

CONTURA ENERGY, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS

<i>(In thousands, except for per ton data)</i>	Three Months Ended December 31,		Increase (Decrease)	
	2018	2017	\$ or Tons	%
Revenues:				
Coal revenues:				
Met	\$ 363,163	\$ 232,680	\$ 130,483	56.1 %
Thermal	116,077	59,723	56,354	94.4 %
Freight and handling fulfillment revenues ⁽¹⁾	95,111	55,991	39,120	69.9 %
Other revenues	(2,267)	4,251	(6,518)	(153.3)%
Total revenues	\$ 572,084	\$ 352,645	\$ 219,439	62.2 %
Tons sold:				
Met	2,957	2,061	896	43.5 %
Thermal	2,549	1,381	1,168	84.6 %
Total	5,506	3,442	2,064	60.0 %
Coal sales realization per ton ⁽²⁾:				
Met	\$ 122.81	\$ 112.90	\$ 9.91	8.8 %
Thermal	\$ 45.54	\$ 43.25	\$ 2.29	5.3 %
Average	\$ 87.04	\$ 84.95	\$ 2.09	2.5 %
<i>(In thousands, except for per ton data)</i>	Three Months Ended December 31,		Increase (Decrease)	
	2018	2017	\$ or Tons	%
Coal revenues ⁽²⁾:				
CAPP - Met operations	\$ 247,211	\$ 90,220	\$ 156,991	174.0 %
CAPP - Thermal operations	35,685	—	35,685	100.0 %
NAPP operations	89,946	61,089	28,857	47.2 %
Trading and Logistics operations	106,398	141,094	(34,696)	(24.6)%
Total coal revenues	\$ 479,240	\$ 292,403	\$ 186,837	63.9 %
Tons sold:				
CAPP - Met operations	2,071	827	1,244	150.4 %
CAPP - Thermal operations	632	—	632	100.0 %
NAPP Operations	1,971	1,392	579	41.6 %
Trading and Logistics operations	832	1,223	(391)	(32.0)%
Coal sales realization per ton ⁽²⁾:				
CAPP - Met operations	\$ 119.37	\$ 109.09	\$ 10.28	9.4 %
CAPP - Thermal operations	\$ 56.46	\$ —	\$ 56.46	100.0 %
NAPP operations	\$ 45.63	\$ 43.89	\$ 1.74	4.0 %
Trading and Logistics operations	\$ 127.88	\$ 115.37	\$ 12.51	10.8 %
Average	\$ 87.04	\$ 84.95	\$ 2.09	2.5 %

⁽¹⁾ Subsequent to the adoption of Accounting Standards Codification 606 during the current year, freight and handling fulfillment revenues for the three months ended December 31, 2018 are included within coal revenues.

⁽²⁾ Does not include \$95.1 million of freight and handling fulfillment revenues for the three months ended December 31, 2018.

	Three Months Ended December 31,		Increase (Decrease)	
	2018	2017	\$ or Tons	%
<i>(In thousands, except for per ton data)</i>				
Cost of coal sales (exclusive of items shown separately below)	\$ 366,718	\$ 245,244	\$ 121,474	49.5 %
Freight and handling costs	95,111	55,991	39,120	69.9 %
Depreciation, depletion and amortization	43,598	9,618	33,980	353.3 %
Accretion on asset retirement obligations	4,421	2,427	1,994	82.2 %
Amortization of acquired intangibles, net	(17,860)	9,896	(27,756)	(280.5)%
Selling, general and administrative expenses (exclusive of depreciation, depletion and amortization shown separately above)	15,781	11,365	4,416	38.9 %
Merger related costs	46,736	—	46,736	100.0 %
Secondary offering costs	—	(8)	8	100.0 %
Total other operating (income) loss:				
Mark-to-market adjustment for acquisition-related obligations	24	—	24	100.0 %
Gain on settlement of acquisition-related obligations	(170)	(29,686)	29,516	99.4 %
Other expenses	354	89	265	297.8 %
Total costs and expenses	554,713	304,936	\$ 249,777	81.9 %
Other income (expense):				
Interest expense	(12,272)	(7,897)	(4,375)	(55.4)%
Interest income	1,120	94	1,026	1,091.5 %
Loss on modification and extinguishment of debt	(12,042)	—	(12,042)	(100.0)%
Equity loss in affiliates	(3,255)	(1,219)	(2,036)	(167.0)%
Miscellaneous income, net	(517)	544	(1,061)	(195.0)%
Total other expense, net	(26,966)	(8,478)	(18,488)	(218.1)%
Income tax benefit	165,496	75,419	90,077	119.4 %
Net income from continuing operations	\$ 155,901	\$ 114,650	\$ 41,251	36.0 %
Cost of coal sales:				
CAPP - Met operations	\$ 174,244	\$ 61,760	\$ 112,484	182.1 %
CAPP - Thermal operations	\$ 42,594	—	\$ 42,594	100.0 %
NAPP operations	\$ 64,338	\$ 64,091	\$ 247	0.4 %
Trading and Logistics operations	\$ 84,601	\$ 119,393	\$ (34,792)	(29.1)%
Tons sold:				
CAPP - Met operations	2,071	827	1,244	150.4 %
CAPP - Thermal operations	632	—	632	100.0 %
NAPP operations	1,971	1,392	579	41.6 %
Trading and Logistics operations	832	1,223	(391)	(32.0)%
Cost of coal sales per ton:				
CAPP - Met operations	\$ 84.14	\$ 74.68	\$ 9.46	12.7 %
CAPP - Thermal operations	\$ 67.40	—	\$ 67.40	100.0 %
NAPP operations	\$ 32.64	\$ 46.04	\$ (13.40)	(29.1)%
Trading and Logistics operations	\$ 101.68	\$ 97.62	\$ 4.06	4.2 %

Coal margin per ton ⁽¹⁾:

CAPP - Met operations	\$	35.23	\$	34.41	\$	0.82	2.4 %
CAPP - Thermal operations	\$	(10.94)	\$	—	\$	(10.94)	(100.0)%
NAPP operations	\$	12.99	\$	(2.15)	\$	15.14	(704.2)%
Trading and Logistics operations	\$	26.20	\$	17.75	\$	8.45	47.6 %

⁽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 related to our continuing operations.

<i>(In thousands, except for per ton data)</i>	Year Ended December 31,		Increase (Decrease)	
	2018	2017	\$ or Tons	%
Revenues:				
Coal revenues:				
Met	\$ 1,378,747	\$ 1,105,819	\$ 272,928	24.7 %
Thermal	279,014	286,662	(7,648)	(2.7)%
Freight and handling fulfillment revenues ⁽¹⁾	363,128	247,402	115,726	46.8 %
Other revenues	10,316	10,086	230	2.3 %
Total revenues	\$ 2,031,205	\$ 1,649,969	\$ 381,236	23.1 %

Tons sold:				
Met	11,121	8,916	2,205	24.7 %
Thermal	6,466	6,741	(275)	(4.1)%
Total	17,587	15,657	1,930	12.3 %

Coal sales realization per ton ⁽²⁾:				
Met	\$ 123.98	\$ 124.03	\$ (0.05)	— %
Thermal	\$ 43.15	\$ 42.53	\$ 0.62	1.5 %
Average	\$ 94.26	\$ 88.94	\$ 5.32	6.0 %

<i>(In thousands, except for per ton data)</i>	Year Ended December 31,		Increase (Decrease)	
	2018	2017	\$ or Tons	%
Coal revenues ⁽²⁾:				
CAPP - Met operations	\$ 649,041	\$ 458,806	\$ 190,235	41.5 %
CAPP - Thermal operations	35,685	—	35,685	100.0 %
NAPP operations	281,175	301,789	(20,614)	(6.8)%
Trading and Logistics operations	691,860	631,886	59,974	9.5 %
Total coal revenues	\$ 1,657,761	\$ 1,392,481	\$ 265,280	19.1 %

Tons sold:				
CAPP - Met operations	5,196	3,901	1,295	33.2 %
CAPP - Thermal operations	632	—	632	100.0 %
NAPP operations	6,273	6,904	(631)	(9.1)%
Trading and Logistics operations	5,486	4,852	634	13.1 %

Coal sales realization per ton ⁽²⁾:				
CAPP - Met operations	\$ 124.91	\$ 117.61	\$ 7.30	6.2 %
CAPP - Thermal operations	\$ 56.46	\$ —	\$ 56.46	100.0 %
NAPP operations	\$ 44.82	\$ 43.71	\$ 1.11	2.5 %
Trading and Logistics operations	\$ 126.11	\$ 130.23	\$ (4.12)	(3.2)%
Average	\$ 94.26	\$ 88.94	\$ 5.32	6.0 %

⁽¹⁾ Subsequent to the adoption of Accounting Standards Codification 606 during the current year, freight and handling fulfillment revenues for the year ended December 31, 2018 are included within coal revenues.

⁽²⁾ Does not include \$363.1 million of freight and handling fulfillment revenues for the year ended December 31, 2018.

<i>(In thousands, except for per ton data)</i>	Year Ended December 31,		Increase (Decrease)	
	2018	2017	\$ or Tons	%
Cost of coal sales (exclusive of items shown separately below)	\$ 1,297,990	\$ 1,079,895	\$ 218,095	20.2 %
Freight and handling costs	363,128	247,402	115,726	46.8 %
Depreciation, depletion and amortization	77,549	34,910	42,639	122.1 %
Accretion on asset retirement obligations	9,966	9,934	32	0.3 %
Amortization of acquired intangibles, net	(5,392)	59,007	(64,399)	(109.1)%
Selling, general and administrative expenses (exclusive of depreciation, depletion and amortization shown separately above)	59,271	67,459	(8,188)	(12.1)%
Merger related costs	51,800	—	51,800	100.0 %
Secondary offering costs	—	4,491	(4,491)	(100.0)%
Total other operating (income) loss:				
Mark-to-market adjustment for acquisition-related obligations	24	3,221	(3,197)	(99.3)%
Gain on settlement of acquisition-related obligations	(580)	(38,886)	38,306	98.5 %
Other (income) expense	(16,311)	178	(16,489)	(9,263.5)%
Total costs and expenses	1,837,445	1,467,611	\$ 369,834	25.2 %
Other income (expense):				
Interest expense	(38,810)	(35,977)	(2,833)	(7.9)%
Interest income	1,949	210	1,739	828.1 %
Loss on modification and extinguishment of debt	(12,042)	(38,701)	26,659	68.9 %
Equity loss in affiliates	(6,112)	(3,339)	(2,773)	(83.0)%
Bargain purchase gain	—	1,011	(1,011)	(100.0)%
Miscellaneous income, net	(1,254)	194	(1,448)	(746.4)%
Total other expense, net	(56,269)	(76,602)	20,333	26.5 %
Income tax benefit	165,363	67,979	97,384	143.3 %
Net income from continuing operations	\$ 302,854	\$ 173,735	\$ 129,119	74.3 %
Cost of coal sales:				
CAPP - Met operations	\$ 424,946	\$ 284,634	\$ 140,312	49.3 %
CAPP - Thermal operations	\$ 42,594	\$ —	\$ 42,594	100.0 %
NAPP operations	\$ 241,652	\$ 252,113	\$ (10,461)	(4.1)%
Trading and Logistics operations	\$ 587,857	\$ 543,148	\$ 44,709	8.2 %
Tons sold:				
CAPP - Met operations	5,196	3,901	1,295	33.2 %
CAPP - Thermal operations	632	—	632	100.0 %
NAPP operations	6,273	6,904	(631)	(9.1)%
Trading and Logistics operations	5,486	4,852	634	13.1 %
Cost of coal sales per ton:				
CAPP - Met operations	\$ 81.78	\$ 72.96	\$ 8.82	12.1 %
CAPP - Thermal operations	\$ 67.40	\$ —	\$ 67.40	100.0 %
NAPP operations	\$ 38.52	\$ 36.52	\$ 2.00	5.5 %
Trading and Logistics operations	\$ 107.16	\$ 111.94	\$ (4.78)	(4.3)%

Coal margin per ton ⁽¹⁾ :					
CAPP - Met operations	\$	43.13	\$	44.65	\$ (1.52) (3.4)%
CAPP - Thermal operations	\$	(10.94)	\$	—	\$ (10.94) (100.0)%
NAPP operations	\$	6.30	\$	7.19	\$ (0.89) (12.4)%
Trading and Logistics operations	\$	18.95	\$	18.29	\$ 0.66 3.6 %

⁽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 related to our continuing operations.

Our cost of coal sales includes idle and closed mine costs and purchased coal costs. Additionally due to the Merger, our cost of coal sales includes the cost impact of coal inventory fair value adjustments. In the following table, we calculate adjusted cost of produced coal sold as cost of coal sales less idle and closed mine costs, cost impact of coal inventory fair value adjustments and purchased coal costs.

	Three Months Ended December 31, 2018					
<i>(In thousands, except for per ton data)</i>	CAPP - Met	CAPP - Thermal	NAPP	Trading and Logistics	All Other	Consolidated
Cost of coal sales:						
Cost of produced coal sold	\$ 143,297	\$ 34,690	\$ 64,403	\$ —	\$ 220	\$ 242,610
Cost of purchased coal sold	18,385	2,185	—	84,601	—	105,171
Cost impact of coal inventory fair value ⁽¹⁾	11,547	5,517	—	—	—	17,064
Idle and closed mine costs	1,015	202	(65)	—	721	1,873
Total cost of coal sales	\$ 174,244	\$ 42,594	\$ 64,338	\$ 84,601	\$ 941	\$ 366,718
Tons sold	2,071	632	1,971	832	—	5,506
Cost of coal sales per ton	\$ 84.14	\$ 67.40	\$ 32.64	\$ 101.68	\$ —	\$ 66.60
Total cost of coal sales	\$ 174,244	\$ 42,594	\$ 64,338	\$ 84,601	\$ 941	\$ 366,718
Less: cost of purchased coal sold	(18,385)	(2,185)	—	(84,601)	—	(105,171)
Less: cost impact of coal inventory fair value	(11,547)	(5,517)	—	—	—	(17,064)
Less: idle and closed mine costs	(1,015)	(202)	65	—	(721)	(1,873)
Cost of produced coal sold	\$ 143,297	\$ 34,690	\$ 64,403	\$ —	\$ 220	\$ 242,610
Produced tons sold	1,910	595	1,971	—	—	4,476
Cost of produced coal sold per ton	\$ 75.02	\$ 58.30	\$ 32.68	\$ —	\$ —	\$ 54.20

⁽¹⁾ The cost impact of the coal inventory fair value adjustment as a result of the Alpha Merger is expected to have short-term impact.

	Year Ended December 31, 2018					
<i>(In thousands, except for per ton data)</i>	CAPP - Met	CAPP - Thermal	NAPP	Trading and Logistics	All Other	Consolidated
Cost of coal sales:						
Cost of produced coal sold	\$ 360,164	\$ 34,690	\$ 238,876	\$ —	\$ 220	\$ 633,950
Cost of purchased coal sold	49,383	2,185	—	587,857	—	639,425
Cost impact of coal inventory fair value adjustment ⁽¹⁾	11,547	5,517	—	—	—	17,064
Idle and closed mine costs	3,852	202	2,776	—	721	7,551
Total cost of coal sales	\$ 424,946	\$ 42,594	\$ 241,652	\$ 587,857	\$ 941	\$ 1,297,990
Tons sold	5,196	632	6,273	5,486	—	17,587
Cost of coal sales per ton	\$ 81.78	\$ 67.40	\$ 38.52	\$ 107.16	\$ —	\$ 73.80
Total cost of coal sales	\$ 424,946	\$ 42,594	\$ 241,652	\$ 587,857	\$ 941	\$ 1,297,990
Less: cost of purchased coal sold	(49,383)	(2,185)	—	(587,857)	—	(639,425)
Less: cost impact of coal inventory fair value adjustment	(11,547)	(5,517)	—	—	—	(17,064)
Less: idle and closed mine costs	(3,852)	(202)	(2,776)	—	(721)	(7,551)
Cost of produced coal sold	\$ 360,164	\$ 34,690	\$ 238,876	\$ —	\$ 220	\$ 633,950
Produced tons sold	4,750	595	6,273	—	—	11,618
Cost of produced coal sold per ton	\$ 75.82	\$ 58.30	\$ 38.08	\$ —	\$ —	\$ 54.57

⁽¹⁾ The cost impact of the coal inventory fair value adjustment as a result of the Alpha Merger is expected to have short-term impact.

Three Months Ended December 31, 2017

<i>(In thousands, except for per ton data)</i>	CAPP - Met	CAPP - Thermal	NAPP	Trading and Logistics	All Other	Consolidated
Cost of coal sales:						
Cost of produced coal sold	\$ 54,720	\$ —	\$ 63,786	\$ —	\$ —	\$ 118,506
Cost of purchased coal sold	6,435	—	—	119,393	—	125,828
Idle mine costs	605	—	305	—	—	910
Total cost of coal sales	\$ 61,760	\$ —	\$ 64,091	\$ 119,393	\$ —	\$ 245,244
Tons sold	827	—	1,392	1,223	—	3,442
Cost of coal sales per ton	\$ 74.68	\$ —	\$ 46.04	\$ 97.62	\$ —	\$ 71.25
Total cost of coal sales	\$ 61,760	\$ —	\$ 64,091	\$ 119,393	\$ —	\$ 245,244
Less: cost of purchased coal sold	(6,435)	—	—	(119,393)	—	(125,828)
Less: idle mine costs	(605)	—	(305)	—	—	(910)
Cost of produced coal sold	\$ 54,720	\$ —	\$ 63,786	\$ —	\$ —	\$ 118,506
Produced tons sold	780	—	—	—	—	780
Cost of produced coal sold per ton	\$ 70.15	\$ —	\$ —	\$ —	\$ —	\$ 151.93

Year Ended December 31, 2017

<i>(In thousands, except for per ton data)</i>	CAPP - Met	CAPP - Thermal	NAPP	Trading and Logistics	All Other	Consolidated
Cost of coal sales:						
Cost of produced coal sold	\$ 267,121	\$ —	\$ 248,344	\$ —	\$ —	\$ 515,465
Cost of purchased coal sold	14,734	—	47	543,148	—	557,929
Idle and closed mine costs	2,779	—	3,722	—	—	6,501
Total cost of coal sales	\$ 284,634	\$ —	\$ 252,113	\$ 543,148	\$ —	\$ 1,079,895
Tons sold	3,901	—	6,904	4,852	—	15,657
Cost of coal sales per ton	\$ 72.96	\$ —	\$ 36.52	\$ 111.94	\$ —	\$ 68.97
Total cost of coal sales	\$ 284,634	\$ —	\$ 252,113	\$ 543,148	\$ —	\$ 1,079,895
Less: cost of purchased coal sold	(14,734)	—	(47)	(543,148)	—	(557,929)
Less: idle and closed mine costs	(2,779)	—	(3,722)	—	—	(6,501)
Cost of produced coal sold	\$ 267,121	\$ —	\$ 248,344	\$ —	\$ —	\$ 515,465
Produced tons sold	3,757	—	6,902	—	—	10,659
Cost of produced coal sold per ton	\$ 71.10	\$ —	\$ 35.98	\$ —	\$ —	\$ 48.36