⁾	\$ —	\$ 35,141
Workers' compensation obligations	19,101	17,008
Black lung obligations	15,381	13,501
Life insurance benefits	11,623	11,687
Taxes other than income taxes	12,022	14,727
Other	5,510	5,830
Total other non-current liabilities	<u>\$ 63,637</u>	<u>\$ 97,894</u>

⁽¹⁾ See Note 16.

(15) Fair Value of Financial Instruments and Fair Value Measurements

The estimated fair values of financial instruments are determined based on relevant market information. These estimates involve uncertainty and cannot be determined with precision.

The carrying amounts for cash and cash equivalents, trade accounts receivable, net, prepaid expenses and other current assets, long-term restricted cash, long-term deposits, trade accounts payable, and accrued expenses and other current liabilities approximate fair value as of September 30, 2017 and December 31, 2016 due to the short maturity of these instruments.

The following tables set forth by level, within the fair value hierarchy, the Company's long-term debt at fair value as of September 30, 2017 and December 31, 2016:

	Successor				
	September 30, 2017				
	Carrying Amount ⁽¹⁾	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Term Loan Credit Facility - due March 2024	\$ 369,333	\$ 364,255	\$ 364,255	\$ —	\$ —

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

	Successor				
	December 31, 2016				
	Carrying Amount ⁽¹⁾	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Term Facility - due July 2020	\$ 42,164	\$ 42,164	\$ —	\$ 42,164	\$ —
Closing Tranche Term Loan - due January 2018	8,500	8,500	—	—	8,500
GUC Distribution Note - due January 2018	4,546	4,967	—	—	4,967
10% Senior Secured First Lien Notes - due August 2021	286,927	320,625	320,625	—	—
Total long-term debt	\$ 342,137	\$ 376,256	\$ 320,625	\$ 42,164	\$ 13,467

⁽¹⁾ Net of debt discounts and debt issuance costs.

The following tables set forth by level, within the fair value hierarchy, the Company's acquisition-related obligations at fair value as of September 30, 2017 and December 31, 2016:

	Successor				
	September 30, 2017				
	Carrying Amount ⁽¹⁾	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Retiree Committee VEBA Funding Settlement Liability	\$ 6,015	\$ 6,600	\$ —	\$ —	\$ 6,600
UMWA Funds Settlement Liability	4,654	6,086	—	—	6,086
Reclamation Funding Liability	23,086	28,014	—	—	28,014
Total acquisition-related obligations	\$ 33,755	\$ 40,700	\$ —	\$ —	\$ 40,700

	Successor				
	December 31, 2016				
	Carrying Amount ⁽¹⁾	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Retiree Committee VEBA Funding Settlement Liability	\$ 8,260	\$ 8,937	\$ —	\$ —	\$ 8,937
UMWA Funds Settlement Liability	4,050	5,100	—	—	5,100
UMWA VEBA Funding Settlement Liability	9,037	9,156	—	—	9,156
UMWA Contingent VEBA Funding Note 1	4,307	5,381	—	—	5,381
UMWA Contingent VEBA Funding Note 2	4,270	5,206	—	—	5,206
Reclamation Funding Liability	29,223	33,549	—	—	33,549
Total acquisition-related obligations	\$ 59,147	\$ 67,329	\$ —	\$ —	\$ 67,329

⁽¹⁾ Net of discounts.

The following table sets forth by level, within the fair value hierarchy, the Company's financial and non-financial assets and liabilities that were accounted for at fair value on a recurring basis as of September 30, 2017 and December 31, 2016. Financial and non-financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

measurement requires judgment, and may affect the determination of fair value for assets and liabilities and their placement within the fair value hierarchy levels.

	Successor			
	September 30, 2017			
	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Contingent Credit Support Commitment ⁽²⁾	\$ 5,252	\$ —	\$ —	\$ 5,252
Contingent Reclamation Funding Liability ⁽²⁾	\$ 22,906	\$ —	\$ —	\$ 22,906

	Successor			
	December 31, 2016			
	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Warrants ⁽¹⁾	\$ 35,141	\$ —	\$ —	\$ 35,141
Contingent Credit Support Commitment ⁽²⁾	\$ 4,567	\$ —	\$ —	\$ 4,567
Contingent Reclamation Funding Liability ⁽²⁾	\$ 20,370	\$ —	\$ —	\$ 20,370

⁽¹⁾ See Note 16.

⁽²⁾ See Note 12 for further disclosures on these acquisition-related obligations and their mark-to-market effect on earnings.

The following table is a reconciliation of the financial and non-financial assets and liabilities that were accounted for at fair value on a recurring basis and that were categorized within Level 3 of the fair value hierarchy:

	Successor				
	December 31, 2016 Balance	Settlements	Loss (Gain) Recognized in Earnings	Transfer in (out) of Level 3 fair value hierarchy	September 30, 2017 Balance
Contingent Credit Support Commitment	\$ 4,567	\$ —	\$ 685	\$ —	\$ 5,252
Contingent Reclamation Funding Liability	\$ 20,370	\$ —	\$ 2,536	\$ —	\$ 22,906

For the period from July 26, 2016 to December 31, 2016 and the nine months ended September 30, 2017, the Company fair valued assets and liabilities on a non-recurring basis in connection with acquisition accounting (see Note 2).

The following methods and assumptions were used to estimate the fair values of the assets and liabilities in the tables above.

Level 1 Fair Value Measurements

Term Loan Credit Facility - due March 2024 - The fair value is based on observable market data.

10% Senior Secured First Lien Notes - due August 2021 - The fair value is based on observable market data.

Level 2 Fair Value Measurements

Term Facility - due July 2020 - The Company believes the carrying value of this obligation is a reasonable estimate of fair value as these obligations were repaid at face value without any premium or discount subsequent to December 31, 2016.

Level 3 Fair Value Measurements

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

Closing Tranche Term Loan - due January 2018 - The Company believes the carrying value of this obligation is a reasonable estimate of fair value as these obligations were repaid at face value without any premium or discount subsequent to December 31, 2016.

GUC Distribution Note - due January 2018, Retiree Committee VEBA Funding Settlement Liability, UMWA Funds Settlement Liability, VEBA Funding Settlement Liability, UMWA Contingent VEBA Funding Note 1, UMWA Contingent VEBA Funding Note 2 and Reclamation Funding Liability - Observable transactions are not available to aid in determining the fair value of these items. Therefore, the fair value was derived by using the expected present value approach in which estimated cash flows are discounted using a risk-free interest rate adjusted for market risk.

Contingent Credit Support Commitment - Observable transactions are not available to aid in determining the fair value of this commitment. The fair value of the Contingent Credit Support Commitment was derived by using the present value of the Company's estimated obligation to provide ANR with revolving credit support, discounted using the Company's credit-adjusted risk-free borrowing rate. The Company's estimated obligation to provide ANR with revolving credit support was derived based on a probability-weighted analysis of scenarios developed from ANR's projected cash flows. The present value of the Company's estimated obligation is calculated net of present value of the anticipated ANR repayments, discounted using an estimate of ANR's weighted average cost of capital.

Contingent Reclamation Funding Liability - Observable transactions are not available to aid in determining the fair value of this obligation. The fair value of the Contingent Reclamation Funding Liability was derived by aggregating the present value of the Company's estimated cash flow payments into the various Restricted Cash Reclamation Accounts, using the Company's credit-adjusted risk free rate. The Company's estimated cash flow payments were reduced by the present value of the expected ANR cash flow payments into the various Restricted Cash Reclamation Accounts, discounted at an estimate of ANR's weighted average cost of capital.

Warrants - The fair value of the warrants liability was estimated using a Black-Scholes pricing model and is marked to market at each reporting period with changes in value reflected in earnings. The inputs included in the Black-Scholes pricing model are the Company's OTC market price, the stated exercise price, the remaining time to maturity, the annual risk-free interest rate based on the U.S. Constant Maturity Curve and annualized volatility. The annualized volatility was calculated by observing volatilities for comparable companies with adjustments for the Company's size and leverage.

Acquisition accounting - The Company accounts for business combinations under the acquisition method of accounting. The total cost of acquisitions is allocated to the underlying identifiable net tangible and intangible assets based on their respective estimated fair values. Determining the fair value of assets acquired and liabilities assumed requires management's judgment, the utilization of independent valuation experts and often involves the use of significant estimates and assumptions with respect to the timing and amounts of future cash inflows and outflows, discount rates, market prices and asset lives, among other items.

Long-lived assets - The fair values of certain asset groups were estimated using a discounted cash flow analysis utilizing market-place participant assumptions.

(16) Warrants

On July 26, 2016 (the "Initial Issue Date"), the Company issued 810,811 warrants, each with an initial exercise price of \$55.93 per share of common stock and exercisable for one share of the Company's common stock, par value \$0.01 per share. The warrants are exercisable for cash or on a cashless basis at any time from the Initial Issue Date until July 26, 2023. For the period from July 26, 2016 to December 31, 2016, the warrants were classified within non-current liabilities in our Consolidated Balance Sheet as a derivative liability and were initially and subsequently marked-to-market with changes in value reflected in earnings.

The fair value of the warrant liability for the period from July 26, 2016 to December 31, 2016 was estimated using a Black-Scholes pricing model, with changes in value reflected in earnings. The inputs included in the Black-Scholes pricing model used in the valuation of the warrants included the Company stock price, the stated exercise price, the expected term, the annual risk-free rate based on the U.S. Constant Maturity Curve, and annualized equity volatility. The annualized volatility was calculated by observing volatilities for comparable companies with adjustment for size and leverage. The annualized volatility as of December 31, 2016 decreased relative to the annualized volatility used as of the Acquisition Date due to improvement in

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

the Company's leverage ratio. However, due to significant increases in the Company's stock price as of December 31, 2016 the Company recognized a cumulative mark-to-market loss on the derivative liability of approximately \$33,975 recorded in other expenses within costs and expenses in the Condensed Consolidated Statements of Operations for the period from July 26, 2016 to December 31, 2016. As of December 31, 2016, the warrants derivative liability balance was approximately \$35,141 classified within non-current liabilities in our Condensed Consolidated Balance Sheet.

During July of 2017, the FASB issued ASU 2017-11, which provided updates for Accounting for Certain Financial Instruments with Down Round features. Pursuant to ASU 2017-11, the Company's warrants are considered equity instruments, eliminating the derivative liability treatment and the mark-to-market adjustment requirements. The Company early adopted ASU 2017-11 for the period ended June 30, 2017, with retrospective adjustments to the Condensed Consolidated Balance Sheet through an adjustment of approximately \$33,975 to retained earnings as of the beginning of the current fiscal year for all prior period mark-to-market adjustments and adjustments to the Condensed Consolidated Statement of Operations through the reversal of all year-to-date mark-to-market adjustments. Pursuant to the adoption of ASU 2017-11, as of September 30, 2017, the Company's warrants value at approximately \$1,161 are classified within additional paid-in capital in the Condensed Consolidated Balance Sheet.

Pursuant to the Warrants Agreement dated as of July 26, 2016, the exercise price and the warrant share number were adjusted as a result of the occurrence of the Special Dividend. The warrant share number was adjusted from 1.00 to 1.15, and the exercise price was adjusted from \$55.93 per share to \$48.741 per share as of the July 5, 2017 record date.

As of September 30, 2017, of the 810,811 warrants that were originally issued, 806,833 remain outstanding, with a total of 927,858 shares underlying the un-exercised warrants. For the three months ended September 30, 2017, 132 warrants were exercised with the respective holder paying the exercise price with cash resulting in 145 shares of common stock being issued, and an additional 39 warrants were exercised by the net share settlement feature provided by the warrant agreement, resulting in 16 additional shares of common stock being issued and outstanding and 29 shares being classified as treasury stock. For the nine months ended September 30, 2017, 3,838 warrants were exercised with the respective holder paying the exercise price with cash resulting in 3,851 shares of common stock being issued, and an additional 140 warrants were exercised by the net share settlement feature provided by the warrant agreement, resulting in 36 additional shares of common stock being issued and outstanding and 110 shares being classified as treasury stock.

(17) Income Taxes

For the nine months ended September 30, 2017, the Company recorded income tax expense of \$8,369 on income before income taxes of \$66,250. The income tax expense differs from the expected statutory amount primarily due to the impact of the percentage depletion allowance and the reduction in the valuation allowance. For the period from July 26, 2016 to September 30, 2016, the Company recorded an income tax expense of \$1 on a loss before income taxes of \$45,795. The income tax expense relates to foreign income taxes and differs from the expected statutory amount primarily due to an increase in the valuation allowance and the impact of the non-deductible mark-to-market adjustment for the warrant derivative liability, partially offset by the impact of the percentage depletion allowance.

For the predecessor period from January 1, 2016 to July 25, 2016, the Company recorded income tax benefit of \$34,889 on a loss before income taxes of \$102,101. The income tax benefit differed from the expected statutory amount primarily due to the impact of the percentage depletion allowance, partially offset by an increase in the valuation allowance.

As a result of generating income before income taxes during the nine months ended September 30, 2017, the Company recorded a decrease of \$11,009 to its deferred tax asset valuation allowance recorded as of September 30, 2017. The decrease in valuation allowance results from a decrease in net operating losses and other deferred tax assets since the prior reporting date of December 31, 2016. The valuation allowance associated with those deferred tax assets was released during the nine months ended September 30, 2017. The Company currently is relying primarily on the reversal of taxable temporary differences, along with consideration of taxable income via carryback to prior years, and tax planning strategies to support the realization of deferred tax assets. The Company updates its assessment regarding the realizability of its deferred tax assets including scheduling the reversal of its deferred tax liabilities to determine the amount of valuation allowance needed. Scheduling the reversal of deferred tax asset and liability balances requires judgment and estimation. The Company believes the deferred tax liabilities relied upon as future taxable income in its assessment will reverse in the same period and jurisdiction and are of the same character as the temporary differences giving rise to the deferred tax assets that will be realized. The valuation allowance recorded represents the portion of deferred tax assets for which the Company is unable to support realization through the

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

methods described above. As of September 30, 2017, the Company has recorded a full valuation allowance against its net deferred tax assets.

(18) Employee Benefit Plans

In the Predecessor period, certain of the Company’s employees participated in plans sponsored by Alpha. Alpha provided several types of benefits for its employees, including postemployment health care and life insurance, defined benefit and defined contribution pension plans, and workers’ compensation and black lung benefits.

Postemployment Health Care and Life Insurance, Defined Benefit and Defined Contribution Pension Plans (“Pension and Postretirement”)

Alpha managed its pension and postretirement benefit plans on a combined basis, and claims data and liability information related to the Company are aggregated and combined, by plan, with those related to other Alpha businesses. As a result, pension and postretirement expenses have been recorded on a multi-employer plan basis for the Predecessor period.

The Company recognized \$2,321 and \$19,476 in expenses related to these allocations from Alpha during the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016, respectively, which are reflected in cost of coal sales and selling, general and administrative expenses in the Condensed Combined Statements of Operations. These expenses are part of the Alpha allocations described in the basis of presentation portion of Note 1.

Black Lung

The following table details the components of the net periodic benefit cost for black lung obligations:

	Successor			Predecessor	
	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017	Period from July 26, 2016 to September 30, 2016	Period from July 1, 2016 to July 25, 2016	Period from January 1, 2016 to July 25, 2016
Service cost	\$ 163	\$ 488	\$ 153	\$ 41	\$ 353
Interest cost	159	475	120	80	703
Expected return on plan assets	—	—	—	(3)	(27)
Amortization of net actuarial (gain) loss	(38)	(112)	—	28	206
Amortization of prior service cost	—	—	—	83	824
Curtailment loss	—	—	—	—	2,712
Net periodic expense	\$ 284	\$ 851	\$ 273	\$ 229	\$ 4,771

The Company idled mining operations during the period from January 1, 2016 to July 25, 2016, which resulted in corresponding reductions to the workforce. In connection with these reductions, the Company remeasured its obligations under its black lung obligations. As a result, the Company reduced its black lung obligation by \$696, with an offset recorded in accumulated other comprehensive income (loss).

Deferred Compensation

The Company established a nonqualified deferred compensation plan for certain salaried employees during the nine months ended September 30, 2017. The plan provides key employees of the Company with non-qualified deferred retirement income in excess of what they may be entitled to receive under the Company’s other qualified retirement benefit plans. In accordance with the plan agreement, the plan participants were approved on August 14, 2017. Provisions are made for estimated benefits based on annual evaluations prepared by independent actuaries. Adjustments to the probable ultimate liabilities are made annually based on an actuarial study and adjustments to the liability are recorded based on the results of this study. These obligations are included in the Condensed Consolidated Balance Sheet as accrued expenses and other current liabilities and other non-current liabilities. At September 30, 2017, the Company had \$407 of deferred compensation liability. Benefits under the plan are unfunded.

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

The following table details the components of the net periodic benefit cost for deferred compensation obligations:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Service cost	\$ 407	\$ 407
Net periodic expense	\$ 407	\$ 407

Life Insurance Benefits

As part of the Alpha restructuring and the Retiree Committee Settlement Agreement (see Note 12), the Company assumed the liability for life insurance benefits for certain disabled and non-union retired employees. Provisions are made for estimated benefits based on annual evaluations prepared by independent actuaries. Adjustments to the probable ultimate liabilities are made annually based on an actuarial study and adjustments to the liability are recorded based on the results of this study. These obligations are included in the Condensed Consolidated Balance Sheet as accrued expenses and other current liabilities and other non-current liabilities. At September 30, 2017, the Company had \$12,489 of life insurance benefits liability primarily related to obligations assumed in the acquisition.

The following table details the components of the net periodic benefit cost for life insurance benefit obligations:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017	Period from July 26, 2016 to September 30, 2016
Interest cost	\$ 102	\$ 305	\$ —
Amortization of net actuarial gain	(14)	(41)	—
Net periodic expense	\$ 88	\$ 264	\$ —

Defined Contribution and Profit Sharing Plans

The Company sponsors defined contribution plans to assist its eligible employees in providing for retirement. Generally, under the terms of these plans, employees make voluntary contributions through payroll deductions and the Company makes matching and/or discretionary contributions, as defined by each plan. The Company's total contributions to these plans for the three and nine months ended September 30, 2017 and the period from July 26, 2016 to September 30, 2016 were \$2,155, \$9,608, and \$357, respectively.

In the Predecessor period, certain of the Company's employees participated in defined contribution and profit sharing plans sponsored by Alpha. The amount of contributions allocated to the Company related to the plans totaled \$0 for the period from January 1, 2016 to July 25, 2016.

Self-Insured Medical Plan

The Company is self-insured for health insurance coverage for all of its active employees. Estimated liabilities for health and medical claims are recorded based on the Company's historical experience and include a component for incurred but not paid claims. During the three and nine months ended September 30, 2017 and the period from July 26, 2016 to September 30, 2016, the Company incurred total expenses of \$10,302, \$26,834, and \$6,997, respectively, which primarily includes claims processed and an estimate for claims incurred but not paid.

In Predecessor period, certain of the Company's employees participated in self-insured medical plans sponsored by Alpha. The amount of contributions allocated to the Company related to the plans totaled \$2,548 and \$22,161 for the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016, respectively, which is reflected within cost of coal sales and selling, general and administrative expenses in the Results of Operations.

(19) Stock-Based Compensation Awards

Successor

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

The Management Incentive Plan (the “Plan”) is currently authorized for the issuance of awards of up to 1,201,202 shares of common stock, and as of September 30, 2017, there were no additional shares of common stock available for grant under the Plan.

During the nine months ended September 30, 2017, the Company granted 437,450 shares of restricted stock and 129,520 non-qualified stock options to certain of its officers and key employees under the Plan. The restricted stock shares and non-qualified stock options vest ratably over a three-year period or in the event of a change in control, will fully vest subject to the recipient’s continued employment through such date.

The restricted stock awards granted on March 7, 2017 and July 13, 2017 have a grant date fair value of \$65.50 and \$68.00, respectively, based on the Company’s stock price at the date of grant. The non-qualified stock options, granted on March 7, 2017, have an exercise price of \$66.13 with a 10-year expiration from the date of grant. The non-qualified stock options have a grant date fair value of \$37.44 based on a Black-Scholes pricing model. The Black-Scholes pricing model incorporates the assumptions as presented in the following table:

	Successor
	Nine Months Ended September 30, 2017
Stock price	\$ 65.50
Exercise price	\$ 66.13
Expected term ⁽¹⁾	6.00
Annual risk-free interest rate ⁽²⁾	2.18%
Annualized volatility ⁽³⁾	60.9%

⁽¹⁾ The expected term represents the period of time that awards granted are expected to be outstanding.

⁽²⁾ The annual risk-free interest rate is based on the U.S. Constant Maturity Curve with a term equal to the award’s expected term on date of grant.

⁽³⁾ The annualized volatility is calculated by observing volatilities for comparable companies with adjustments for the Company’s size and leverage.

Additionally, during the nine months ended September 30, 2017, the Company granted 5,504 time-based restricted stock units to its non-employee directors. These time-based units granted to the Company’s non-employee directors will vest on the first to occur of (i) the stated anniversary of the date of grant, (ii) the director’s separation from service (as defined in Section 409A of the Internal Revenue Code) due to the directors’ death or disability, and (iii) a change in control, subject in each case to the director’s continuous service with the Company through such date. Upon settlement of time-based stock units, the Company issues authorized and unissued shares of the Company’s common stock to the recipient. The time-based restricted stock units granted on May 31, 2017, June 9, 2017, and July 13, 2017 have a grant date fair value of \$74.00, \$73.00, and \$68.00, respectively, based on the Company’s stock price at the date of grant.

Additionally, during the nine months ended September 30, 2017, the Company awarded certain of its non-employee directors 6,700 time-based restricted stock units with a grant date fair value of \$62.55, based on the Company’s stock price at the date of grant. As of the date of the awards the Company did not have sufficient authorized and unissued common shares to settle these awards and the awards will be settled cash, unless shares become available for issuance under the Plan. Therefore, the obligation to issue common shares was classified as a liability. The Company’s liability for all outstanding liability awards totaled \$34 as of September 30, 2017. These time-based units granted to the Company’s non-employee directors will vest on the first to occur of (i) the stated anniversary of the date of grant, (ii) the director’s separation from service (as defined in Section 409A of the Internal Revenue Code) due to the directors’ death or disability, and (iii) a change in control, subject in each case to the director’s continuous service with the Company through such date.

At September 30, 2017, the Company had three types of stock-based awards outstanding: time-based restricted stock units, time-based restricted stock shares, and stock options. Stock-based compensation expense recorded by the Company totaled \$5,348, \$11,946, and \$1,941 for the three and nine months ended September 30, 2017 and the period from July 26, 2016 to September 30, 2016, respectively. For the three and nine months ended September 30, 2017 and the period from July 26, 2016 to September 30, 2016, \$5,047, \$11,277, and \$1,800, respectively, of stock-based compensation expense was reported as selling, general and administrative expenses and \$301, \$669, and \$141, respectively, was recorded as cost of coal sales.

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

The Company is authorized to repurchase common shares from employees (upon the election by the employee) to satisfy the employees' statutory tax withholdings upon the vesting of stock grants. Shares that are repurchased to satisfy the employees' statutory tax withholdings are recorded in treasury stock at cost. The Company did not repurchase any common shares from employees to satisfy employees' statutory tax withholdings upon the vesting of stock grants during the nine months ended September 30, 2017. On September 15, 2017, the Company repurchased 309,310 shares of its common stock issued pursuant to awards under the Plan for a total purchase amount of \$17,445, or \$56.40 per share.

Alpha

In the Predecessor period, Alpha sponsored certain employee stock plans in which certain Company employees participated.

The Amended and Restated 2012 Long-Term Incentive Plan ("LTIP") was authorized for the issuance of awards of up to 13,100,000 shares of common stock, and as of July 25, 2016, 7,218,657 shares of common stock were available for grant under the plan.

Alpha did not grant any stock-based awards during the period from January 1, 2016 to July 25, 2016. Alpha's liability for all outstanding liability awards totaled \$0 at July 25, 2016.

At July 25, 2016, Alpha had three types of stock-based awards outstanding: restricted share units (both time-based and performance-based), restricted cash units (both time-based and performance-based), and stock options. As a result of Alpha's bankruptcy filing, Alpha was no longer settling pre-petition awards. Stock-based compensation expense recorded by the Company totaled \$70 and \$658 for the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016, respectively. For the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016, \$73 and \$526, respectively, of stock-based compensation expense was reported as selling, general and administrative expenses and (\$3) and \$132, respectively, was recorded as cost of coal sales.

Alpha was authorized to repurchase common shares from employees (upon the election by the employee) to satisfy the employees' minimum statutory tax withholdings upon the vesting of restricted stock and restricted share units (both time-based and performance-based). Shares that were repurchased to satisfy the employees' minimum statutory tax withholdings were recorded in treasury stock at cost. Alpha did not repurchase any common shares from employees during the period from January 1, 2016 to July 25, 2016. The Successor did not assume any of the pre-emergence stock-based awards issued by Alpha.

(20) Reorganization Items

Reorganization items consisted of the following:

	Predecessor	
	Period from July 1, 2016 to July 25, 2016	Period from January 1, 2016 to July 25, 2016
Professional fees ⁽¹⁾	\$ (4,312)	\$ (28,652)
Provision for rejected contracts and leases	(1)	(3,524)
Trade accounts payable and other	(460)	1,103
Reorganization items, net	\$ (4,773)	\$ (31,073)

⁽¹⁾ Net cash paid for reorganization items for the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016 totaled approximately \$3,825 and \$27,236, respectively, related to professional fees.

(21) Related Party Transactions

Successor

There were no material related party transactions for the nine months ended September 30, 2017.

Predecessor

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

As discussed in Note 1, the Condensed Predecessor Financial Statements include direct costs of the Company incurred by Alpha on the Company's behalf and an allocation of general corporate expenses of Alpha which were not historically allocated to the Company for certain support functions that were provided on a centralized basis within Alpha and not recorded at the business unit level, such as expenses related to engineering, finance, human resources, information technology, sales and logistics, and legal, among others, and that would have been incurred had the Company been a separate, stand-alone entity. All significant affiliate transactions between Contura and Alpha have been included in these Financial Statements and are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these affiliate transactions represents capital contributions from or distributions to Alpha and therefore is reflected in the accompanying Statements of Cash Flows as a financing activity.

During the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016, the Company was allocated \$5,861 and \$57,217, respectively, of indirect general corporate expenses incurred by Alpha, which are included within cost of coal sales and selling, general and administrative expenses in the Statements of Operations. These amounts exclude allocated reorganization items, which are discussed in Note 20.

(22) Commitments and Contingencies

(a) General

Estimated losses from loss contingencies are accrued by a charge to income when information available indicates that it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated.

If a loss contingency is not probable or reasonably estimable, disclosure of the loss contingency is made in the Financial Statements when it is at least reasonably possible that a loss may be incurred and that the loss could be material.

(b) Commitments and Contingencies

Commitments

The Company leases coal mining and other equipment under long-term capital and operating leases with varying terms. In addition, the Company leases mineral interests and surface rights from land owners under various terms and royalty rates.

Net rent expense under operating leases was \$948, \$3,026, and \$695 and coal royalty expense was \$17,212, \$50,369, and \$12,283 for the three and nine months ended September 30, 2017 and the period from July 26, 2016 to September 30, 2016, respectively. Net rent expense under operating leases was \$246 and \$1,439 and coal royalty expense was \$4,402 and \$30,722 for the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016, respectively.

Other Commitments

The Company has obligations under certain coal purchase agreements that contain minimum quantities to be purchased in the remainder of 2017, 2018, 2019, and 2020 totaling \$101,484, \$80,543, \$11,988 and \$1,938, respectively. The Company also has obligations under certain equipment purchase agreements that contain minimum quantities to be purchased in 2017 and 2018 totaling \$28,439 and \$2,157, respectively.

Contingencies

Extensive regulation of the impacts of mining on the environment and of maintaining workplace safety has had and is expected to continue to have a significant effect on the Company's costs of production and results of operations. Further regulations, legislation or litigation in these areas may also cause the Company's sales or profitability to decline by increasing costs or by hindering the Company's ability to continue mining at existing operations or to permit new operations.

During the normal course of business, contract-related matters arise between the Company and its customers. When a loss related to such matters is considered probable and can reasonably be estimated, the Company records a liability.

(c) Guarantees and Financial Instruments with Off-Balance Sheet Risk

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

In the normal course of business, the Company is a party to certain guarantees and financial instruments with off-balance sheet risk, such as bank letters of credit, performance or surety bonds, and other guarantees and indemnities related to the obligations of affiliated entities which are not reflected in the Company's Balance Sheet. As of September 30, 2017, the Company had outstanding surety bonds with a total face amount of \$403,265 to secure various obligations and commitments.

As of September 30, 2017, the Company had real property collateralizing \$26,749 of reclamation bonds.

Letters of Credit

As of September 30, 2017, the Company had \$11,300 letters of credit outstanding under the Asset-Based Revolving Credit Agreement.

(d) Legal Proceedings

The Company could become party to legal proceedings from time to time. These proceedings, as well as governmental examinations, could involve various business units and a variety of claims including, but not limited to, contract disputes, personal injury claims, property damage claims (including those resulting from blasting, trucking and flooding), environmental and safety issues, and employment matters. While some legal matters may specify the damages claimed by the plaintiffs, many seek an unquantified amount of damages. Even when the amount of damages claimed against the Company or its subsidiaries is stated, (i) the claimed amount may be exaggerated or unsupported; (ii) the claim may be based on a novel legal theory or involve a large number of parties; (iii) there may be uncertainty as to the likelihood of a class being certified or the ultimate size of the class; (iv) there may be uncertainty as to the outcome of pending appeals or motions; and/or (v) there may be significant factual issues to be resolved. As a result, if such legal matters arise in the future the Company may be unable to estimate a range of possible loss for matters that have not yet progressed sufficiently through discovery and development of important factual information and legal issues. The Company records accruals based on an estimate of the ultimate outcome of these matters, but these estimates can be difficult to determine and involve significant judgment.

(23) Segment Information

The Company extracts, processes and markets steam and met coal from surface and deep mines for sale to electric utilities, steel and coke producers, and industrial customers. The Company operates only in the United States with mines in Northern and Central Appalachia and the Powder River Basin. The Company has four reportable segments: CAPP, NAPP, PRB and Trading and Logistics. CAPP consists of eight active mines and two preparation plants in Virginia, one active mine and one preparation plant in West Virginia, as well as expenses associated with certain closed mines. NAPP consists of one active mine in Pennsylvania and one preparation plant, as well as expenses associated with one closed mine. PRB consists of two active mines in Wyoming. Trading and Logistics segment primarily engages in coal trading activities and coal terminal services.

In addition to the four reportable segments, the All Other category includes general corporate overhead and corporate assets and liabilities.

The operating results of these reportable segments are regularly reviewed by the Chief Operating Decision Maker ("CODM"), who is the Chief Executive Officer of the Company.

Segment operating results and capital expenditures for the three months ended September 30, 2017 were as follows:

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

	Successor					
	Three Months Ended September 30, 2017					
	CAPP	NAPP	PRB	Trading and Logistics	All Other	Consolidated
Total revenues	\$ 108,996	\$ 66,624	\$ 100,392	\$ 206,749	\$ 168	\$ 482,929
Depreciation, depletion, and amortization	\$ 2,736	\$ 4,544	\$ 7,650	\$ —	\$ 224	\$ 15,154
Amortization of acquired intangibles, net	\$ —	\$ —	\$ —	\$ 14,868	\$ —	\$ 14,868
Adjusted EBITDA ⁽¹⁾	\$ 34,433	\$ 2,021	\$ 14,528	\$ 15,481	\$ (15,748)	\$ 50,715
Capital expenditures	\$ 3,645	\$ 14,156	\$ 3,093	\$ —	\$ —	\$ 20,894

⁽¹⁾ The Company's Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, to align with industry peer group methodology.

Segment operating results and capital expenditures for the nine months ended September 30, 2017 were as follows:

	Successor					
	Nine Months Ended September 30, 2017					
	CAPP	NAPP	PRB	Trading and Logistics	All Other	Consolidated
Total revenues	\$ 369,600	\$ 243,604	\$ 272,848	\$ 683,558	\$ 562	\$1,570,172
Depreciation, depletion, and amortization	\$ 13,447	\$ 11,206	\$ 24,139	\$ —	\$ 639	\$ 49,431
Amortization of acquired intangibles, net	\$ —	\$ —	\$ —	\$ 49,111	\$ —	\$ 49,111
Adjusted EBITDA ⁽¹⁾	\$ 146,692	\$ 55,608	\$ 33,289	\$ 66,314	\$ (46,468)	\$ 255,435
Capital expenditures	\$ 10,834	\$ 36,365	\$ 8,145	\$ —	\$ 1,059	\$ 56,403

⁽¹⁾ The Company's Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, to align with industry peer group methodology.

Segment operating results and capital expenditures for the period from July 26, 2016 to September 30, 2016 were as follows:

	Successor					
	Period from July 26, 2016 to September 30, 2016					
	CAPP	NAPP	PRB	Trading and Logistics	All Other	Combined
Total revenues	\$ 38,069	\$ 42,808	\$ 80,942	\$ 83,490	\$ 104	\$ 245,413
Depreciation, depletion, and amortization	\$ 3,540	\$ 2,537	\$ 16,015	\$ —	\$ 138	\$ 22,230
Amortization of acquired intangibles, net	\$ —	\$ —	\$ —	\$ 23,562	\$ —	\$ 23,562
Adjusted EBITDA ⁽¹⁾	\$ 6,183	\$ 3,662	\$ 23,743	\$ 5,800	\$ (9,181)	\$ 30,207
Capital expenditures	\$ 914	\$ 7,493	\$ 3,793	\$ —	\$ 573	\$ 12,773

⁽¹⁾ The Company's Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, to align with industry peer group methodology.

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

Segment operating results and capital expenditures for the period from July 1, 2016 to July 25, 2016 were as follows:

	Predecessor					
	Period from July 1, 2016 to July 25, 2016					
	CAPP	NAPP	PRB	Trading and Logistics	All Other	Combined
Total revenues	\$ 19,568	\$ 31,853	\$ 30,472	\$ 397	\$ —	\$ 82,290
Depreciation, depletion, and amortization	\$ 1,747	\$ 6,055	\$ 2,758	\$ (733)	\$ 832	\$ 10,659
Amortization of acquired intangibles, net	\$ —	\$ 11,104	\$ —	\$ —	\$ —	\$ 11,104
Adjusted EBITDA ⁽¹⁾	\$ 2,368	\$ 11,064	\$ 9,811	\$ (57)	\$ (3,478)	\$ 19,708
Capital expenditures	\$ 242	\$ 1,400	\$ 1,086	\$ —	\$ —	\$ 2,728

⁽¹⁾ The Company's Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, to align with industry peer group methodology.

Segment operating results and capital expenditures for the period from January 1, 2016 to July 25, 2016 were as follows:

	Predecessor					
	Period from January 1, 2016 to July 25, 2016					
	CAPP	NAPP	PRB	Trading and Logistics	All Other	Combined
Total revenues	\$ 169,411	\$ 229,323	\$ 196,827	\$ 12,377	\$ —	\$ 607,938
Depreciation, depletion, and amortization	\$ 15,389	\$ 49,852	\$ 19,303	\$ 3	\$ 832	\$ 85,379
Amortization of acquired intangibles, net	\$ —	\$ 11,567	\$ —	\$ —	\$ —	\$ 11,567
Adjusted EBITDA ⁽¹⁾	\$ 591	\$ 35,454	\$ 36,819	\$ (1,180)	\$ (29,571)	\$ 42,113
Capital expenditures	\$ 894	\$ 14,468	\$ 8,071	\$ —	\$ —	\$ 23,433

⁽¹⁾ The Company's Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, to align with industry peer group methodology.

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

The following table presents a reconciliation of net income (loss) to adjusted EBITDA for the three months ended September 30, 2017:

	Successor					
	Three Months Ended September 30, 2017					
	CAPP	NAPP	PRB	Trading and Logistics	All Other	Consolidated
Net income (loss)	\$ 30,238	\$ (3,300)	\$ 3,724	\$ 613	\$ (21,116)	\$ 10,159
Interest expense	1	(264)	132	—	8,729	8,598
Interest income	(3)	—	—	—	(40)	(43)
Income tax benefit	—	—	—	—	(5,076)	(5,076)
Depreciation, depletion and amortization	2,736	4,544	7,650	—	224	15,154
Mark-to-market adjustment - acquisition-related obligations	—	—	—	—	839	839
Secondary offering costs	—	—	—	—	1,061	1,061
Bargain purchase gain	—	—	—	—	(369)	(369)
Accretion expense	1,461	1,041	3,022	—	—	5,524
Amortization of acquired intangibles, net	—	—	—	14,868	—	14,868
Adjusted EBITDA ⁽¹⁾	<u>\$ 34,433</u>	<u>\$ 2,021</u>	<u>\$ 14,528</u>	<u>\$ 15,481</u>	<u>\$ (15,748)</u>	<u>\$ 50,715</u>

⁽¹⁾ The Company's Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, to align with industry peer group methodology.

The following table presents a reconciliation of net income (loss) to adjusted EBITDA for the nine months ended September 30, 2017:

	Successor					
	Nine Months Ended September 30, 2017					
	CAPP	NAPP	PRB	Trading and Logistics	All Other	Consolidated
Net income (loss)	\$ 128,584	\$ 41,855	\$ (276)	\$ 17,203	\$ (129,485)	\$ 57,881
Interest expense	(92)	(633)	293	—	28,805	28,373
Interest income	(8)	—	—	—	(108)	(116)
Income tax expense	—	—	—	—	8,369	8,369
Depreciation, depletion and amortization	13,447	11,206	24,139	—	639	49,431
Mark-to-market adjustment - acquisition-related obligations	—	—	—	—	3,221	3,221
Gain on settlement of acquisition-related obligations	—	—	—	—	(9,200)	(9,200)
Secondary offering costs	—	—	—	—	4,499	4,499
Loss on early extinguishment of debt	—	—	—	—	38,701	38,701
Bargain purchase gain	—	—	—	—	(1,011)	(1,011)
Accretion expense	4,384	3,123	9,066	—	—	16,573
Amortization of acquired intangibles, net	—	—	—	49,111	—	49,111
Expenses related to special dividend	377	57	67	—	9,102	9,603
Adjusted EBITDA ⁽¹⁾	<u>\$ 146,692</u>	<u>\$ 55,608</u>	<u>\$ 33,289</u>	<u>\$ 66,314</u>	<u>\$ (46,468)</u>	<u>\$ 255,435</u>

⁽¹⁾ The Company's Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, to align with industry peer group methodology.

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

The following table presents a reconciliation of net (loss) income to adjusted EBITDA for the period from July 26, 2016 to September 30, 2016:

	Successor					
	Period from July 26, 2016 to September 30, 2016					
	CAPP	NAPP	PRB	Trading and Logistics	All Other	Combined
Net (loss) income	\$ 1,579	\$ 58	\$ 5,074	\$ (17,762)	\$ (34,745)	\$ (45,796)
Interest expense	35	68	112	—	8,875	9,090
Interest income	—	—	—	—	(2)	(2)
Income tax expense	—	—	—	—	1	1
Depreciation, depletion and amortization	3,540	2,537	16,015	—	138	22,230
Mark-to-market adjustment for warrant derivative liability	—	—	—	—	16,552	16,552
Accretion expense	1,029	999	2,542	—	—	4,570
Amortization of acquired intangibles, net	—	—	—	23,562	—	23,562
Adjusted EBITDA ⁽¹⁾	<u>\$ 6,183</u>	<u>\$ 3,662</u>	<u>\$ 23,743</u>	<u>\$ 5,800</u>	<u>\$ (9,181)</u>	<u>\$ 30,207</u>

⁽¹⁾ The Company's Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, to align with industry peer group methodology.

The following table presents a reconciliation of net (loss) income to adjusted EBITDA for the period from July 1, 2016 to July 25, 2016:

	Predecessor					
	Period from July 1, 2016 to July 25, 2016					
	CAPP	NAPP	PRB	Trading and Logistics	All Other	Combined
Net (loss) income	\$ (1,040)	\$ (8,771)	\$ 4,549	\$ 631	\$ (2,332)	\$ (6,963)
Interest expense	—	—	22	—	—	22
Interest income	(1)	24	(1)	—	—	22
Income tax benefit	—	—	—	—	(1,981)	(1,981)
Depreciation, depletion and amortization	1,747	6,055	2,758	(733)	832	10,659
Reorganization items, net	1,179	2,096	1,455	40	3	4,773
Asset impairment and restructuring	290	172	151	5	—	618
Accretion expense	193	384	877	—	—	1,454
Amortization of acquired intangibles, net	—	11,104	—	—	—	11,104
Adjusted EBITDA ⁽¹⁾	<u>\$ 2,368</u>	<u>\$ 11,064</u>	<u>\$ 9,811</u>	<u>\$ (57)</u>	<u>\$ (3,478)</u>	<u>\$ 19,708</u>

⁽¹⁾ The Company's Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, to align with industry peer group methodology.

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

The following table presents a reconciliation of net (loss) income to adjusted EBITDA for the period from January 1, 2016 to July 25, 2016:

	Predecessor					
	Period from January 1, 2016 to July 25, 2016					
	CAPP	NAPP	PRB	Trading and Logistics	All Other	Combined
Net (loss) income	\$ (26,407)	\$ (43,143)	\$ (679)	\$ (1,452)	\$ 4,469	\$ (67,212)
Interest expense	2	—	61	—	—	63
Interest income	(9)	(10)	(10)	—	—	(29)
Income tax benefit	—	—	—	—	(34,889)	(34,889)
Depreciation, depletion and amortization	15,389	49,852	19,303	3	832	85,379
Reorganization items, net	8,196	12,528	10,084	248	17	31,073
Asset impairment and restructuring	1,667	1,408	659	21	—	3,755
Accretion expense	1,753	3,252	7,401	—	—	12,406
Amortization of acquired intangibles, net	—	11,567	—	—	—	11,567
Adjusted EBITDA ⁽¹⁾	<u>\$ 591</u>	<u>\$ 35,454</u>	<u>\$ 36,819</u>	<u>\$ (1,180)</u>	<u>\$ (29,571)</u>	<u>\$ 42,113</u>

⁽¹⁾ The Company's Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, to align with industry peer group methodology.

No asset information has been provided for these reportable segments as the CODM does not regularly review asset information by reportable segment.

The Company markets produced, processed and purchased coal to customers in the United States and in international markets, primarily India, Italy, France, Mexico, and Brazil. Export coal revenues, including freight and handling revenues, were the following:

	Successor			Predecessor	
	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017	Period from July 26, 2016 to September 30, 2016	Period from July 1, 2016 to July 25, 2016	Period from January 1, 2016 to July 25, 2016
Total coal revenue ⁽¹⁾	\$ 479,425	\$ 1,559,008	\$ 242,814	\$ 71,977	\$ 589,396
Export coal revenue ⁽¹⁾⁽²⁾	\$ 291,627	\$ 984,965	\$ 111,156	\$ 12,133	\$ 155,735
Export coal revenue as % of total coal revenue ⁽¹⁾	61%	63%	46%	17%	26%

⁽¹⁾ Amounts include freight and handling revenues

⁽²⁾ The amounts for the three and nine months ended September 30, 2017 include \$68,206 and \$268,924, respectively, of export coal revenue, including freight and handling revenue, from external customers in India. Revenue is tracked within the Company's accounting records based on the product destination.

(24) Investment in Unconsolidated Affiliate

Dominion Terminal Associates ("DTA")

On March 31, 2017, the Company acquired a portion of another partner's interest in DTA for \$13,293 thereby increasing its ownership in DTA to sixty-five percent. DTA is reliant upon continuous cash contributions from the partners to fund its operating costs. The Company's cash contributions totaled \$4,160 for the nine months ended September 30, 2017. The capital contributions which increase the capital accounts of the respective partners are a form of future subordinated financial support required by DTA to finance its activities. As a result, the Company has concluded DTA does not have sufficient equity investment to finance its activities without the support from the equity partners and is a variable interest entity. Prior to the purchase of the additional interest in DTA, no single party held a majority ownership interest in DTA. After the transaction, there are two remaining owners and Contura holds a sixty-five percent voting ownership interest in DTA. However, two representatives must be present for business to be conducted and consent and unanimous approval of both the members is

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

required for decisions to be taken. Further, there are no provisions that allow either party to override or otherwise unilaterally make a decision. As a result, the Company has concluded that it does not have the power to direct the activities that most significantly impact its economic performance and therefore is not the primary beneficiary. Accordingly, the Company continues to apply the equity method of accounting.

The Company recorded equity method losses, before taxes, from DTA of (\$411), (\$2,121), and (\$1,045) for the three and nine months ended September 30, 2017 and the period from July 26, 2016 to September 30, 2016, respectively, which are reflected within equity loss in affiliates in the Statements of Operations. The Company recorded equity method losses, before taxes, from DTA of (\$104) and (\$2,735) for the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016, respectively, which are reflected within equity loss in affiliates in the Statements of Operations. As of September 30, 2017 and December 31, 2016, the Company's investment in DTA was \$15,782 and \$172, respectively, and is recorded within other non-current assets within the Balance Sheets.

Condensed balance sheet information as of September 30, 2017 and December 31, 2016 and condensed income statement information for the three and nine months ended September 30, 2017, the period from July 26, 2016 to September 30, 2016, the period from July 1, 2016 to July 25, 2016, and the period from January 1, 2016 to July 25, 2016 for DTA is presented in the tables that follow.

	Successor	
	September 30, 2017	December 31, 2016
Current assets	\$ 5,590	\$ 3,453
Non-current assets	\$ 61,651	\$ 63,630
Current liabilities	\$ 1,767	\$ 1,397
Non-current liabilities	\$ 6,674	\$ 7,147
Partners' equity	\$ 58,800	\$ 58,538

	Successor			Predecessor	
	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017	Period from July 26, 2016 to September 30, 2016	Period from July 1, 2016 to July 25, 2016	Period from January 1, 2016 to July 25, 2016
Operating expenses	\$ 6,162	\$ 18,153	\$ 3,668	\$ 1,826	\$ 12,271
Other income, net	\$ (5,114)	\$ (11,338)	\$ (1,435)	\$ (619)	\$ (5,032)
Total expenses, net	\$ 1,048	\$ 6,815	\$ 2,233	\$ 1,207	\$ 7,239
Contributions from partners to fund continuing operations	\$ 1,352	\$ 7,077	\$ 1,830	\$ 192	\$ 4,883
Expenses (over)/under contributions	\$ 304	\$ 262	\$ (403)	\$ (1,015)	\$ (2,356)
Depreciation and amortization	\$ 1,100	\$ 3,284	\$ 655	\$ 376	\$ 2,413

(25) Subsequent Events

The Company's subsequent events have been evaluated through November 27, 2017, the date at which the Consolidated Financial Statements were available to be issued.

On September 26, 2017, the Company announced that it had commenced a modified "Dutch Auction" tender offer to repurchase up to \$31,800 of its common stock. Contura stockholders may tender all or a portion of their shares (1) at a price specified by the tendering stockholder of not less than \$58.00 per share and not more than \$64.00 per share or (2) without specifying a purchase price, in which case their shares will be purchased at the purchase price determined in accordance with the tender offer. When the tender offer expires, Contura will determine the lowest price within the range of prices specified above that allows it to purchase up to an aggregate of \$31,800 of its common stock. Stockholders will receive the purchase price in cash, subject to applicable withholding and without interest. The stockholders' shares must have been tendered at prices equal to or less than the purchase price determined after the tender offer window closes, subject to conditions of the offer. These conditions include provisions related to proration, odd lot priority and conditional tenders in the case that the total cost to purchase all of the shares tendered at or below the purchase price is more than \$31,800. The Company will fund the tender offer with existing cash on its balance sheet. On October 25, 2017, the Company announced that it would be extending the expiration

CONTURA ENERGY, INC. AND SUBSIDIARIES AND PREDECESSOR
Notes to Condensed Financial Statements
(Unaudited, amounts in thousands except share and per share data)

date of the tender offer from the end of the day on October 24, 2017 to the end of the day on November 15, 2017. On November 6, 2017, the Company announced that it would extend the expiration date of the tender offer until the end of the day on December 15, 2017. Upon completion of the tender offer, provisions within the Company's Term Loan Credit Facility and Asset-Based Revolving Credit Agreement will limit the ability of the Company to make future repurchases of its common stock.

On October 23, 2017, Alpha completed a transaction with Lexington Coal Company ("LCC"), which included the transfer by Alpha to LCC of certain idle and non-active assets and other real and personal properties located in Kentucky, Tennessee and West Virginia. As a result of that transaction, the Company will record a gain related to the extinguishment of \$29,686 of its carrying value of acquisition-related obligations, primarily related to the Contingent Reclamation Funding Liability and Contingent Credit Support Commitment. The Company will record this gain as other operating income in the Consolidated Statement of Operations during the quarter ending December 31, 2017.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides a narrative of our results of operations and financial condition for the three and nine months ended September 30, 2017 and the period from July 26, 2016 to September 30, 2016 (Successor), and on a carve-out basis for the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016 (Predecessor). You should read the following discussion of our results of operations and financial condition in conjunction with the accompanying audited and unaudited Successor consolidated financial statements and Predecessor combined financial statements included elsewhere in this report. See Note 1 to the financial statements included elsewhere in this report for further disclosures on the basis of presentation, as the Predecessor periods presented herein include the assets, liabilities, operating results and cash flows of Contura, prepared on a carve-out basis using Alpha's historical bases in the assets and liabilities and the historical results of operations of Contura.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This report includes statements of our expectations, intentions, plans and beliefs that constitute "forward-looking statements". These statements, which involve risks and uncertainties, relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable and may also relate to our future prospects, developments and business strategies. We have used the words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "should" and similar terms and phrases, including references to assumptions, in this report to identify forward-looking statements. These forward-looking statements are made based on expectations and beliefs concerning future events affecting us and are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed in or implied by these forward-looking statements.

The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

- our liquidity, results of operations and financial condition;
- depressed levels or declines in coal prices;
- worldwide market demand for coal, electricity and steel, including demand for U.S. coal exports, and competition in coal markets;
- utilities switching to alternative energy sources such as natural gas, renewables and coal from basins where we do not operate;
- reductions or increases in customer coal inventories and the timing of those changes;
- our production capabilities and costs;
- inherent risks of coal mining beyond our control;
- changes in domestic or environmental laws and regulations, and court decisions, including those directly affecting our coal mining and production, and those affecting our customers' coal usage, including potential climate change initiatives;
- our relationships with, and other conditions affecting, our customers, including the inability to collect payments from our customers if their creditworthiness declines;
- changes in, renewal or acquisition of, terms of and performance of customers under coal supply arrangements and the refusal by our customers to receive coal under agreed contract terms;
- our ability to obtain, maintain or renew any necessary permits or rights, and our ability to mine properties due to defects in title on leasehold interests;
- attracting and retaining key personnel and other employee workforce factors, such as labor relations;
- funding for and changes in employee benefit obligations;
- cybersecurity attacks or failures, threats to physical security, extreme weather conditions or other natural disasters;
- reclamation and mine closure obligations;
- our assumptions concerning economically recoverable coal reserve estimates;
- our ability to negotiate new United Mine Workers of America wage agreements on terms acceptable to us, increased unionization of our workforce in the future, and any strikes by our workforce;
- disruptions in delivery or changes in pricing from third party vendors of key equipment and materials that are necessary for our operations, such as diesel fuel, steel products, explosives and tires;
- inflationary pressures on supplies and labor and significant or rapid increases in commodity prices;
- railroad, barge, truck and other transportation availability, performance and costs;
- disruption in third party coal supplies;
- the consummation of financing or refinancing transactions, acquisitions or dispositions and the related effects on our business and financial position;

- our indebtedness and potential future indebtedness;
- our ability to generate sufficient cash or obtain financing to fund our business operations; and
- our ability to obtain or renew surety bonds on acceptable terms or maintain our current bonding status.

When considering these forward-looking statements, you should keep in mind the cautionary statements in this report. We do not undertake any responsibility to release publicly any revisions to these forward-looking statements to take into account events or circumstances that occur after the date of this report. Additionally, we do not undertake any responsibility to update you on the occurrence of any unanticipated events, which may cause actual results to differ from those expressed or implied by the forward-looking statements contained in this report.

Non-GAAP Financial Measures

The discussion below contains “non-GAAP financial measures.” These are financial measures which either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with generally accepted accounting principles in the United States (“GAAP”). Specifically, we make use of the non-GAAP financial measure “Adjusted EBITDA.” Adjusted EBITDA does not purport to be an alternative to net income (loss) as a measure of operating performance. The presentation of this measure should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP.

Management uses non-GAAP financial measures to supplement GAAP results to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. Because not all companies use identical calculations, the presentations of these measures may not be comparable to other similarly titled measures of other companies and can differ significantly from company to company depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate, and capital investments.

Overview

We are a large-scale, diversified provider of met and steam coal to a global customer base, operating high-quality, cost-competitive coal mines across three major U.S. coal basins (CAPP, NAPP, and the PRB) along with a robust Trading and Logistics business. As of September 30, 2017, our operations consisted of twelve active mines and four coal preparation and load-out facilities, with approximately 2,300 employees. We produce, process and sell steam coal and met coal from operations located in Virginia, West Virginia, Pennsylvania and Wyoming. We also sell coal produced by others, some of which is processed and/or blended with coal produced from our mines prior to resale, with the remainder purchased for resale by our trading operations.

We were formed to acquire and operate certain of Alpha’s former core coal operations, as part of the Alpha restructuring. We began operations on July 26, 2016, with mining complexes in NAPP (including the Cumberland mine complex), the PRB (the Belle Ayr and Eagle Butte complexes), and three CAPP mining complexes (the Nicholas mine complex in Nicholas County, West Virginia, and the McClure and Toms Creek mine complexes in Virginia). We also acquired Alpha’s 40.6% interest in the DTA coal export terminal in eastern Virginia, and on March 31, 2017, we acquired a portion of another partner’s ownership stake and increased our interest to 65.0%. Through the Acquisition (see Note 2), Contura acquired a significant reserve base. As of December 31, 2016, we had over 1.0 billion tons of proven reserves and approximately 310 million tons of probable reserves. See Note 2 for disclosures related to the Acquisition.

For the three and nine months ended September 30, 2017 and the period from July 26, 2016 to September 30, 2016 sales of steam coal were 10.4 million tons, 29.8 million tons, and 8.3 million tons, respectively, and accounted for approximately 81%, 81%, and 85%, respectively, of our coal sales volume and sales of met coal, which generally sells at a premium over steam coal, were 2.4 million tons, 6.9 million tons, and 1.4 million tons, respectively, and accounted for approximately 19%, 19%, and 15%, respectively, of our coal sales volume. For the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016 sales of steam coal were 3.1 million tons and 21.6 million tons, respectively, and accounted for approximately 93% and 89%, respectively, of our coal sales volume and sales of met coal, which generally sells at a premium over steam coal, were 0.3 million tons and 2.6 million tons, respectively, and accounted for approximately 7% and 11%, respectively, of our coal sales volume. These numbers include sales from our Trading and Logistics business.

Our sales of steam coal during the Successor and Predecessor periods were made primarily to large utilities and industrial customers throughout the U.S., and our sales of met coal were made primarily to steel companies in the northeastern and midwestern regions of the U.S. and in several countries in Europe, Asia and the Americas. For the three and nine months ended September 30, 2017 and the period from July 26, 2016 to September 30, 2016 approximately 55%, 58%, and 39%, respectively, of our total coal revenues were derived from coal sales made to customers outside the United States. For the period from July 1,

2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016 approximately 13% and 20%, respectively, of our total coal revenues were derived from coal sales made to customers outside the United States.

In addition, we generate other revenues from equipment sales, rentals, terminal and processing fees, coal and environmental analysis fees, royalties and the sale of natural gas. We also record revenue for freight and handling services provided in delivering coal to certain customers, which are a component of the contractual selling price.

Our primary expenses are operating supply costs, repair and maintenance expenditures, cost of purchased coal, royalties, wages and benefits, post-employment benefits, freight and handling costs, and taxes incurred in selling our coal. Historically, our cost of coal sales per ton is lower for sales of our produced and processed coal than for sales of purchased coal that we do not process prior to resale.

We have four reportable segments: CAPP Operations, NAPP Operations, PRB Operations and Trading and Logistics Operations. CAPP consists of nine active mines, including four mines in Virginia operated by third-party contractors, four mines operated by us in Virginia and one mine operated by us in West Virginia. CAPP Operations also include two preparation plants in Virginia, one preparation plant in West Virginia, as well as expenses associated with certain closed mines. NAPP consists of one active mine in Pennsylvania and one preparation plant, as well as expenses associated with one closed mine. PRB consists of two active mines in Wyoming. The Trading and Logistics segment focuses primarily on coal trading and coal terminal facility services. Our All Other category includes general corporate overhead and corporate assets and liabilities.

Formation

On August 3, 2015, Alpha filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia. Alpha pursued a reorganization plan under which certain expenses were incurred and settlements negotiated. The Bankruptcy Court approved Alpha's Plan of Reorganization on July 7, 2016 and Alpha emerged from bankruptcy on July 26, 2016.

Contura was incorporated in the State of Delaware on June 10, 2016 to acquire and operate certain of Alpha's core coal operations, as part of the Alpha Restructuring. On July 26, 2016, a consortium of former Alpha creditors acquired our common stock in exchange for a partial release of their creditor claims pursuant to the Alpha Restructuring. Furthermore, pursuant to an asset purchase agreement between Contura and Alpha, we purchased certain former core coal operations of Alpha. See Note 1 for information related to the Acquisition.

Basis of Presentation

In this management's discussion and analysis, (i) the "Successor" refers to Contura Energy, Inc. and its subsidiaries for the period beginning July 26, 2016 and thereafter following the acquisition of certain of Alpha's core coal operations as part of the Alpha Restructuring ("Acquisition"), and (ii) "Predecessor" refers to Contura on a carve-out basis using Alpha's historical bases in the assets, liabilities and operating results of Contura while under Alpha's ownership.

The historical costs and expenses reflected in the Predecessor combined results of operations include an allocation for certain corporate functions historically provided by Alpha, including, but not limited to, general corporate expenses related to finance, legal, information technology, human resources, employee benefits and incentives, insurance, stock-based compensation, engineering, asset management, and sales and logistics, which were included in cost of coal sales and selling, general and administrative expenses in the financial statements included elsewhere in this report.

The combined financial statements of our Predecessor included elsewhere in this report and the other historical Predecessor combined financial information presented and discussed herein may not be indicative of what our financial condition, results of operations and cash flows would have been if we were a separate stand-alone entity, nor are they indicative of what our financial position, results of operations and cash flows may be in the future. In addition, the Successor consolidated financial statements on and after July 26, 2016 are not comparable with the Predecessor combined financial statements prior to that date. Refer to Notes 1 and 2 for additional information.

Factors Affecting Our Results of Operations

Sales Volume. We earn revenues primarily through the sale of coal produced at our operations and resale of coal purchased from third parties. During the Successor period for the three months and nine months ended September 30, 2017, we sold 1.1 million tons and 3.2 million tons of met coal from CAPP and NAPP, 1.3 million tons and 3.6 million tons of met coal from our Trading and Logistics business, and 10.3 million tons and 29.8 million tons of steam coal from CAPP, NAPP and the PRB,

respectively. During the Successor period for the period from July 26, 2016 to September 30, 2016, we sold 0.6 million tons of met coal from CAPP and NAPP, 0.8 million tons of met coal from our Trading and Logistics business, and 8.3 million tons of steam coal from CAPP, NAPP and the PRB. During the Predecessor period for the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016, we sold 0.2 million tons and 2.4 million tons of met coal from CAPP and NAPP, 0 tons and 0.1 million tons of met coal from our Trading and Logistics business, and 3.1 million tons and 21.6 million tons of steam coal from CAPP, NAPP, PRB, and our Trading and Logistics business, respectively.

Sales Agreements

We manage our commodity price risk for coal sales through the use of coal supply agreements. As of October 26, 2017, we had sales commitments for approximately 31.5 million tons of PRB coal for the full year 2017, 99% of which is priced at an average realized price per ton of \$10.92, 7.0 million tons of NAPP coal for the full year 2017, all of which is priced at an average realized price per ton of \$43.79, and 4.0 million tons of CAPP coal for the full year 2017, 85% of which is priced at an average realized price per ton of \$119.39.

Realized Pricing. Our realized price per ton of coal is influenced by many factors that vary by region, including (i) coal quality, which includes energy (heat content), sulfur, ash, volatile matter and moisture content; (ii) differences in market conventions concerning transportation costs and volume measurement; and (iii) regional supply and demand.

- *Coal Quality.* The energy content or heat value of steam coal is a significant factor influencing coal prices as higher energy coal is more desirable to consumers and typically commands a higher price in the market. The heat value of coal is commonly measured in British thermal units or the amount of heat needed to raise the temperature of one pound of water by one degree Fahrenheit. Coal from the eastern and midwest regions of the United States tends to have a higher heat value than coal found in the western United States. Coal volatility is a significant factor influencing met coal pricing as coal with a lower volatility has historically been more highly valued and typically commands a higher price in the market. The volatility refers to the loss in mass, less moisture, when coal is heated in the absence of air. The volatility of met coal determines the percentage of feed coal that actually becomes coke, known as coke yield, with lower volatility producing a higher coke yield.
- *Market Conventions.* Coal sales contracts are priced according to conventions specific to the market into which such coal is to be sold. Our domestic sales contracts are typically priced free on board (“FOB”) at our mines and on a short ton basis. Our international sales contracts are typically priced FOB at the shipping port from which such coal is delivered and on a metric ton basis. Accordingly, for international sales contracts, we typically bear the cost of transportation from our mine complexes to the applicable outbound shipping port, and our coal sales realization per ton reflects the conversion of such tonnage from metric tons into short tons, as well as the elimination of transportation costs from mine to port, which are presented as freight and handling revenue. In addition, for domestic sales contracts, as customers typically bear the cost of transportation from our mine complexes, our operations located further away from the end user of the coal may command lower prices.
- *Regional Supply and Demand.* Our realized price per ton is influenced by market forces of the regional market into which such coal is to be sold. Market pricing may vary according to region and lead to different discounts or premiums to the most directly comparable benchmark price for such coal product.

Costs. Our results of operations are dependent upon our ability to improve productivity and control costs. Our primary expenses are for operating supply costs, repair and maintenance expenditures, cost of purchased coal, royalties, current wages and benefits, freight and handling costs and taxes incurred in selling our coal. Principal goods and services we use in our operations include maintenance and repair parts and services, electricity, fuel, roof control and support items, explosives, tires, conveyance structure, ventilation supplies and lubricants.

In addition, our cost of coal sales includes idle mine costs, which are spread over total sales volume by basin and forecasted by reference to upcoming reclamation obligations and historical cost trends. The following table shows our cost of coal sales and idle mine costs for the successor periods included in this report. We calculate adjusted cost of coal sales as cost of coal sales less idle mine costs.

	Three Months Ended September 30, 2017 (Actual)	Nine Months Ended September 30, 2017 (Actual)	Period from July 26, 2016 to December 31, 2016 (Actual)
	Per Ton	Per Ton	Per Ton
CAPP			
Cost of coal sales	\$ 74.10	\$ 74.06	\$ 68.68
Idle mine costs	\$ 1.92	\$ 1.71	\$ 2.08
Adjusted cost of coal sales	\$ 72.18	\$ 72.35	\$ 66.60
NAPP			
Cost of coal sales	\$ 44.54	\$ 34.72	\$ 36.97
Idle mine costs	\$ 1.37	\$ 0.95	\$ 1.60
Adjusted cost of coal sales	\$ 43.17	\$ 33.77	\$ 35.37
PRB			
Cost of coal sales	\$ 9.77	\$ 10.02	\$ 8.44
Idle mine costs	—	—	—
Adjusted cost of coal sales	\$ 9.77	\$ 10.02	\$ 8.44

Our management strives to aggressively control costs and improve operating performance to mitigate external cost pressures. We experience volatility in operating costs related to fuel, explosives, steel, tires, contract services and healthcare, among others, and take measures to mitigate the increases in these costs at all operations. We have a centralized sourcing group for major supplier contract negotiation and administration, for the negotiation and purchase of major capital goods, and to support the business units. We promote competition between suppliers and seek to develop relationships with suppliers that focus on lowering our costs. We seek suppliers who identify and concentrate on implementing continuous improvement opportunities within their area of expertise. To the extent upward pressure on costs exceeds our ability to realize sales increases, or if we experience unanticipated operating or transportation difficulties, our operating margins would be negatively impacted. We may also experience difficult geologic conditions, delays in obtaining permits, labor shortages, unforeseen equipment problems, and unexpected shortages of critical materials such as tires, fuel and explosives that may result in adverse cost increases and limit our ability to produce at forecasted levels.

During the three months ended September 30, 2017 we had temporary production delays in NAPP resulting from a mid-September roof fall at our Cumberland underground longwall mine in Greene County, Pennsylvania. No injuries occurred as a result of the roof fall and, due to the installation of additional support in the headgate area, we believe the issue has been successfully mitigated. Full production resumed at Cumberland in mid-October.

Results of Operations

Our results of operations for the Successor period for the three and nine months ended September 30, 2017 and the period from July 26, 2016 to September 30, 2016 and the Predecessor period for the period from July 1, 2016 to July 25, 2016 and the period from January 1, 2016 to July 25, 2016 are discussed in these “Results of Operations” presented below. Given the change in basis that resulted from the Acquisition on July 26, 2016, we separately discuss our Successor and Predecessor results of operations and segment results.

Three Months Ended September 30, 2017 (Successor)

The following tables summarize certain financial information relating to our operating results that have been derived from our consolidated financial statements for the three months ended September 30, 2017. Also included is certain information relating to the operating results as a percentage of total revenues.

Revenues

<i>(In thousands, except for per ton data)</i>	<u>Successor</u> <u>Three Months Ended</u> <u>September 30, 2017</u>	<u>% of Total Revenues</u>
Revenues:		
Coal revenues:		
Steam	\$ 159,439	33.0%
Met	258,494	53.5%
Freight and handling revenues	61,492	12.8%
Other revenues	3,504	0.7%
Total revenues	<u>\$ 482,929</u>	<u>100.0%</u>
Tons sold:		
Steam	10,362	
Met	2,389	
Total	<u>12,751</u>	
Coal sales realization per ton:		
Steam	\$ 15.39	
Met	\$ 108.20	
Average	\$ 32.78	

<i>(In thousands, except for per ton data)</i>	<u>Successor</u> <u>Three Months Ended</u> <u>September 30, 2017</u>	<u>% of Total Revenues</u>
Coal revenues ⁽¹⁾ :		
CAPP Operations	\$ 108,611	22.5%
NAPP Operations	65,699	13.6%
PRB Operations	98,755	20.4%
Trading and Logistics Operations	144,868	30.0%
Total coal revenues	<u>\$ 417,933</u>	<u>86.5%</u>
Tons sold:		
CAPP Operations	1,026	
NAPP Operations	1,474	
PRB Operations	8,963	
Trading and Logistics Operations	1,288	
Coal sales realization per ton ⁽¹⁾ :		
CAPP Operations	\$ 105.86	
NAPP Operations	\$ 44.57	
PRB Operations	\$ 11.02	
Trading and Logistics Operations	\$ 112.48	
Average	\$ 32.78	

⁽¹⁾ Does not include any portion of the price paid by our export customers to transport coal to the relevant outbound shipping port.

Total revenues were \$482.9 million for the three months ended September 30, 2017 and consisted of coal revenues of \$417.9 million, freight and handling revenues of \$61.5 million and other revenues of \$3.5 million. Our sales mix of met coal and steam coal based on volume was 18.7% and 81.3%, respectively, and sales mix of met coal and steam coal based on coal revenues was 61.9% and 38.1%, respectively, for the three months ended September 30, 2017. Average coal sales realization

per ton was \$32.78. CAPP, NAPP, PRB and Trading and Logistics Operations' coal revenues comprised 23%, 14%, 20% and 30%, respectively, of total revenues for the three months ended September 30, 2017.

Total coal revenues were down by \$22.8 million relative to the three months ended June 30, 2017 primarily as a result of a reduction in tons sold in NAPP of approximately 0.4 million tons and a reduction in coal sales realization per ton in CAPP and our Trading and Logistics Operations' of approximately \$7 and \$26 per ton, respectively. These reductions were partially offset by an increase in tons sold in the PRB of approximately 2.2 million tons. During the three months ended September 30, 2017 we had temporary production delays in NAPP resulting from a mid-September roof fall at our Cumberland underground longwall mine in Greene County, Pennsylvania. No injuries occurred as a result of the roof fall and, due to the installation of additional support in the headgate area, we believe the issue has been successfully mitigated. Full production resumed at Cumberland in mid-October.

Costs and Expenses

<i>(In thousands, except for per ton data)</i>	Successor	
	Three Months Ended September 30, 2017	% of Total Revenues
Cost of coal sales (exclusive of items shown separately below)	\$ 358,620	74.3 %
Freight and handling costs	61,492	12.7 %
Other expenses	1,326	0.3 %
Depreciation, depletion and amortization	15,154	3.1 %
Amortization of acquired intangibles, net	14,868	3.1 %
Selling, general and administrative expenses (exclusive of depreciation, depletion and amortization shown separately above)	15,946	3.3 %
Secondary offering costs	1,061	0.2 %
Total other operating (income) loss:		
Mark-to-market adjustment for acquisition-related obligations	839	0.2 %
Total costs and expenses	\$ 469,306	97.2 %
Other (expense) income:		
Interest expense	(8,598)	(1.8)%
Interest income	43	— %
Equity loss in affiliates	(405)	(0.1)%
Bargain purchase gain	369	0.1 %
Miscellaneous income, net	51	— %
Total other expense, net	(8,540)	(1.8)%
Income tax expense	5,076	1.1 %
Net income	\$ 10,159	2.1 %
Cost of coal sales:		
CAPP Operations	\$ 76,027	15.7 %
NAPP Operations	\$ 65,645	13.6 %
PRB Operations	\$ 87,574	18.1 %
Trading and Logistics Operations	\$ 129,374	26.8 %

Tons sold:		
CAPP Operations		1,026
NAPP Operations		1,474
PRB Operations		8,963
Trading and Logistics Operations		1,288
Cost of coal sales per ton:		
CAPP Operations	\$	74.10
NAPP Operations	\$	44.54
PRB Operations	\$	9.77
Trading and Logistics Operations	\$	100.45
Coal margin per ton ⁽¹⁾ :		
CAPP Operations	\$	31.76
NAPP Operations	\$	0.03
PRB Operations	\$	1.25
Trading and Logistics Operations	\$	12.03

⁽¹⁾ Coal margin per ton for our reportable segments is calculated as coal sales realization per ton for our reportable segments less cost of coal sales per ton for our reportable segments. Coal margin per ton is not shown for our All Other category since it has no coal sales or coal production.

Cost of coal sales was \$358.6 million, freight and handling costs were \$61.5 million, other expenses were \$1.3 million and depreciation, depletion and amortization was \$15.2 million for the three months ended September 30, 2017.

Amortization of acquired intangibles, net was \$14.9 million for the three months ended September 30, 2017. During the three months ended September 30, 2017, coal supply agreement assets related to the Acquisition were amortized over the actual amount of tons shipped under each contract.

Selling, general and administrative expenses were \$15.9 million for the three months ended September 30, 2017, which includes approximately \$5.0 million of non-cash stock compensation charges and \$1.7 million of charges related to our incentive bonus plans.

The mark-to-market loss on acquisition-related obligations of \$0.8 million for the three months ended September 30, 2017 primarily consisted of a mark-to-market loss of \$0.7 million related to the Contingent Reclamation Funding Liability and a mark-to-market loss of \$0.1 million related to the Contingent Credit Support Commitment.

During the three months ended September 30, 2017, the expected contribution requirements into the Restricted Cash Reclamation Accounts remained consistent with the expected contribution as of June 30, 2017. Our credit-adjusted risk free rate as of September 30, 2017 increased relative to the rate used to discount the Contingent Reclamation Funding Liability as of June 30, 2017. The change in discount rate and the accretion of the discount resulted in an overall loss of \$0.7 million.

The secondary offering costs of \$1.1 million recorded during the three months ended September 30, 2017 were primarily related to legal fees for drafting the registration statement and other legal services directly related to the offering.

Interest expense of \$8.6 million for the three months ended September 30, 2017 consisted primarily of the interest on debt instruments and acquisition-related obligations, including discounts, resulting from the Acquisition.

Income tax benefit of \$5.1 million was recorded for the three months ended September 30, 2017 on income before income taxes of \$5.1 million. The income tax rate differs from the federal statutory rate of 35% primarily due to the impact of the percentage depletion allowance, the reduction in the valuation allowance, and the discrete income tax benefit related to the secondary offering costs.

Segment Adjusted EBITDA

Segment Adjusted EBITDA for our reportable segments is a non-GAAP financial measure. This non-GAAP financial measure is presented as a supplemental measure and is not intended to replace financial performance measures determined in accordance with GAAP. Moreover, this measure is not calculated identically by all companies and therefore may not be comparable to similarly titled measures used by other companies. Segment Adjusted EBITDA is presented because management believes it is a useful indicator of the financial performance of our coal operations. The following table presents a reconciliation of net income (loss) to Adjusted EBITDA for the three months ended September 30, 2017:

<i>(In thousands)</i>	Successor					
	Three Months Ended September 30, 2017					
	CAPP	NAPP	PRB	Trading and Logistics	All Other	Consolidated
Net income (loss)	\$ 30,238	\$ (3,300)	\$ 3,724	\$ 613	\$ (21,116)	\$ 10,159
Interest expense	1	(264)	132	—	8,729	8,598
Interest income	(3)	—	—	—	(40)	(43)
Income tax benefit	—	—	—	—	(5,076)	(5,076)
Depreciation, depletion and amortization	2,736	4,544	7,650	—	224	15,154
Mark-to-market adjustment - acquisition-related obligations	—	—	—	—	839	839
Secondary offering costs	—	—	—	—	1,061	1,061
Bargain purchase gain	—	—	—	—	(369)	(369)
Accretion expense	1,461	1,041	3,022	—	—	5,524
Amortization of acquired intangibles, net	—	—	—	14,868	—	14,868
Adjusted EBITDA ⁽¹⁾	<u>\$ 34,433</u>	<u>\$ 2,021</u>	<u>\$ 14,528</u>	<u>\$ 15,481</u>	<u>\$ (15,748)</u>	<u>\$ 50,715</u>

⁽¹⁾ Our Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, in order to align with industry peer methodology.

CAPP Coal Operations. Adjusted EBITDA was \$34.4 million for the three months ended September 30, 2017, driven by coal margin per ton of \$31.76, coal sales realization per ton of \$105.86 and cost of coal sales per ton of \$74.10.

NAPP Coal Operations. Adjusted EBITDA was \$2.0 million for the three months ended September 30, 2017, driven by coal margin per ton of \$0.03, coal sales realization per ton of \$44.57 and cost of coal sales per ton of \$44.54.

PRB Coal Operations. Adjusted EBITDA was \$14.5 million for the three months ended September 30, 2017, driven by coal margin per ton of \$1.25, coal sales realization per ton of \$11.02 and cost of coal sales per ton of \$9.77.

Trading and Logistics Operations. Adjusted EBITDA was \$15.5 million for the three months ended September 30, 2017, driven by coal margin per ton of \$12.03, coal sales realization per ton of \$112.48 and cost of coal sales per ton of \$100.45.

All Other category. Adjusted EBITDA was (\$15.7) million for the three months ended September 30, 2017, which includes approximately \$5.0 million of non-cash stock compensation charges and approximately \$1.7 million of charges related to our incentive bonus plans.

Nine Months Ended September 30, 2017 (Successor)

The following tables summarize certain financial information relating to our operating results that have been derived from our consolidated financial statements for the nine months ended September 30, 2017. Also included is certain information relating to the operating results as a percentage of total revenues.

Revenues

<i>(In thousands, except for per ton data)</i>	Successor	
	Nine Months Ended September 30, 2017	% of Total Revenues
Revenues:		
Coal revenues:		
Steam	\$ 494,458	31.5%
Met	873,139	55.6%
Freight and handling revenues	191,411	12.2%
Other revenues	11,164	0.7%
Total revenues	\$ 1,570,172	100.0%
Tons sold:		
Steam	29,822	
Met	6,855	
Total	36,677	
Coal sales realization per ton:		
Steam	\$ 16.58	
Met	\$ 127.37	
Average	\$ 37.29	

<i>(In thousands, except for per ton data)</i>	Successor	
	Nine Months Ended September 30, 2017	% of Total Revenues
Coal revenues ⁽¹⁾:		
CAPP Operations	\$ 368,586	23.5%
NAPP Operations	240,700	15.3%
PRB Operations	267,519	17.0%
Trading and Logistics Operations	490,792	31.3%
Total coal revenues	\$ 1,367,597	87.1%
Tons sold:		
CAPP Operations	3,074	
NAPP Operations	5,512	
PRB Operations	24,462	
Trading and Logistics Operations	3,629	
Coal sales realization per ton ⁽¹⁾:		
CAPP Operations	\$ 119.90	
NAPP Operations	\$ 43.67	
PRB Operations	\$ 10.94	
Trading and Logistics Operations	\$ 135.24	
Average	\$ 37.29	

⁽¹⁾ Does not include any portion of the price paid by our export customers to transport coal to the relevant outbound shipping port.

Total revenues were \$1,570.2 million for the nine months ended September 30, 2017 and consisted of coal revenues of \$1,367.6 million, freight and handling revenues of \$191.4 million and other revenues of \$11.2 million. Our sales mix of met coal and steam coal based on volume was 18.7% and 81.3%, respectively, and sales mix of met coal and steam coal based on coal revenues was 63.8% and 36.2%, respectively, for the nine months ended September 30, 2017. Average coal sales

realization per ton was \$37.29. CAPP, NAPP, PRB and Trading and Logistics Operations' coal revenues comprised 23%, 15%, 17% and 31%, respectively, of total revenues for the nine months ended September 30, 2017.

Costs and Expenses

<i>(In thousands, except for per ton data)</i>	Successor	
	Nine Months Ended September 30, 2017	% of Total Revenues
Cost of coal sales (exclusive of items shown separately below)	\$ 1,087,828	69.3 %
Freight and handling costs	191,411	12.2 %
Other expenses	3,752	0.2 %
Depreciation, depletion and amortization	49,431	3.1 %
Amortization of acquired intangibles, net	49,111	3.1 %
Selling, general and administrative expenses (exclusive of depreciation, depletion and amortization shown separately above)	56,094	3.6 %
Secondary offering costs	4,499	0.3 %
Total other operating (income) loss:		
Mark-to-market adjustment for acquisition-related obligations	3,221	0.2 %
Gain (loss) on settlement of acquisition-related obligations	(9,200)	(0.6)%
Total costs and expenses	\$ 1,436,147	91.5 %
Other (expense) income:		
Interest expense	(28,373)	(1.8)%
Interest income	116	— %
Loss on early extinguishment of debt	(38,701)	(2.5)%
Equity loss in affiliates	(2,106)	(0.1)%
Bargain purchase gain	1,011	0.1 %
Miscellaneous income, net	278	— %
Total other expense, net	(67,775)	(4.3)%
Income tax expense	(8,369)	(0.5)%
Net income	\$ 57,881	3.7 %
Cost of coal sales:		
CAPP Operations	\$ 227,672	14.5 %
NAPP Operations	\$ 191,357	12.2 %
PRB Operations	\$ 245,044	15.6 %
Trading and Logistics Operations	\$ 423,755	27.0 %

Tons sold:		
CAPP Operations		3,074
NAPP Operations		5,512
PRB Operations		24,462
Trading and Logistics Operations		3,629
Cost of coal sales per ton:		
CAPP Operations	\$	74.06
NAPP Operations	\$	34.72
PRB Operations	\$	10.02
Trading and Logistics Operations	\$	116.77
Coal margin per ton ⁽¹⁾ :		
CAPP Operations	\$	45.84
NAPP Operations	\$	8.95
PRB Operations	\$	0.92
Trading and Logistics Operations	\$	18.47

⁽¹⁾ Coal margin per ton for our reportable segments is calculated as coal sales realization per ton for our reportable segments less cost of coal sales per ton for our reportable segments. Coal margin per ton is not shown for our All Other category since it has no coal sales or coal production.

Cost of coal sales was \$1,087.8 million (including \$0.5 million of expenses related to the Special Dividend), freight and handling costs were \$191.4 million, other expenses were \$3.8 million and depreciation, depletion and amortization was \$49.4 million for the nine months ended September 30, 2017.

Amortization of acquired intangibles, net was \$49.1 million. During the nine months ended September 30, 2017, coal supply agreement assets related to the Acquisition were amortized over the actual amount of tons shipped under each contract.

Selling, general and administrative expenses were \$56.1 million for the nine months ended September 30, 2017, which includes approximately \$4.0 million of non-recurring expenses associated with the formation of the company and costs related to the company's filing of a registration statement with the SEC, \$11.3 million of non-cash stock compensation charges and \$5.1 million of charges related to our incentive bonus plans. The selling, general and administrative expenses also include approximately \$9.1 million of expenses incurred in connection with the special dividend (comprised of approximately \$7.6 million of dividend equivalent payments pursuant to the award adjustment provisions of the Contura Energy, Inc. Management Incentive Plan (the "MIP") and approximately \$1.5 million of professional fees related to the special dividend), and approximately \$1.5 million of business development expense.

The mark-to-market loss on acquisition-related obligations of \$3.2 million for the nine months ended September 30, 2017 primarily consisted of a mark-to-market loss of \$2.5 million related to the Contingent Reclamation Funding Liability and a mark-to-market loss of \$0.7 million related to the Contingent Credit Support Commitment.

Our credit-adjusted risk free rate as of September 30, 2017 decreased relative to the rate used to discount the Contingent Reclamation Funding Liability as of December 31, 2016. The reduction in expected funding of the Contingent Reclamation Funding Liability by us, due to contributions made by ANR, was offset by the change in discount rate resulting in an overall loss of \$2.5 million for the nine months ended September 30, 2017.

The gain on settlement of acquisition-related obligations of \$9.2 million for the nine months ended September 30, 2017 primarily consisted of the UMWA Contingent VEBA Funding Notes 1 and Note 2 settlements. See Note 12 for additional information.

The secondary offering costs of \$4.5 million recorded during the nine months ended September 30, 2017 related to (i) legal fees for drafting the registration statement and other legal services directly related to the offering, (ii) financial reporting advisory fees directly related to the offering including preparation of the pro forma financial statements and other financial information included in the registration statement and (iii) and other registration related fees.

Interest expense of \$28.4 million for the nine months ended September 30, 2017 consisted primarily of the interest on debt instruments, acquisition-related obligations, including discounts, resulting from the Acquisition, and interest expense related to the extinguishment of certain debt instruments, including discounts, associated with the transaction on March 17, 2017. See Note 11 for further detail on the March 17, 2017 transaction.

The loss on early extinguishment of debt of \$38.7 million for the nine months ended September 30, 2017 primarily related to a prepayment premium of \$22.5 million on the 10.00% Senior Secured First Lien Notes and the write-off of outstanding debt discounts of \$13.4 million on the 10.00% Senior Secured First Lien Notes and GUC Distribution Note in connection with the Credit Agreement entered into by the Company on March 17, 2017. See Note 11 for additional information on our debt refinancing.

Income tax expense of \$8.4 million was recorded for the nine months ended September 30, 2017 on income before income taxes of \$66.3 million. The income tax rate differs from the federal statutory rate of 35% primarily due to the impact of the percentage depletion allowance and the reduction in the valuation allowance.

Segment Adjusted EBITDA

Segment Adjusted EBITDA for our reportable segments is a non-GAAP financial measure. This non-GAAP financial measure is presented as a supplemental measure and is not intended to replace financial performance measures determined in accordance with GAAP. Moreover, this measure is not calculated identically by all companies and therefore may not be comparable to similarly titled measures used by other companies. Segment Adjusted EBITDA is presented because management believes it is a useful indicator of the financial performance of our coal operations. The following table presents a reconciliation of net income (loss) to Adjusted EBITDA for the nine months ended September 30, 2017:

<i>(In thousands)</i>	Successor					
	Nine Months Ended September 30, 2017					
	CAPP	NAPP	PRB	Trading and Logistics	All Other	Consolidated
Net income (loss)	\$ 128,584	\$ 41,855	\$ (276)	\$ 17,203	\$ (129,485)	\$ 57,881
Interest expense	(92)	(633)	293	—	28,805	28,373
Interest income	(8)	—	—	—	(108)	(116)
Income tax expense	—	—	—	—	8,369	8,369
Depreciation, depletion and amortization	13,447	11,206	24,139	—	639	49,431
Mark-to-market adjustment - acquisition-related obligations	—	—	—	—	3,221	3,221
Gain on settlement of acquisition-related obligations	—	—	—	—	(9,200)	(9,200)
Secondary offering costs	—	—	—	—	4,499	4,499
Loss on early extinguishment of debt	—	—	—	—	38,701	38,701
Bargain purchase gain	—	—	—	—	(1,011)	(1,011)
Accretion expense	4,384	3,123	9,066	—	—	16,573
Amortization of acquired intangibles, net	—	—	—	49,111	—	49,111
Expenses related to special dividend	377	57	67	—	9,102	9,603
Adjusted EBITDA ⁽¹⁾	<u>\$ 146,692</u>	<u>\$ 55,608</u>	<u>\$ 33,289</u>	<u>\$ 66,314</u>	<u>\$ (46,468)</u>	<u>\$ 255,435</u>

⁽¹⁾ Our Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, in order to align with industry peer methodology.

CAPP Coal Operations. Adjusted EBITDA was \$146.7 million for the nine months ended September 30, 2017, driven by coal margin per ton of \$45.84, coal sales realization per ton of \$119.90 and cost of coal sales per ton of \$74.06.

NAPP Coal Operations. Adjusted EBITDA was \$55.6 million for the nine months ended September 30, 2017, driven by coal margin per ton of \$8.95, coal sales realization per ton of \$43.67 and cost of coal sales per ton of \$34.72.

PRB Coal Operations. Adjusted EBITDA was \$33.3 million for the nine months ended September 30, 2017, driven by coal margin per ton of \$0.92, coal sales realization per ton of \$10.94 and cost of coal sales per ton of \$10.02.

Trading and Logistics Operations. Adjusted EBITDA was \$66.3 million for the nine months ended September 30, 2017, driven by coal margin per ton of \$18.47, coal sales realization per ton of \$135.24 and cost of coal sales per ton of \$116.77.

All Other category. Adjusted EBITDA was (\$46.5) million for the nine months ended September 30, 2017, which includes approximately \$4.0 million of non-recurring expenses associated with the formation of the company and costs related to the company's filing of a registration statement with the SEC, \$11.3 million of non-cash stock compensation charges, \$5.1 million of charges related to our incentive bonus plans and approximately \$1.5 million of business development expense.

Period from July 26, 2016 to September 30, 2016 (Successor)

The following tables summarize certain financial information relating to our operating results that have been derived from our consolidated financial statements for the period from July 26, 2016 to September 30, 2016. Also included is certain information relating to the operating results as a percentage of total revenues.

Revenues

<i>(In thousands, except for per ton data)</i>	<u>Successor</u> <u>Period from July 26, 2016</u> <u>to September 30, 2016</u>	<u>% of Total Revenues</u>
Revenues:		
Coal revenues:		
Steam	\$ 119,173	48.6%
Met	93,738	38.2%
Freight and handling revenues	29,903	12.2%
Other revenues	2,599	1.0%
Total revenues	<u>\$ 245,413</u>	<u>100.0%</u>
Tons sold:		
Steam	8,332	
Met	1,431	
Total	<u>9,763</u>	
Coal sales realization per ton:		
Steam	\$ 14.30	
Met	\$ 65.51	
Average	\$ 21.81	

<i>(In thousands, except for per ton data)</i>	Successor	
	Period from July 26, 2016 to September 30, 2016	% of Total Revenues
Coal revenues ⁽¹⁾ :		
CAPP Operations	\$ 37,235	15.2%
NAPP Operations	42,308	17.2%
PRB Operations	79,960	32.6%
Trading and Logistics Operations	53,408	21.8%
Total coal revenues	\$ 212,911	86.8%
Tons sold:		
CAPP Operations	549	
NAPP Operations	970	
PRB Operations	7,431	
Trading and Logistics Operations	813	
Coal sales realization per ton ⁽¹⁾ :		
CAPP Operations	\$ 67.82	
NAPP Operations	\$ 43.62	
PRB Operations	\$ 10.76	
Trading and Logistics Operations	\$ 65.69	
Average	\$ 21.81	

⁽¹⁾ Does not include any portion of the price paid by our export customers to transport coal to the relevant outbound shipping port.

Total revenues were \$245.4 million for the period from July 26, 2016 to September 30, 2016 and consisted of coal revenues of \$212.9 million, freight and handling revenues of \$29.9 million and other revenues of \$2.6 million. Our sales mix of met coal and steam coal based on volume was 14.7% and 85.3%, respectively, and sales mix of met coal and steam coal based on coal revenues was 44.0% and 56.0%, respectively, for the period from July 26, 2016 to September 30, 2016. Average coal sales realization per ton was \$21.81. CAPP, NAPP, PRB and Trading and Logistics Operations' coal revenues comprised 15%, 17%, 33% and 22%, respectively, of total revenues for the period from July 26, 2016 to September 30, 2016.

Costs and Expenses

<i>(In thousands, except for per ton data)</i>	Successor	
	Period from July 26, 2016 to September 30, 2016	% of Total Revenues
Cost of coal sales (exclusive of items shown separately below)	\$ 178,396	72.7 %
Freight and handling costs	29,903	12.2 %
Other expenses	1,092	0.4 %
Depreciation, depletion and amortization	22,230	9.1 %
Amortization of acquired intangibles, net	23,562	9.6 %
Selling, general and administrative expenses (exclusive of depreciation, depletion and amortization shown separately above)	9,547	3.9 %
Total costs and expenses	\$ 264,730	107.9 %
Other (expense) income:		
Interest expense	(9,090)	(3.7)%
Interest income	2	— %
Equity loss in affiliates	(1,039)	(0.4)%
Mark-to-market adjustment for warrant derivative liability	(16,552)	(6.7)%
Miscellaneous income, net	201	0.1 %
Total other expense, net	(26,478)	(10.8)%
Income tax expense	(1)	— %
Net income	\$ (45,796)	(18.7)%
Cost of coal sales:		
CAPP Operations	\$ 33,006	13.4 %
NAPP Operations	\$ 40,223	16.4 %
PRB Operations	\$ 58,672	23.9 %
Trading and Logistics Operations	\$ 46,741	19.0 %
Tons sold:		
CAPP Operations	549	
NAPP Operations	970	
PRB Operations	7,431	
Trading and Logistics Operations	813	
Cost of coal sales per ton ⁽¹⁾ :		
CAPP Operations	\$ 60.12	
NAPP Operations	\$ 41.47	
PRB Operations	\$ 7.90	
Trading and Logistics Operations	\$ 57.49	
Coal margin per ton ⁽²⁾ :		
CAPP Operations	\$ 7.70	
NAPP Operations	\$ 2.15	
PRB Operations	\$ 2.86	
Trading and Logistics Operations	\$ 8.20	

⁽¹⁾ Cost of coal sales per ton exclude costs associated with our All Other category.

(2) Coal margin per ton for our reportable segments is calculated as coal sales realization per ton for our reportable segments less cost of coal sales per ton for our reportable segments. Coal margin per ton is not shown for our All Other category since it has no coal sales or coal production.

Cost of coal sales was \$178.4 million, freight and handling costs were \$29.9 million, other expenses were \$1.1 million and depreciation, depletion and amortization was \$22.2 million for the period from July 26, 2016 to September 30, 2016.

Amortization of acquired intangibles, net was \$23.6 million. During the period from July 26, 2016 to September 30, 2016, coal supply agreement assets related to the Acquisition were amortized over the actual amount of tons shipped under each contract.

Selling, general and administrative expenses were \$9.5 million for the period from July 26, 2016 to September 30, 2016, which include approximately \$1.8 million in non-cash stock compensation charges and \$0.8 million in charges related to our incentive bonus plans.

The mark-to-market loss on the warrant derivative liability of \$16.6 million for the period from July 26, 2016 to September 30, 2016 related to the warrants issued in connection with the Acquisition and was calculated using the Black-Scholes pricing model. The warrants were marked to market at each reporting period with changes in value reflected in earnings. The inputs included in the Black-Scholes pricing model included our stock price, the stated exercise price, the expected term, the annual risk-free interest rate based on the U.S. Constant Maturity Curve and annualized equity volatility. The annualized volatility was calculated by observing volatilities for comparable companies with adjustments for our size and leverage. The annualized volatility as of September 30, 2016 decreased relative to the annualized volatility used as of the Acquisition Date due to the significant improvement in our leverage ratio. However, our stock price as of September 30, 2016 was also significantly higher than our stock price at the Acquisition Date and was the primary driver of the mark-to-market loss of \$16.6 million recognized for the warrant derivative liability.

Interest expense of \$9.1 million for the period from July 26, 2016 to September 30, 2016 consisted of the accrued interest on debt instruments and acquisition related obligations and the amortization of discounts.

Income tax expense of \$1.0 thousand was recorded for the period from July 26, 2016 to September 30, 2016 on a loss before income taxes of \$45.8 million. The income tax expense relates to foreign income taxes and differs from the federal statutory rate of 35% primarily due to an increase in the valuation allowance and the impact of the non-deductible mark-to-market adjustment for the warrant derivative liability, partially offset by the impact of the percentage depletion allowance.

Segment Adjusted EBITDA

Segment Adjusted EBITDA for our reportable segments is a non-GAAP financial measure. This non-GAAP financial measure is presented as a supplemental measure and is not intended to replace financial performance measures determined in accordance with GAAP. Moreover, this measure is not calculated identically by all companies and therefore may not be comparable to similarly titled measures used by other companies. Segment Adjusted EBITDA is presented because management believes it is a useful indicator of the financial performance of our coal operations. The following table presents a reconciliation of net income (loss) to Adjusted EBITDA for the period from July 26, 2016 to September 30, 2016:

	Successor					
	Period from July 26, 2016 to September 30, 2016					
<i>(In thousands)</i>	CAPP	NAPP	PRB	Trading and Logistics	All Other	Consolidated
Net (loss) income	\$ 1,579	\$ 58	\$ 5,074	\$ (17,762)	\$ (34,745)	\$ (45,796)
Interest expense	35	68	112	—	8,875	9,090
Interest income	—	—	—	—	(2)	(2)
Income tax expense	—	—	—	—	1	1
Depreciation, depletion and amortization	3,540	2,537	16,015	—	138	22,230
Mark-to-market adjustment for warrant derivative liability	—	—	—	—	16,552	16,552
Accretion expense	1,029	999	2,542	—	—	4,570
Amortization of acquired intangibles, net	—	—	—	23,562	—	23,562

Adjusted EBITDA ⁽¹⁾	\$ 6,183	\$ 3,662	\$ 23,743	\$ 5,800	\$ (9,181)	\$ 30,207
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⁽¹⁾ Our Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, in order to align with industry peer methodology.

CAPP Coal Operations. Adjusted EBITDA was \$6.2 million for the period from July 26, 2016 to September 30, 2016, driven by coal margin per ton of \$7.70, coal sales realization per ton of \$67.82 and cost of coal sales per ton of \$60.12.

NAPP Coal Operations. Adjusted EBITDA was \$3.7 million for the period from July 26, 2016 to September 30, 2016, driven by coal margin per ton of \$2.15, coal sales realization per ton of \$43.62 and cost of coal sales per ton of \$41.47.

PRB Coal Operations. Adjusted EBITDA was \$23.7 million for the period from July 26, 2016 to September 30, 2016, driven by coal margin per ton of \$2.86, coal sales realization per ton of \$10.76 and cost of coal sales per ton of \$7.90.

Trading and Logistics Operations. Adjusted EBITDA was \$5.8 million for the period from July 26, 2016 to September 30, 2016, driven by coal margin per ton of \$8.20, coal sales realization per ton of \$65.69 and cost of coal sales per ton of \$57.49.

All Other category. Adjusted EBITDA was (\$9.2) million for the period from July 26, 2016 to September 30, 2016, which includes approximately \$1.8 million in non-cash stock compensation charges and \$0.8 million in charges related to our incentive bonus plans.

Period from July 1, 2016 to July 25, 2016 (Predecessor)

The following tables summarize certain financial information relating to our operating results that have been derived from our combined financial statements for the period from July 1, 2016 to July 25, 2016. Also included is certain information relating to the operating results as a percentage of total revenues.

Revenues

<i>(In thousands, except for per ton data)</i>	Predecessor	
	Period from July 1, 2016 to July 25, 2016	% of Total Revenues
Revenues:		
Coal revenues:		
Steam	\$ 52,282	63.6%
Met	15,403	18.7%
Freight and handling revenues	4,292	5.2%
Other revenues	10,313	12.5%
Total revenues	\$ 82,290	100.0%
Tons sold:		
Steam	3,195	
Met	250	
Total	3,445	
Coal sales realization per ton:		
Steam	\$ 16.36	
Met	\$ 61.61	
Average	\$ 19.65	

<i>(In thousands, except for per ton data)</i>	Predecessor	
	Period from July 1, 2016 to July 25, 2016	% of Total Revenues
Coal revenues ⁽¹⁾ :		
CAPP Operations	\$ 15,795	19.2%
NAPP Operations	22,098	26.9%
PRB Operations	29,587	36.0%
Trading and Logistics Operations	205	0.2%
Total coal revenues	\$ 67,685	82.3%
Tons sold:		
CAPP Operations	257	
NAPP Operations	502	
PRB Operations	2,681	
Trading and Logistics Operations	5	
Coal sales realization per ton ⁽¹⁾ :		
CAPP Operations	\$ 61.46	
NAPP Operations	\$ 44.02	
PRB Operations	\$ 11.04	
Trading and Logistics Operations	\$ 41.00	
Average	\$ 19.65	

- (1) Does not include any portion of the price paid by our export customers to transport coal to the relevant outbound shipping port.

Total revenues were \$82.3 million for the period from July 1, 2016 to July 25, 2016 and consisted of coal revenues of \$67.7 million, freight and handling revenues of \$4.3 million and other revenues of \$10.3 million. Our sales mix of met coal and steam coal based on volume was 7.3% and 92.7%, respectively, and our sales mix of met coal and steam coal based on coal revenues was 22.8% and 77.2%, respectively, for the period from July 1, 2016 to July 25, 2016. Average coal sales realization per ton was \$19.65. CAPP, NAPP, PRB and Trading and Logistics Operations' coal revenues comprised 19%, 27%, 36% and 0%, respectively, of total revenues for the period from July 1, 2016 to July 25, 2016.

Costs and Expenses

<i>(In thousands, except for per ton data)</i>	Predecessor	
	Period from July 1, 2016 to July 25, 2016	% of Total Revenues
Cost of coal sales (exclusive of items shown separately below)	\$ 55,446	67.4 %
Freight and handling costs	4,292	5.2 %
Other expenses	726	0.9 %
Depreciation, depletion and amortization	10,659	13.0 %
Amortization of acquired intangibles, net	11,104	13.5 %
Selling, general and administrative expenses (exclusive of depreciation, depletion and amortization shown separately above)	3,477	4.2 %
Asset impairment and restructuring	618	0.8 %
Total costs and expenses	\$ 86,322	104.9 %
Other (expense) income:		
Interest expense	(22)	— %
Interest income	(22)	— %
Equity loss in affiliates	(104)	(0.1)%
Miscellaneous income, net	9	— %
Total other expense, net	(139)	(0.2)%
Reorganization items, net	(4,773)	(5.8)%

Income tax benefit		1,981	2.4 %
Net loss	\$	(6,963)	(8.5)%
Cost of coal sales:			
CAPP Operations	\$	13,855	16.8 %
NAPP Operations	\$	20,246	24.6 %
PRB Operations	\$	21,104	25.6 %
Trading and Logistics Operations	\$	241	0.3 %
Tons sold:			
CAPP Operations		257	
NAPP Operations		502	
PRB Operations		2,681	
Trading and Logistics Operations		5	
Cost of coal sales per ton ⁽¹⁾ :			
CAPP Operations	\$	53.91	
NAPP Operations	\$	40.33	
PRB Operations	\$	7.87	
Trading and Logistics Operations	\$	48.20	
Coal margin per ton ⁽²⁾ :			
CAPP Operations	\$	7.55	
NAPP Operations	\$	3.69	
PRB Operations	\$	3.17	
Trading and Logistics Operations	\$	(7.20)	

⁽¹⁾ Cost of coal sales per ton exclude costs associated with our All Other category.

⁽²⁾ Coal margin per ton for our reportable segments is calculated as coal sales realization per ton for our reportable segments less cost of coal sales per ton for our reportable segments. Coal margin per ton is not shown for our All Other category since it has no coal sales or coal production.

Cost of coal sales was \$55.4 million, freight and handling costs were \$4.3 million, other expenses were \$0.7 million, depreciation, depletion and amortization was \$10.7 million, amortization of acquired intangibles, net was \$11.1 million and selling, general and administrative expenses were \$3.5 million for the period from July 1, 2016 to July 25, 2016.

Asset impairment and restructuring expenses of \$0.6 million for the period from July 1, 2016 to July 25, 2016 related primarily to severance expenses and other restructuring-related charges.

Reorganization items, net of \$4.8 million for the period from July 1, 2016 to July 25, 2016 primarily consisted of realized gains and losses from the settlement of pre-petition liabilities, professional fees, and provisions for losses resulting from Alpha's Restructuring.

Income tax benefit of \$2.0 million was recorded for the period from July 1, 2016 to July 25, 2016 on a loss before income taxes of \$8.9 million. The income tax rate differed from the federal statutory rate of 35% primarily due to the non-deductible transaction costs, which was partially offset by the impact of the percentage depletion allowance.

Segment Adjusted EBITDA

Segment Adjusted EBITDA for our reportable segments is a non-GAAP financial measure. This non-GAAP financial measure is presented as a supplemental measure and is not intended to replace financial performance measures determined in accordance with GAAP. Moreover, this measure is not calculated identically by all companies and therefore may not be comparable to similarly titled measures used by other companies. Segment Adjusted EBITDA is presented because management believes it is a useful indicator of the financial performance of our coal operations. The following table presents a reconciliation of net (loss) income to Adjusted EBITDA for the period from July 1, 2016 to July 25, 2016:

<i>(In thousands)</i>	Predecessor					
	Period from July 1, 2016 to July 25, 2016					
	CAPP	NAPP	PRB	Trading and Logistics	All Other	Combined
Net (loss) income	\$ (1,040)	\$ (8,771)	\$ 4,549	\$ 631	\$ (2,332)	\$ (6,963)
Interest expense	—	—	22	—	—	22
Interest income	(1)	24	(1)	—	—	22
Income tax benefit	—	—	—	—	(1,981)	(1,981)
Depreciation, depletion and amortization	1,747	6,055	2,758	(733)	832	10,659
Reorganization items, net	1,179	2,096	1,455	40	3	4,773
Asset impairment and restructuring	290	172	151	5	—	618
Accretion expense	193	384	877	—	—	1,454
Amortization of acquired intangibles, net	—	11,104	—	—	—	11,104
Adjusted EBITDA ⁽¹⁾	\$ 2,368	\$ 11,064	\$ 9,811	\$ (57)	\$ (3,478)	\$ 19,708

⁽¹⁾ Our Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, in order to align with industry peer methodology.

CAPP Coal Operations. Adjusted EBITDA was \$2.4 million for the period from July 1, 2016 to July 25, 2016, driven by coal margin per ton of \$7.55, coal sales realization per ton of \$61.46 and cost of coal sales per ton of \$53.91.

NAPP Coal Operations. Adjusted EBITDA was \$11.1 million for the period from July 1, 2016 to July 25, 2016, driven by coal margin per ton of \$3.69, coal sales realization per ton of \$44.02 and cost of coal sales per ton of \$40.33.

PRB Coal Operations. Adjusted EBITDA was \$9.8 million for the period from July 1, 2016 to July 25, 2016, driven by coal margin per ton of \$3.17, coal sales realization per ton of \$11.04 and cost of coal sales per ton of \$7.87.

Trading and Logistics Operations. Adjusted EBITDA was (\$0.1) million for the period from July 1, 2016 to July 25, 2016, driven by coal margin loss per ton of \$7.20, coal sales realization per ton of \$41.00 and cost of coal sales per ton of \$48.20.

All Other category. Adjusted EBITDA was (\$3.5) million for the period from July 1, 2016 to July 25, 2016, primarily driven by wages and benefits expense of \$0.9 million and professional fees of \$2.3 million.

Period from January 1, 2016 to July 25, 2016 (Predecessor)

The following tables summarize certain financial information relating to our operating results that have been derived from our combined financial statements for the period from January 1, 2016 to July 25, 2016. Also included is certain information relating to the operating results as a percentage of total revenues.

Revenues

<i>(In thousands, except for per ton data)</i>	Predecessor	
	Period from January 1, 2016 to July 25, 2016	% of Total Revenues
Revenues:		
Coal revenues:		
Steam	\$ 389,764	64.1%
Met	147,556	24.3%
Freight and handling revenues	52,076	8.6%
Other revenues	18,542	3.0%
Total revenues	\$ 607,938	100.0%
Tons sold:		
Steam	21,649	
Met	2,576	
Total	24,225	
Coal sales realization per ton:		
Steam	\$ 18.00	
Met	\$ 57.28	
Average	\$ 22.18	

<i>(In thousands, except for per ton data)</i>	Predecessor	
	Period from January 1, 2016 to July 25, 2016	% of Total Revenues
Coal revenues ⁽¹⁾:		
CAPP Operations	\$ 131,640	21.7%
NAPP Operations	204,473	33.6%
PRB Operations	192,629	31.7%
Trading and Logistics Operations	8,578	1.4%
Total coal revenues	\$ 537,320	88.4%
Tons sold:		
CAPP Operations	2,189	
NAPP Operations	4,654	
PRB Operations	17,225	
Trading and Logistics Operations	157	
Coal sales realization per ton ⁽¹⁾:		
CAPP Operations	\$ 60.14	
NAPP Operations	\$ 43.93	
PRB Operations	\$ 11.18	
Trading and Logistics Operations	\$ 54.64	
Average	\$ 22.18	

⁽¹⁾ Does not include any portion of the price paid by our export customers to transport coal to the relevant outbound shipping port.

Total revenues were \$607.9 million for the period from January 1, 2016 to July 25, 2016 and consisted of coal revenues of \$537.3 million, freight and handling revenues of \$52.1 million and other revenues of \$18.5 million. Our sales mix of met coal and steam coal based on volume was 10.6% and 89.4%, respectively, and our sales mix of met coal and steam coal based on coal revenues was 27.5% and 72.5%, respectively, for the period from January 1, 2016 to July 25, 2016. Average coal sales

realization per ton was \$22.18. CAPP, NAPP, PRB and Trading and Logistics Operations' coal revenues comprised 22%, 34%, 32% and 1%, respectively, of total revenues for the period from January 1, 2016 to July 25, 2016.

Costs and Expenses

<i>(In thousands, except for per ton data)</i>	Predecessor	
	Period from January 1, 2016 to July 25, 2016	% of Total Revenues
Cost of coal sales (exclusive of items shown separately below)	\$ 489,652	80.5 %
Freight and handling costs	52,076	8.6 %
Other expenses	4,893	0.8 %
Depreciation, depletion and amortization	85,379	14.0 %
Amortization of acquired intangibles, net	11,567	1.9 %
Selling, general and administrative expenses (exclusive of depreciation, depletion and amortization shown separately above)	29,567	4.9 %
Asset impairment and restructuring	3,755	0.6 %
Total costs and expenses	\$ 676,889	111.3 %
Other (expense) income:		
Interest expense	(63)	— %
Interest income	29	— %
Equity loss in affiliates	(2,726)	(0.4)%
Miscellaneous income, net	683	0.1 %
Total other expense, net	(2,077)	(0.3)%
Reorganization items, net	(31,073)	(5.1)%
Income tax benefit	34,889	5.7 %
Net loss	\$ (67,212)	(11.1)%
Cost of coal sales:		
CAPP Operations	\$ 135,126	22.2 %
NAPP Operations	\$ 181,911	29.9 %
PRB Operations	\$ 164,920	27.1 %
Trading and Logistics Operations	\$ 7,695	1.3 %
Tons sold:		
CAPP Operations	2,189	
NAPP Operations	4,654	
PRB Operations	17,225	
Trading and Logistics Operations	157	
Cost of coal sales per ton ⁽¹⁾:		
CAPP Operations	\$ 61.73	
NAPP Operations	\$ 39.09	
PRB Operations	\$ 9.57	
Trading and Logistics Operations	\$ 49.01	
Coal margin per ton ⁽²⁾:		
CAPP Operations	\$ (1.59)	
NAPP Operations	\$ 4.84	

PRB Operations	\$	1.61
Trading and Logistics Operations	\$	5.63

- (1) Cost of coal sales per ton exclude costs associated with our All Other category.
- (2) Coal margin per ton for our reportable segments is calculated as coal sales realization per ton for our reportable segments less cost of coal sales per ton for our reportable segments. Coal margin per ton is not shown for our All Other category since it has no coal sales or coal production.

Cost of coal sales was \$489.7 million, freight and handling costs were \$52.1 million, other expenses were \$4.9 million, depreciation, depletion and amortization was \$85.4 million, amortization of acquired intangibles, net was \$11.6 million and selling, general and administrative expenses were \$29.6 million for the period from January 1, 2016 to July 25, 2016.

Asset impairment and restructuring expenses of \$3.8 million for the period from January 1, 2016 to July 25, 2016 consisted of \$2.1 million of losses related to non-core property divestitures and \$1.6 million related to severance expenses and other restructuring-related charges.

Reorganization items, net of \$31.1 million for the period from January 1, 2016 to July 25, 2016 primarily consisted of realized gains and losses from the settlement of pre-petition liabilities, professional fees, and provisions for losses resulting from Alpha's Restructuring.

Income tax benefit of \$34.9 million was recorded for the period from January 1, 2016 to July 25, 2016 on a loss before income taxes of \$102.1 million. The income tax rate differed from the federal statutory rate of 35% primarily due to the non-deductible transaction costs, which was mostly offset by the impact of the percentage depletion allowance.

Segment Adjusted EBITDA

Segment Adjusted EBITDA for our reportable segments is a non-GAAP financial measure. This non-GAAP financial measure is presented as a supplemental measure and is not intended to replace financial performance measures determined in accordance with GAAP. Moreover, this measure is not calculated identically by all companies and therefore may not be comparable to similarly titled measures used by other companies. Segment Adjusted EBITDA is presented because management believes it is a useful indicator of the financial performance of our coal operations. The following table presents a reconciliation of net (loss) income to Adjusted EBITDA for the period from January 1, 2016 to July 25, 2016:

<i>(In thousands)</i>	Predecessor					
	Period from January 1, 2016 to July 25, 2016					
	CAPP	NAPP	PRB	Trading and Logistics	All Other	Combined
Net (loss) income	\$ (26,407)	\$ (43,143)	\$ (679)	\$ (1,452)	\$ 4,469	\$ (67,212)
Interest expense	2	—	61	—	—	63
Interest income	(9)	(10)	(10)	—	—	(29)
Income tax benefit	—	—	—	—	(34,889)	(34,889)
Depreciation, depletion and amortization	15,389	49,852	19,303	3	832	85,379
Reorganization items, net	8,196	12,528	10,084	248	17	31,073
Asset impairment and restructuring	1,667	1,408	659	21	—	3,755
Accretion expense	1,753	3,252	7,401	—	—	12,406
Amortization of acquired intangibles, net	—	11,567	—	—	—	11,567
Adjusted EBITDA ⁽¹⁾	<u>\$ 591</u>	<u>\$ 35,454</u>	<u>\$ 36,819</u>	<u>\$ (1,180)</u>	<u>\$ (29,571)</u>	<u>\$ 42,113</u>

(1) Our Adjusted EBITDA calculation has been modified to add back accretion expense, a non-cash expense, in order to align with industry peer methodology.

CAPP Coal Operations. Adjusted EBITDA was \$0.6 million for the period from January 1, 2016 to July 25, 2016, driven by coal margin loss per ton of \$1.59, coal sales realization per ton of \$60.14 and cost of coal sales per ton of \$61.73.

NAPP Coal Operations. Adjusted EBITDA was \$35.5 million for the period from January 1, 2016 to July 25, 2016, driven by coal margin per ton of \$4.84, coal sales realization per ton of \$43.93 and cost of coal sales per ton of \$39.09.

PRB Coal Operations. Adjusted EBITDA was \$36.8 million for the period from January 1, 2016 to July 25, 2016, driven by coal margin per ton of \$1.61, coal sales realization per ton of \$11.18 and cost of coal sales per ton of \$9.57.

Trading and Logistics Operations. Adjusted EBITDA was (\$1.2) million for the period from January 1, 2016 to July 25, 2016, driven by coal margin per ton of \$5.63, coal sales realization per ton of \$54.64 and cost of coal sales per ton of \$49.01.

All Other category. Adjusted EBITDA was (\$29.6) million for the period from January 1, 2016 to July 25, 2016, primarily driven by wages and benefits expense of \$8.9 million, incentive pay of \$8.1 million, professional fees of \$5.8 million, rent, utilities and property costs of \$5.0 million and stock compensation expense of \$0.5 million.

Liquidity and Capital Resources

Our primary liquidity and capital resource requirements stem from the cost of our coal production and purchases, our capital expenditures, our debt service, our reclamation obligations, our regulatory costs and settlements and associated costs. Our primary sources of liquidity are derived from sales of coal, our debt financing and miscellaneous revenues.

We believe that cash on hand and cash generated from our operations will be sufficient to meet our working capital requirements, anticipated capital expenditures, debt service requirements, acquisition-related obligations, and reclamation obligations. We have relied on a number of assumptions in budgeting for our future activities. These include the costs for mine development to sustain capacity of our operating mines, our cash flows from operations, effects of regulation and taxes by governmental agencies, mining technology improvements and reclamation costs. These assumptions are inherently subject to significant business, political, economic, regulatory, environmental and competitive uncertainties, contingencies and risks, all of which are difficult to predict and many of which are beyond our control. We may need to raise additional funds more quickly if market conditions deteriorate; or one or more of our assumptions proves to be incorrect or if we choose to expand our acquisition, exploration, appraisal, or development efforts or any other activity more rapidly than we presently anticipate. We may decide to raise additional funds before we need them if the conditions for raising capital are favorable. We may seek to sell equity or debt securities or obtain additional bank credit facilities. The sale of equity securities could result in dilution to our stockholders. The incurrence of additional indebtedness could result in increased fixed obligations and additional covenants that could restrict our operations.

At September 30, 2017, we had total liquidity of \$287.2 million, including cash and cash equivalents of \$173.5 million and \$113.7 million unused commitments available under the Asset-Based Revolving Credit Facility, subject to limitations described therein. On March 17, 2017, we entered into a \$400.0 million Term Loan Credit Facility with a maturity date of March 17, 2024. On April 3, 2017, we entered into a \$125.0 million Asset-Based Revolving Credit Agreement expiring on April 4, 2022. We entered into the First Amendment to the Asset-Based Revolving Credit Agreement on June 9, 2017 and the First Amendment to Term Loan Credit Agreement on June 13, 2017. The amendments, among other things, permit an aggregate amount of \$150.0 million of cash to be used for the (i) payment of a one-time cash dividend on common stock no later than July 28, 2017, and (ii) repurchase of common stock at any time no later than December 31, 2017, subject to certain terms and conditions.

To secure our obligations under certain workers' compensation and reclamation-related bonds, we are required to provide cash collateral. At September 30, 2017, we had cash collateral in the amounts of \$57.4 million and \$15.2 million classified as long-term restricted cash and long-term deposits, respectively, on our balance sheet.

On June 16, 2017, we declared a Special Dividend of approximately \$92.8 million payable to eligible holders of record of common stock as of the close of business on July 5, 2017, the record date. In addition, pursuant to the terms of the Company's management incentive plan, dividend equivalent payments in the amount of approximately \$7.9 million in the aggregate (including the amounts payable with respect to each share underlying outstanding stock option awards and restricted stock unit awards and outstanding restricted common stock under the MIP) were paid to plan participants. The dividend equivalent payments were made on July 11, 2017, and the Special Dividend was paid on July 12, 2017. Pursuant to terms of the debt amendments, we made an offer to all Term Loan Credit Facility lenders to repay the loans at par concurrently with the payment of the Special Dividend, in an aggregate principal amount equal to \$10.0 million. All the Term Loan Facility lenders accepted the offer, and we repaid \$10.0 million on July 13, 2017.

On September 15, 2017, we repurchased 309,310 shares of common stock issued pursuant to awards under the Plan for a total purchase amount of \$17.4 million, or \$56.40 per share. On September 26, 2017, we announced the commencement of a modified "Dutch Auction" tender offer to repurchase up to \$31.8 million of our common stock. Contura stockholders may tender all or a portion of their shares (1) at a price specified by the tendering stockholder of not less than \$58.00 per share and not more than \$64.00 per share or (2) without specifying a purchase price, in which case their shares will be purchased at the

purchase price determined in accordance with the tender offer. When the tender offer expires, we will determine the lowest price within the range of prices specified above that allows us to purchase up to an aggregate of \$31.8 million of our common stock. Stockholders will receive the purchase price in cash, subject to applicable withholding and without interest. The stockholders' shares must have been tendered at prices equal to or less than the purchase price determined after the tender offer window closes, subject to conditions of the offer. These conditions include provisions related to proration, odd lot priority and conditional tenders in the case that the total cost to purchase all of the shares tendered at or below the purchase price is more than \$31.8 million. We will fund the tender offer with existing cash on our balance sheet. On October 25, 2017, we announced an extension of the expiration date of the tender offer from the end of the day on October 24, 2017 to the end of the day on November 15, 2017. On November 6, 2017, we announced an extension of the expiration date of the tender offer until the end of the day on December 15, 2017. Upon completion of the tender offer, provisions within our Term Loan Credit Facility and Asset-Based Revolving Credit Agreement will limit our future repurchases of our common stock.

Cash Flows

Cash and cash equivalents increased by \$45.5 million, increased by \$72.0 million, and decreased by \$0.2 million over the nine months ended September 30, 2017, the period from July 26, 2016 to September 30, 2016, and the period from January 1, 2016 to July 25, 2016, respectively. The net change in cash and cash equivalents was attributable to the following:

	Successor		Predecessor
	Nine Months Ended September 30, 2017	Period from July 26, 2016 to September 30, 2016	Period from January 1, 2016 to July 25, 2016
<i>Cash flows (in thousands):</i>			
Net cash provided by operating activities	\$ 245,909	\$ 34,487	\$ 60,690
Net cash (used in) provided by investing activities	(71,815)	37,810	(25,029)
Net cash used in financing activities	(128,552)	(250)	(35,822)
Net increase (decrease) in cash and cash equivalents	\$ 45,542	\$ 72,047	\$ (161)

Operating Activities

Net cash flows from operating activities consist of net income (loss) adjusted for non-cash items, such as depreciation, depletion and amortization, amortization of acquired intangibles, net, accretion of acquisition-related obligations discount, mark-to-market adjustments for warrants derivative liability and acquisition related obligations, equity loss in affiliates, accretion of asset retirement obligations, employee benefit plans, deferred income taxes, non-cash loss on extinguishment of debt, asset impairment and restructuring charges, and changes in net working capital.

Net cash provided by operating activities for the nine months ended September 30, 2017 was \$245.9 million and was primarily attributable to net income of \$57.9 million adjusted for depreciation, depletion and amortization of \$49.4 million, amortization of acquired intangibles, net of \$49.1 million, accretion of asset retirement obligations of \$16.6 million, a non-cash loss on extinguishment of debt of \$13.7 million, partially offset by a \$9.2 million gain on settlement of acquisition-related obligations. The change in our operating assets and liabilities of \$36.2 million was primarily attributed to increases in trade accounts payable and decreases in inventory and long-term deposits, partially offset by increases in prepaid expenses and other current assets and decreases in acquisition-related obligations.

Net cash provided by operating activities for the period from July 26, 2016 to September 30, 2016 was \$34.5 million and was primarily attributed to net loss of \$45.8 million adjusted for depreciation, depletion and amortization of \$22.2 million, amortization of acquired intangibles, net of \$23.6 million, and accretion of asset retirement obligations of \$4.6 million. The change in our operating assets and liabilities of \$6.4 million was primarily attributed to decreases in trade accounts receivable and inventory partially offset by increases in long-term restricted cash.

Net cash provided by operating activities for the period from January 1, 2016 to July 25, 2016 was \$60.7 million and was primarily attributed to net loss of \$67.2 million adjusted for depreciation, depletion and amortization of \$85.4 million, amortization of acquired intangibles, net of \$11.6 million, employee benefit plans, net of \$11.9 million, and accretion of asset retirement obligations of \$12.4 million, partially offset by deferred income taxes of \$34.9 million. The change in our operating assets and liabilities of \$30.3 million was primarily attributed to decreases in trade accounts receivable and inventory partially offset by increases in long-term restricted cash.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2017 was \$71.8 million, driven by the purchase of additional ownership interest in equity affiliate of \$13.3 million, capital expenditures of \$56.4 million and capital contributions to equity affiliates of \$4.2 million, partially offset by proceeds from sale of property, plant and equipment of \$2.4 million.

Net cash provided by investing activities for the period from July 26, 2016 to September 30, 2016 was \$37.8 million, driven by cash acquired in acquisition of \$51.0 million and proceeds from sale of property, plant and equipment of \$0.5 million, partially offset by capital expenditures of \$12.8 million.

Net cash used in investing activities for the period from January 1, 2016 to July 25, 2016 was \$25.0 million, driven by capital expenditures of \$23.4 million and capital contributions to equity affiliates of \$2.1 million, partially offset by proceeds from sale of property, plant and equipment of \$0.5 million.

Financing Activities

Net cash used in financing activities for the nine months ended September 30, 2017 was \$128.6 million, primarily attributable to principal repayments of debt of \$368.5 million, dividend payments of \$92.8 million, debt extinguishment costs of \$25.0 million, debt issuance costs of \$14.4 million, and common stock repurchases of \$17.4 million. These amounts were partially offset by proceeds from borrowings on debt of \$396.0 million.

Net cash used in financing activities for the period from July 26, 2016 to September 30, 2016 was \$0.3 million, primarily attributable to principle repayments of notes payable.

Net cash used in financing activities for the period from January 1, 2016 to July 25, 2016 was \$35.8 million, primarily attributable to transfers to Alpha.

Long-Term Debt

See Note 11 for disclosures on long-term debt.

Analysis of Material Debt Covenants

We were in compliance with all covenants under the Term Loan Credit Facility, as amended, and the Asset-Based Revolving Credit Agreement, as amended, as of September 30, 2017. A breach of the covenants in the Term Loan Credit Facility, as amended, and the Asset-Based Revolving Credit Agreement, as amended, could result in a default under the terms of the agreement and the respective lenders could elect to declare all amounts borrowed due and payable.

Pursuant to the Asset-Based Revolving Credit Agreement, as amended, during any Liquidity Period (capitalized terms as defined in the Asset-Based Revolving Credit Agreement, as amended), our Fixed Charge Coverage Ratio cannot be less than 1.00 to 1.00 as of the last day of any Test Period, commencing with the Test Period ended immediately preceding the commencement of such Liquidity Period. The Fixed Charge Coverage Ratio is calculated as (a) Consolidated EBITDA of the Company and its Restricted Subsidiaries for such period, minus nonfinanced Capital Expenditures (including Capital Expenditures financed with the proceeds of any Loans) paid or payable currently in cash by the Company or any of its Subsidiaries for such period to (b) the Fixed Charges of the Company and its Restricted Subsidiaries during such period. As of September 30, 2017, we were not in a Liquidity Period.

In the event that there shall be Excess Cash Flow for any fiscal year, pursuant to the Term Loan Credit Facility, as amended, we will, no later than 130 days after the end of such fiscal year, prepay the Term Loan Credit Facility, as amended, based on the Total Leverage Ratio as follows:

Total Leverage Ratio ⁽¹⁾	Prepayment Amount ⁽²⁾
Equal to or greater than 2.50	75% of Excess Cash Flow
Less than 2.50 and greater than or equal to 1.25	50% of Excess Cash Flow
Less than 1.25	25% of Excess Cash Flow

⁽¹⁾ Total Leverage Ratio is calculated as the ratio of (i) Consolidated Net Total Debt on such date to (ii) Consolidated EBITDA (capitalized terms as defined in the Term Loan Credit Facility, as amended) for the period of the four consecutive fiscal quarters ending as of the date of the financial statements most recently delivered.

⁽²⁾ % of Excess Cash Flow is reduced by voluntary repayments of the Term Loan Credit Facility, as amended, as defined within the Term Loan Credit Facility, as amended.

Excess Cash Flow is calculated in accordance with our Term Loan Credit Facility Credit Agreement, as amended, and is equal to (i) the sum, without duplication, of Consolidated Net Income, the amount of all non-cash charges, the amount of the decrease, if any, in Consolidated Working Capital and the amount of non-cash losses on the disposition of property to the extent deducted in arriving at Consolidated Net Income minus (ii) the sum, without duplication, of the amount of all non-cash credits included in arriving at Consolidated Net Income, certain capital expenditures, certain amounts of regularly schedule principal payments of Indebtedness made in cash, the amount of the increase, if any, in Consolidated Working Capital and the aggregate amount of non-cash gains on the disposition of property to the extent included in arriving at Consolidated Net Income.

Consolidated Net Income is calculated in accordance with our Term Loan Credit Facility, as amended, and is equal to the net income determined in accordance with GAAP, excluding, without duplication, noncash compensation expenses related to common stock and other equity securities issued to employees, extraordinary and non-recurring gains and loss, income or losses from discontinued operations, any non-cash impairment charges or asset write-offs resulting from the application of certain ASC standards, net unrealized gains or losses resulting from non-cash foreign currency remeasurement gains or losses, net unrealized gains or losses results in such period from certain derivatives, non-cash charges including non-cash charges due to cumulative effects of changes in accounting principles, any net income or loss of any person that is not a restricted subsidiary or that is accounted for by equity method accounting except to the extent the dividends or similar distributions are paid in cash to the specified person or restricted subsidiary, the net income (but not loss) of any restricted subsidiary to the extent that the declaration or payment of dividends or similar distributions by that restricted subsidiary of that net income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that restricted subsidiary or its stockholders (other than any restriction that has been waived or released), plus, without duplication, any cash dividends and/or distributions actually received by the Company or restricted subsidiary from any restricted subsidiary and/or Joint venture to the extent not already included therein.

Additionally, under the Term Loan Credit Facility, as amended, our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is also tied to certain financial ratios, including Consolidated EBITDA as defined per the Term Loan Credit Facility. Consolidated EBITDA is defined as EBITDA further adjusted to exclude certain non-cash items, non-recurring items, and other adjustments permitted in calculating covenant compliance under the Term Loan Credit Facility. EBITDA, a measure used by management to evaluate our ongoing operations for internal planning and forecasting purposes, is defined as net income (loss) from operations plus interest expense, income tax expense, amortization of acquired intangibles, net and depreciation, depletion and amortization, less interest income and income tax benefit. EBITDA is not a financial measure recognized under United States generally accepted accounting principles and does not purport to be an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. The amounts shown for EBITDA as presented may differ from amounts calculated and may not be comparable to other similarly titled measures used by other companies.

Consolidated EBITDA is calculated in accordance with our Term Loan Credit Facility, as amended, and is equal to Consolidated Net Income plus, without duplication (i) consolidated interest expense; (ii) to the extent deducted in computing such Consolidated Net Income, the sum of all income, franchise or similar taxes; (iii) depreciation, depletion, amortization (including, without limitation, amortization of intangibles, deferred financing fees and any amortization included in pension or other employee benefit expenses) and all other non-cash items reducing Consolidated Net Income (including, without limitation, write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of acquisition accounting) but excluding, in each case, non-cash charges in a period which reflect cash expenses paid or to be paid in another period); (iv) non-recurring restructuring costs, expenses and charges, including, without limitation, all business optimization costs and expenses, facility opening, pre-opening and closing and consolidation costs and expenses, advisory and professional fees and stay and retention bonuses; *provided* that the amount of non-recurring restructuring costs, expenses and charges permitted to be added back pursuant to this clause (iv) for a four-quarter period shall not exceed 20% of Consolidated EBITDA for such period (calculated before giving effect to such add-back); (v) any expenses, costs or charges related to any equity offering, Investment permitted, acquisition, disposition, recapitalization or Indebtedness permitted to be incurred by the indenture (whether or not successful); (vi) all non-recurring or unusual losses, charges and expenses (and less all non-recurring or unusual gains); (vii) all non-cash charges and expenses; (viii) any debt extinguishment costs; (ix) any amount of asset retirement obligations expenses; (x) all Transaction Costs incurred in connection with the Transactions contemplated hereby; (xi) transaction costs, fees and expenses incurred during such period in connection with any acquisition or disposition not prohibited hereunder or any issuance of debt or equity securities by the Borrower or any of its Restricted Subsidiaries, in each case, for such expenses; and (xii) commissions, premiums, discounts, fees or other charges relating to performance bonds, bid bonds, appeal bonds, surety bonds, reclamation and completion guarantees and other similar obligations; *provided* that, with

respect to any Restricted Subsidiary, such items will be added only to the extent and in the same proportion that the relevant Restricted Subsidiary's net income was included in calculating Consolidated Net Income.

The calculation of Consolidated EBITDA is based on our results of operations in accordance with the Term Loan Credit Facility, as amended, and therefore, is different from Adjusted EBITDA presented elsewhere in this report. The calculation of Consolidated EBITDA for purposes of the Excess Cash Flow calculation is performed at the end of each fiscal year (commencing with the fiscal year ending December 31, 2017 for the portion of such fiscal year occurring after the Closing Date).

Acquisition-Related Obligations

On October 23, 2017, Alpha completed a transaction with Lexington Coal Company ("LCC"), which included the transfer by Alpha to LCC of certain idle and non-active assets and other real and personal properties located in Kentucky, Tennessee and West Virginia. As a result of that transaction we will eliminate approximately \$29,686 of our acquisition-related obligations, primarily related to the Contingent Reclamation Funding Liability and Contingent Credit Support Commitment. We will record a gain related to this extinguishment, which will be classified as other operating income in the Consolidate Statement of Operations during the quarter ending December 31, 2017. See Note 12 for additional details and disclosures on acquisition-related obligations.

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to certain off-balance sheet arrangements. These arrangements include guarantees, operating leases, indemnifications and financial instruments with off-balance sheet risk, such as bank letters of credit and performance or surety bonds. Obligations related to these arrangements are not reflected in our Condensed Consolidated Balance Sheet. However, the underlying liabilities that they secure, such as asset retirement obligations, workers' compensation liabilities, and royalty obligations, are reflected in our Condensed Consolidated Balance Sheet.

We are required to provide financial assurance in order to perform the post-mining reclamation required by our mining permits, pay our federal production royalties, pay workers' compensation claims under workers' compensation laws in various states, pay federal black lung benefits, and perform certain other obligations. In order to provide the required financial assurance, we generally use surety bonds for post-mining reclamation and workers' compensation obligations. We can also use bank letters of credit to collateralize certain obligations.

As of September 30, 2017, we had outstanding surety bonds with a total face amount of \$403.3 million to secure various obligations and commitments. To secure our obligations under these bonds, we had cash collateral in the amounts of \$57.4 million and \$15.2 million classified as long-term restricted cash and long-term deposits, respectively, on our balance sheet as of September 30, 2017.

As of September 30, 2017, we had real property collateralizing \$26.7 million of reclamation bonds.

We meet frequently with our surety providers and have discussions with certain providers regarding the extent of and the terms of their participation in the program. These discussions may cause us to shift surety bonds between providers or to alter the terms of their participation in our program. To the extent that surety bonds become unavailable or our surety bond providers require additional collateral, we would seek to secure our obligations with letters of credit, cash deposits or other suitable forms of collateral. Our failure to maintain, or inability to acquire, surety bonds or to provide a suitable alternative would have a material adverse effect on our liquidity. These failures could result from a variety of factors including lack of availability, higher cost or unfavorable market terms of new surety bonds, and the exercise by third-party surety bond issuers of their right to refuse to renew the surety.

Other

As a regular part of our business, we review opportunities for, and engage in discussions and negotiations concerning, the acquisition or disposition of coal mining and related infrastructure assets and interests in coal mining companies, and acquisitions or dispositions of, or combinations or other strategic transactions involving companies with coal mining or other energy assets. When we believe that these opportunities are consistent with our strategic plans and our acquisition or disposition criteria, we will make bids or proposals and/or enter into letters of intent and other similar agreements. These bids or proposals, which may be binding or non-binding, are customarily subject to a variety of conditions and usually permit us to terminate the discussions and any related agreement if, among other things, we are not satisfied with the results of due diligence. Any acquisition opportunities we pursue could materially affect our liquidity and capital resources and may require us to incur indebtedness, seek equity capital or both. There can be no assurance that additional financing will be available on terms acceptable to us, or at all.

Contractual Obligations

The following is a summary of our significant contractual obligations as of September 30, 2017:

<i>(in thousands)</i>	2017	2018	2019	2020	2021	After 2021	Total
Long-term debt ⁽¹⁾	\$ 1,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 371,000	\$ 388,000
Other debt ⁽²⁾	252	3,068	—	—	—	—	3,320
Capital lease obligations ⁽³⁾	292	1,109	910	107	94	44	2,556
Acquisition-related obligations ⁽⁴⁾	500	14,500	14,500	15,000	2,000	—	46,500
Equipment purchase commitments	28,439	2,157	—	—	—	—	30,596
Maintenance and repairs contracts ⁽⁵⁾	5,704	16,531	8,254	7,409	5,627	4,755	48,280
Transportation commitments	230	3,042	3,072	3,102	—	—	9,446
Operating leases	535	1,653	1,504	1,093	738	499	6,022
Minimum royalties	159	1,391	594	554	564	734	3,996
Coal purchase commitments	101,484	80,543	11,989	1,938	—	—	195,954
Other ⁽⁶⁾	8,658	—	—	—	—	—	8,658
Total	\$ 147,253	\$ 127,994	\$ 44,823	\$ 33,203	\$ 13,023	\$ 377,032	\$ 743,328

⁽¹⁾ Long-term debt includes principal amounts due in the years shown. Cash interest payable on this obligation, with an interest rate of 6.28%, would be approximately \$6,362 in 2017, \$24,544 in 2018, \$24,290 in 2019, \$24,101 in 2020, \$23,780 in 2021, and \$51,673 after 2021.

⁽²⁾ Other debt includes principal amounts due in the years shown. Cash interest payable on these obligations, with an interest rate of 4.49%, would be approximately \$21 in 2017 and \$71 in 2018.

⁽³⁾ Capital lease obligations include principal amounts due in the years shown. Cash interest payable on these obligations with interest rates ranging between 4.72% and 9.50%, would be approximately \$39 in 2017, \$111 in 2018, \$38 in 2019, \$10 in 2020, \$5 in 2021, and \$1 after 2021.

⁽⁴⁾ Certain contingent liabilities and guarantees are excluded from the table above, for which the timing of payments are not estimable. See Note 12 for further disclosures related to these contingent liabilities and guarantees.

⁽⁵⁾ Amounts based on estimated future service performed under the respective contracts.

⁽⁶⁾ Personal property and real estate taxes assumed pursuant to the bankruptcy settlement include principal amounts due in the year shown.

Additionally, we have long-term liabilities relating to asset retirement obligations, black lung benefits, deferred compensation, life insurance benefits, and workers' compensation benefits. The table below reflects the estimated undiscounted cash flows for these obligations:

<i>(in thousands)</i>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>After 2021</u>	<u>Total</u>
Asset retirement obligation	\$ 2,503	\$ 5,357	\$ 4,741	\$ 56,578	\$ 56,524	\$ 394,857	\$ 520,560
Black lung benefit obligation	—	—	—	—	12	46,744	46,756
Deferred compensation obligation	—	36	18	—	—	818	872
Life insurance benefit obligation	216	806	727	680	670	18,854	21,953
Workers' compensation benefit obligation	801	3,599	2,521	1,942	1,682	10,220	20,765
Total	<u>\$ 3,520</u>	<u>\$ 9,798</u>	<u>\$ 8,007</u>	<u>\$ 59,200</u>	<u>\$ 58,888</u>	<u>\$ 471,493</u>	<u>\$ 610,906</u>

We expect to spend between \$80 million and \$90 million on capital expenditures during 2017.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other factors and assumptions, including the current economic environment that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis and adjust such estimates and assumptions as facts and circumstances require. Foreign currency and energy markets, and fluctuations in demand for steel products have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results may differ significantly from these estimates. Changes in these estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

Business Combinations. We account for our business combinations under the acquisition method of accounting. The total cost of acquisitions is allocated to the underlying identifiable net tangible and intangible assets based on their respective estimated fair values. Determining the fair value of assets acquired and liabilities assumed requires management's judgment, the utilization of independent valuation experts and often involves the use of significant estimates and assumptions with respect to the timing and amounts of future cash inflows and outflows, discount rates, market prices and asset lives, among other items.

Reclamation. Our asset retirement obligations arise from the federal Surface Mining Control and Reclamation Act of 1977 and similar state statutes, which require that mine property be restored in accordance with specified standards and an approved reclamation plan. Significant reclamation activities include reclaiming refuse and slurry ponds, reclaiming the pit and support acreage at surface mines, sealing portals at deep mines and the treatment of water. We determine the future cash flows necessary to satisfy our reclamation obligations on a permit-by-permit basis based upon current permit requirements and various estimates and assumptions, including estimates of disturbed acreage, cost estimates, and assumptions regarding productivity. We are also faced with increasingly stringent environmental regulation, much of which is beyond our control, which could increase our costs and materially increase our asset retirement obligations. Estimates of disturbed acreage are determined based on approved mining plans and related engineering data. Cost estimates are based upon third-party costs. Productivity assumptions are based on historical experience with the equipment that is expected to be utilized in the reclamation activities. Our asset retirement obligations are initially recorded at fair value. In order to determine fair value, we use assumptions including a discount rate and third-party margin. Each is discussed further below:

- *Discount Rate.* Asset retirement obligations are initially recorded at fair value. We utilize discounted cash flow techniques to estimate the fair value of our obligations. We base our discount rate on the rates of treasury bonds with maturities similar to expected mine lives and adjust for our credit standing as necessary after considering funding and assurance provisions. Changes in our credit standing could have a material impact on our asset retirement obligations.
- *Third-Party Margin.* The measurement of an obligation at fair value is based upon the amount a third-party would demand to perform the obligation. Because we plan to perform a significant amount of the reclamation activities with internal resources, a third-party margin was added to the estimated costs of these activities. This margin was estimated based upon our historical experience with contractors performing similar types of reclamation activities. The inclusion of this margin will result in a recorded obligation that is greater than our estimates of our cost to perform the

reclamation activities. If our cost estimates are accurate, the excess of the recorded obligation over the cost incurred to perform the work will be recorded as a gain at the time that reclamation work is completed.

On at least an annual basis, we review our reclamation liabilities and make necessary adjustments for permit changes as granted by state authorities, additional costs resulting from accelerated mine closures, and revisions to cost estimates and productivity assumptions, to reflect current experience and updated plans. At September 30, 2017, we had recorded asset retirement obligation liabilities of \$204.4 million, including amounts reported as current. While the precise amount of these future costs cannot be determined with certainty, as of September 30, 2017, we estimate that the aggregate undiscounted cost of final mine closures is approximately \$520.6 million.

Coal Reserves. There are numerous uncertainties inherent in estimating quantities of economically recoverable coal reserves, many of which are beyond our control. As a result, estimates of economically recoverable coal reserves are by their nature uncertain. Information about our reserves consists of estimates based on engineering, economic and geological data assembled by our internal engineers and geologists. Some of the factors and assumptions that impact economically recoverable reserve estimates include:

- geological conditions;
- historical production from the area compared with production from other producing areas;
- the assumed effects of regulations and taxes by governmental agencies;
- assumptions governing future prices;
- current mine plans; and
- future operating costs.

Each of these factors may vary considerably from the assumptions used in estimating reserves. For these reasons, estimates of the economically recoverable quantities of coal attributable to a particular group of properties, and classifications of these reserves based on risk of recovery and estimates of future net cash flows, may vary substantially. Actual production, revenues and expenditures with respect to reserves will likely vary from estimates, and these variances may be material. Variances could affect our projected future revenues and expenditures, as well as the valuation of coal reserves. At December 31, 2016, we had 1.3 billion tons of proven and probable coal reserves, of which 0.7 billion tons were assigned to our active operations and 0.6 billion tons were unassigned.

Workers' Compensation. Individuals who sustain personal injuries due to job-related accidents may be compensated for their disabilities, medical costs, and on some occasions, for the costs of their rehabilitation, and the survivors of workers who suffer fatal injuries may receive compensation for lost financial support. The workers' compensation laws are administered by state agencies with each state having its own set of rules and regulations regarding compensation that is owed to an employee who is injured in the course of employment. Our obligations are partially covered through high-deductible third-party insurance policies. We accrue for any liability by recognizing costs when it is probable that a covered liability has been incurred and the cost can be reasonably estimated. Our estimates of these costs are adjusted based upon actuarial studies. Actual losses may differ from these estimates, which could increase or decrease our costs. At September 30, 2017, we had workers' compensation obligations of \$23.5 million primarily related to obligations assumed in the Acquisition.

Coal Workers' Pneumoconiosis. We are required by federal and state statutes to provide benefits to employees for awards related to coal workers' pneumoconiosis disease (black lung). Our subsidiaries are insured for black lung obligations by a third-party insurance provider using high-deductible plans. Provisions are made for estimated benefits based on annual evaluations prepared by independent actuaries. As of September 30, 2017, we had estimated black lung obligations of approximately \$15.4 million.

Deferred Compensation. The Company provides additional non-qualified deferred retirement income to plan participants in excess of what they may be entitled to receive under the Company's other qualified retirement benefit plans. Provisions are made for estimated benefits based on annual evaluations prepared by independent actuaries. As of September 30, 2017, we had estimated deferred compensation obligations of approximately \$0.4 million.

Life Insurance Benefits. As part of the Alpha Restructuring and the Retiree Committee Agreement, we assumed the liability for life insurance benefits for certain disabled and non-union retired employees. Provisions are made for estimated

benefits based on annual evaluations prepared by independent actuaries. As of September 30, 2017, we had estimated life insurance benefit obligations of approximately \$12.5 million.

Warrant Derivative Liability. We issued Series A Warrants on July 26, 2016 and classified the warrants as a derivative liability for the period from July 26, 2016 to December 31, 2016 as they possessed an underlying amount (stock price), a notional amount (number of shares), required no initial net investment, and allowed for net share settlement. The warrants were fair-valued using a Black-Scholes pricing model and marked to market with changes in value reflected in earnings. Pursuant to the retrospective adoption of ASU 2017-11, our warrants are no longer classified as a derivative liability as of January 1, 2017. See Note 16 for disclosures related to Warrants.

Income Taxes. We recognize deferred tax assets and liabilities using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized. In evaluating our ability to recover our deferred tax assets within the jurisdiction in which they arise, we consider all available positive and negative evidence, including the expected reversals of deferred tax liabilities, projected future taxable income, taxable income available via carryback to prior years, tax planning strategies, and results of recent operations. We assess the realizability of our deferred tax assets including scheduling the reversal of our deferred tax assets and liabilities to determine the amount of valuation allowance needed. Scheduling the reversal of deferred tax asset and liability balances requires judgment and estimation. We believe the deferred tax liabilities relied upon as future taxable income in our assessment will reverse in the same period and jurisdiction and are of the same character as the temporary differences giving rise to the deferred tax assets that will be realized. Due to our formation through the acquisition of the core coal assets of Alpha as part of the Alpha Restructuring, a lack of history of operating results, and ownership change limitations applicable to net operating loss and other carryforwards, a full valuation allowance is currently recorded against the net deferred tax assets of ours.

Asset Impairment. U.S. GAAP requires that a long-lived asset group that is held and used should be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the long-lived asset group might not be recoverable. Testing long-lived assets for impairment after indicators of impairment have been identified is a two-step process. Step one compares the net undiscounted cash flows of an asset group to its carrying value. If the carrying value of an asset group exceeds the net undiscounted cash flows of that asset group, step two is performed whereby the fair value of the asset group is estimated and compared to its carrying amount. The amount of impairment, if any, is equal to the excess of the carrying value of an asset group over its estimated fair value. The amount of impairment, if any, is allocated to the long-lived assets on a pro-rata basis, except that the carrying value of the individual long-lived assets are not reduced below their estimated fair value. Long-lived assets located in a close geographic area are grouped together for purposes of impairment testing when, after considering revenue and cost interdependencies, circumstances indicate the assets are used together to produce future cash flows. Our asset groups generally consist of the assets and applicable liabilities of one or more mines and preparation plants and associated coal reserves for which cash flows are largely independent of cash flows of other mines, preparation plants and associated reserves.

Acquisition-Related Obligations. We entered into various settlement agreements with Alpha and/or the Alpha bankruptcy successor ANR and third parties as part of the Alpha Restructuring. We assumed acquisition-related obligations through those settlement agreements which became effective on July 26, 2016, the effective date of Alpha's plan of reorganization. These acquisition-related obligations include financial instruments which are fair valued on a recurring basis. Observable transactions are not available to aid in determining the fair value. Therefore, the fair value is derived by using the expected present value approach in which estimated cash flows are discounted using a risk-free interest rate adjusted for market risk. See Note 12 and Note 15 for disclosures related to acquisition-related obligations.

New Accounting Pronouncements. See Note 1 for disclosures related to new accounting policies adopted.

Quantitative and Qualitative Disclosures about Market Risk

Commodity Price Risk

We manage our commodity price risk for coal sales through the use of coal supply agreements. As of October 26, 2017, we had sales commitments for approximately 31.5 million tons of PRB coal for the full year 2017, 99% of which is priced, 7.0 million tons of NAPP coal for the full year 2017, all of which is priced, and 4.0 million tons of CAPP coal for the full year 2017, 85% of which is priced.

We have exposure to price risk for supplies that are used directly or indirectly in the normal course of production such as diesel fuel, steel and other items such as explosives. We manage our risk for these items through strategic sourcing contracts in

normal quantities with our suppliers and may use derivative instruments in the future from time to time, primarily swap contracts with financial institutions, for a certain percentage of our monthly requirements. Swap agreements would essentially fix the price paid for our diesel fuel by requiring us to pay a fixed price and receive a floating price.

We expect to use approximately 5.0 million gallons of diesel fuel for the remaining three months of 2017 and 19.2 million gallons of diesel fuel for 2018.

Credit Risk

Our credit risk is primarily with electric power generators and steel producers. Our policy is to independently evaluate each customer's creditworthiness prior to entering into transactions and to monitor outstanding accounts receivable against established credit limits. When appropriate (as determined by our credit management function), we have taken steps to reduce our credit exposure to customers that do not meet our credit standards or whose credit has deteriorated. These steps include obtaining letters of credit or cash collateral, obtaining credit insurance, requiring prepayments for shipments or establishing customer trust accounts held for our benefit in the event of a failure to pay.

Interest Rate Risk

We have exposure to changes in interest rates through our Asset-Based Revolving Credit Agreement, which bears interest based on the character of the loan (defined as either "Base Rate Loan" or "Eurocurrency Rate Loan") plus an applicable rate ranging from 1.00% to 1.50% for Base Rate Loans and 2.00% to 2.50% for Eurocurrency Rate Loans, depending on the amount of credit available. As of September 30, 2017, the Company had no borrowings under the Asset-Based Term Loan Credit Agreement.

We also have exposure to changes in interest rates through our Term Loan Credit Facility, which bears an interest rate per annum based on the character of the loan (defined as either "Base Rate Loan" or "Eurocurrency Rate Loan") plus an applicable rate of 4.00% to 5.00% depending on loan type (the "Applicable Rate"), payable bi-monthly in arrears. As of September 30, 2017, a 50 basis point increase or decrease in interest rates would increase or decrease our annual interest expense by approximately \$1.8 million.

Controls and Procedures

We are a new company and are in the costly and challenging process of compiling the systems and processing the documentation necessary to implement and evaluate the effectiveness of our disclosure controls and procedures. As we are a private company, we are not required to implement, maintain and evaluate, on a formal basis, internal control over financial reporting.

Our management team is developing a process for establishing, maintaining and evaluating disclosure controls and procedures that are designed to ensure that information disclosed by us in our periodic and annual reports is timely recorded, processed, summarized and reported. In addition, we have established a Code of Business Ethics designed to provide a statement of the values and ethical standards to which we require our employees and directors to adhere. The Code of Business Ethics provides the framework for maintaining the highest possible standards of professional conduct. We also maintain a process allowing employees, vendors and others to report violations of the Code of Ethics or other matters. Even when fully completed, there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.