HALLADOR **ENERGY COMPANY**



INVESTOR RELATIONS CALL

September 4, 2014

2:00 pm EST

Participant Toll-Free Dial-In Number: (844) 420-7670

Participant International Dial-In Number: (716) 247-5774

Access 96574427

Forward Looking Statements

This presentation contains “forward-looking statements”—that is, statements related to future, not past events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties arise from changes in the demand for our coal by the domestic electric generation industry; from legislation and regulations relating to the Clean Air Act and other environmental initiatives; from operational, geological, permit, labor and weather-related factors; from fluctuations in the amount of cash we generate from operations; and from numerous other matters of national, regional and global scale, including those of political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

Participants

- **Victor Stabio,** Hallador Energy, Chairman of the Board
- **Brent Bilsland,** Hallador Energy, President & CEO
- **Andy Bishop,** Hallador Energy, Chief Financial Officer & Treasurer
- **Larry Martin,** Sunrise Coal, Chief Financial Officer

Agenda

- Vectren Acquisition
  - Closing Update
  - Financing
  - Acquisition Benefits
  - Sunrise Coal Assets
  - 230 MM Ton Complex Created
  - Thick Reserves
  - Sales/Cost Structure
  - Familiar Customer Base
  - Integration Timeline
- Q & A

Closing Update

- Closing occurred Friday, August 29, 2014
- Closing price was $320 million
- Balance sheet adjustment true up to occur within 90 days of closing (coal inventory, parts inventory)
- New employee orientation occurred prior to closing.
  - Coal production commenced September 2, 2014.

Financing

- New Credit Facility
  - Lead Bank, PNC Capital Markets
  - 17 total participant banks

Term Debt	**$175 MM**	($175 MM Hedged @ 5% for 5 yrs)
Operating Line	**$250 MM**	($100 MM Hedged @ 5% stepping down over 5 yrs)
Total Facility	**$425 MM**	
Funds Borrowed	**($350 MM)**	
Remaining Facility	**$75 MM**	

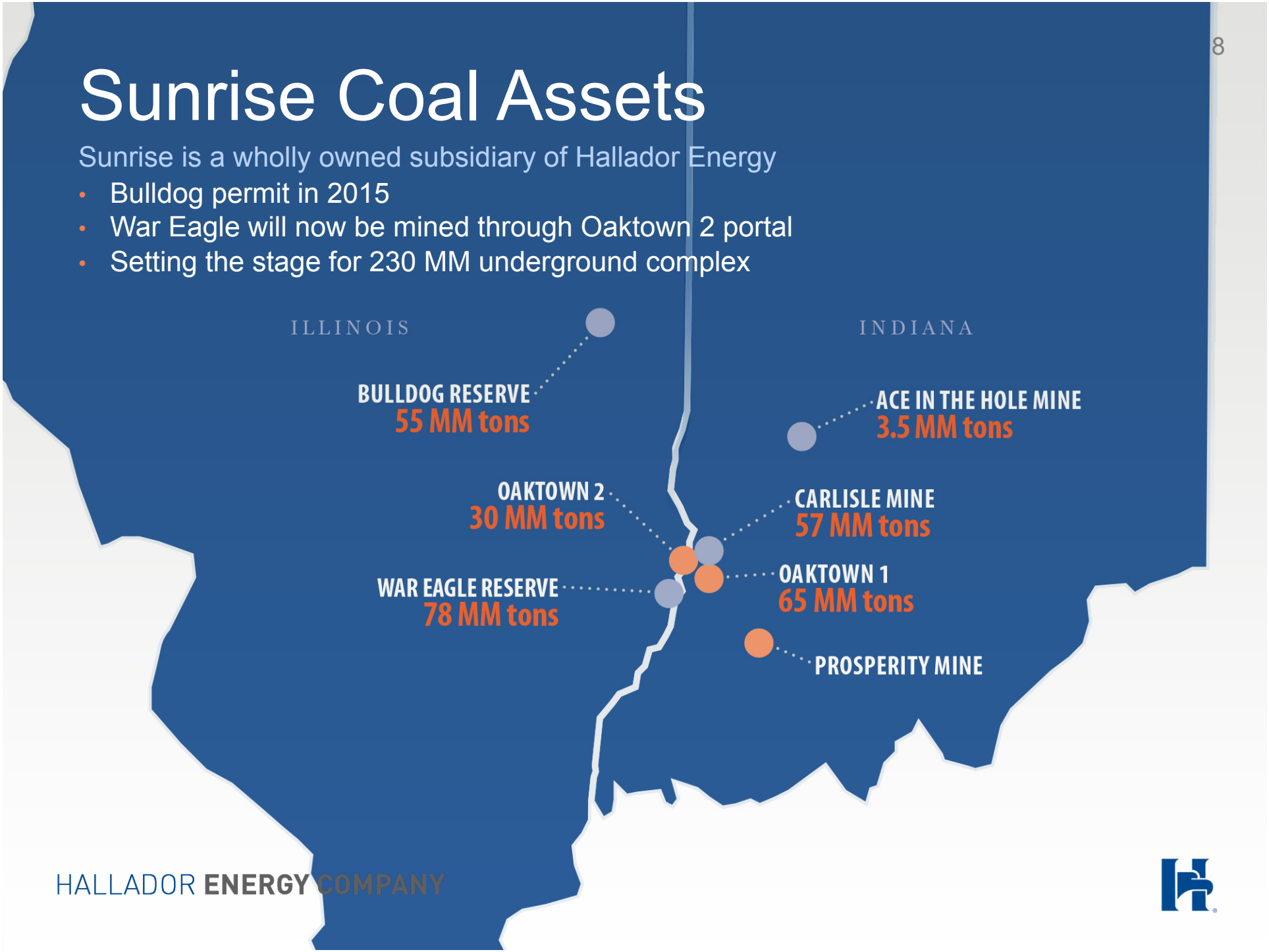
Acquisition Benefits

- Reduces operational risk and diversifies mine production
- Creates a 230 million ton contiguous reserve position
- Increases quality customer base (100% Investment Grade, 100% scrubbed, 100% “base load” plants)
- Enhances strong contract position through 2023
- Expands market share to 2nd largest Indiana producer

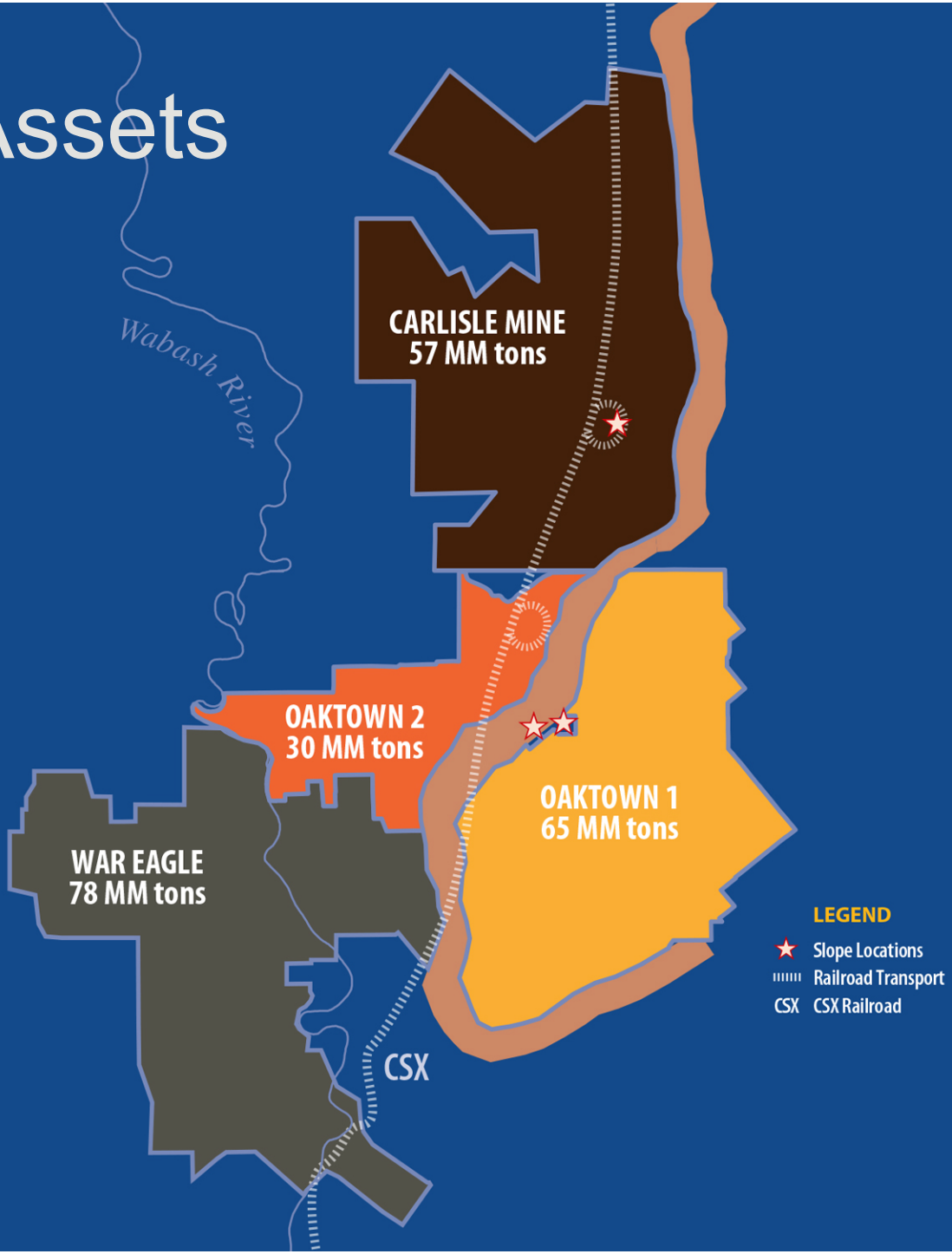
Sunrise Coal Assets

Sunrise is a wholly owned subsidiary of Hallador Energy

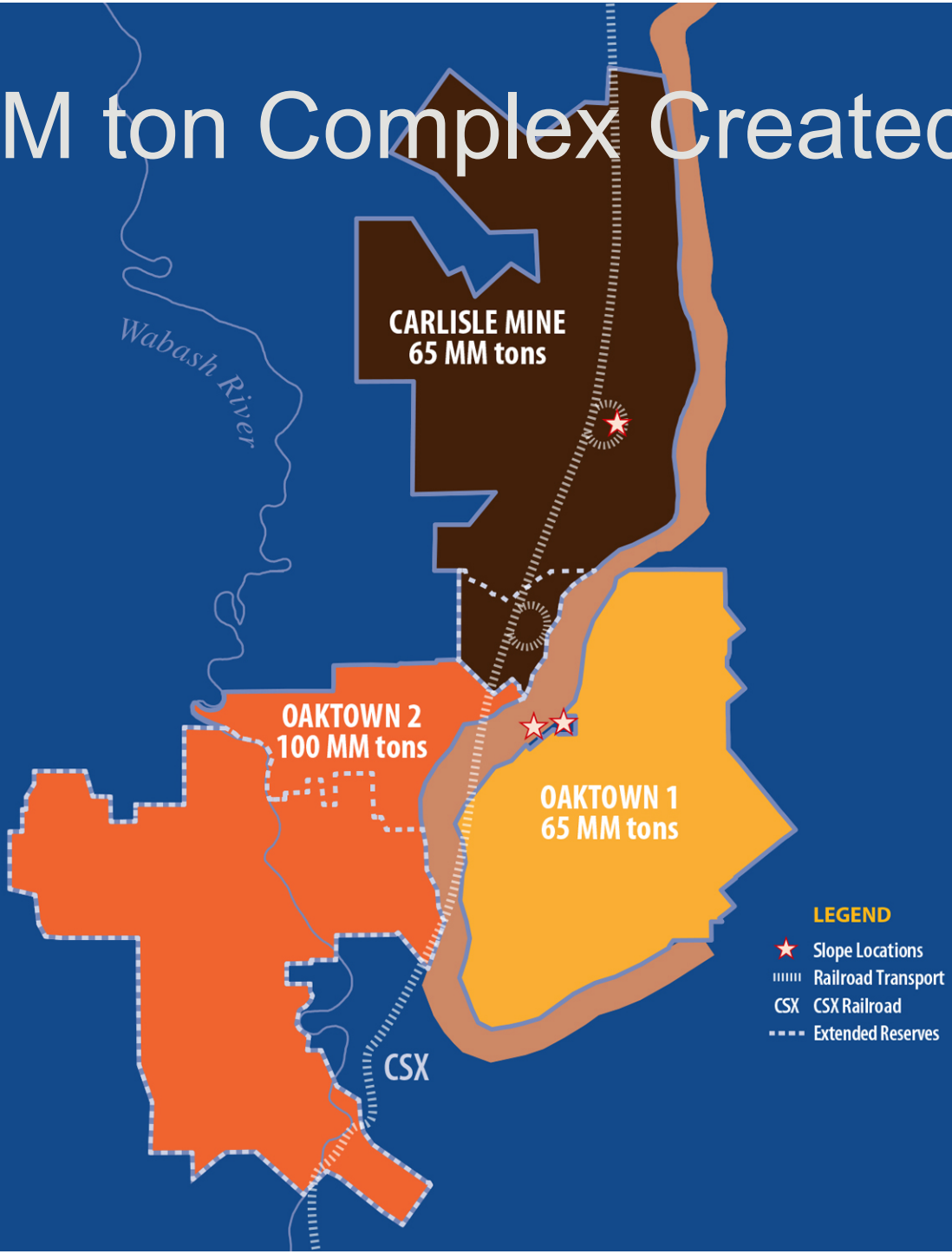
- Bulldog permit in 2015
- War Eagle will now be mined through Oaktown 2 portal
- Setting the stage for 230 MM underground complex



Coal Assets


Wabash River
CARLISLE MINE
57 MM tons
OAKTOWN 2
30 MM tons
OAKTOWN 1
65 MM tons
WAR EAGLE
78 MM tons
CSX
LEGEND
Slope Locations
Railroad Transport
CSX CSX Railroad

230 MM ton Complex Created



Thick Reserves = Low Cost

Identified Reserves (In Millions)

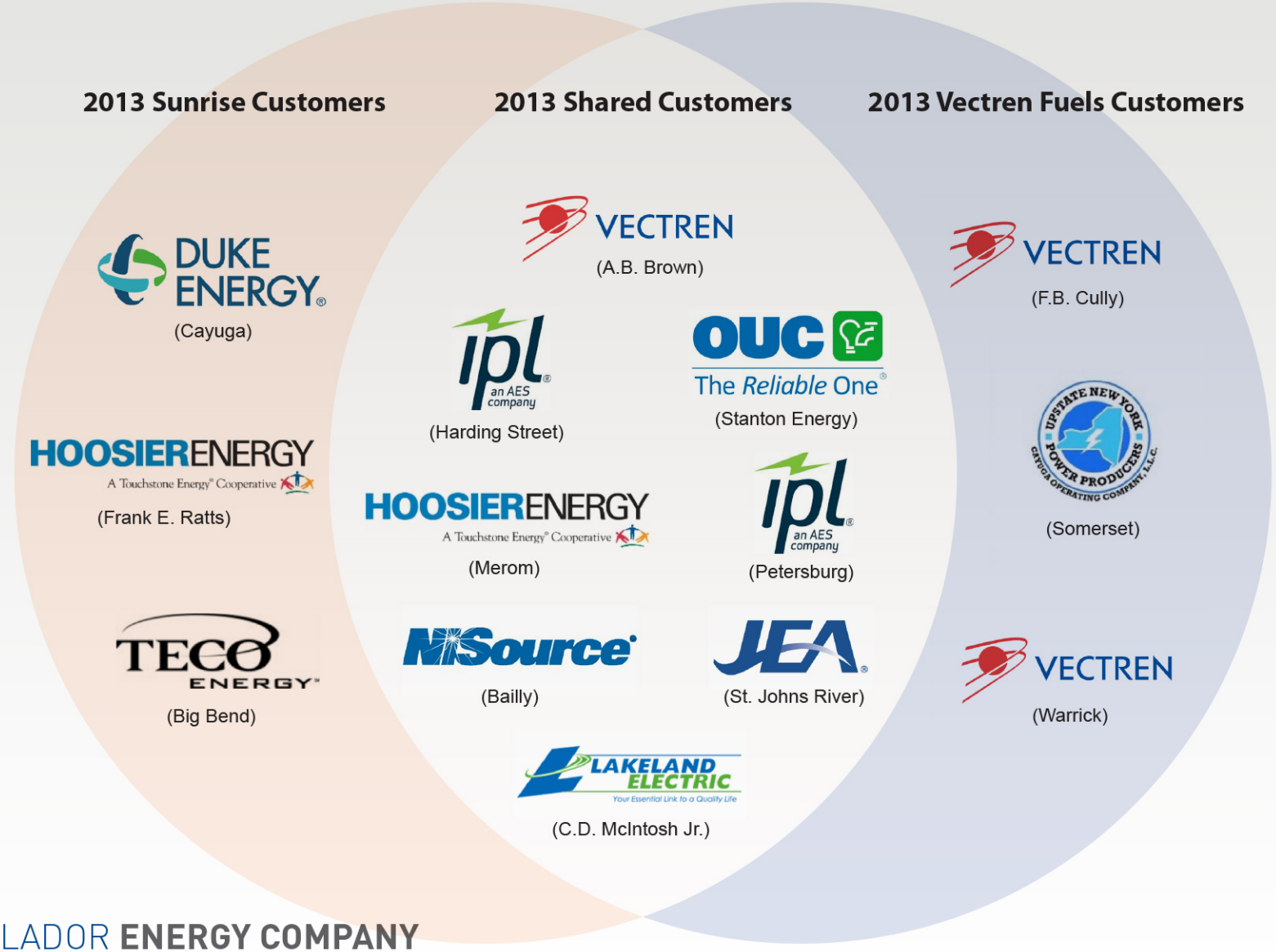
	Mine	Capacity	>4′	Avg. Thick
Acquired Reserves	Oaktown 1	3.2	65	90% >5′
	Oaktown 2	3.2	30	
	Subtotal	**6.4**	**95**	**5.9′**
Existing Reserves	Carlisle	3.3	57	47% >5′
	War Eagle	0	78	
	Subtotal	**3.3**	**135**	**4.9′**
	Totals	**9.7**	**230**	

Sales / Cost Structure

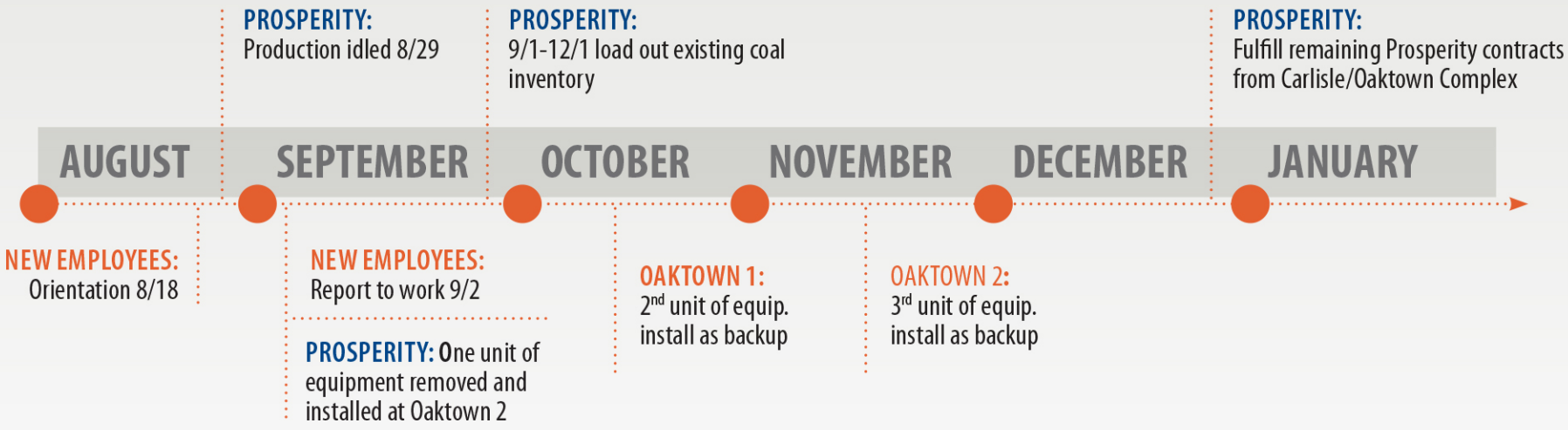
	Tons Committed	Tons Priced	Avg. Price
2014 *(9/1-12/31)*	4.0	4.0	$42.60
2015	9.0	9.0	$44.45
2016	4.1	3.1	$43.40
2017	2.9	1.5	$44.39

- Carlisle's historical cost structure has been *less than* $30/ton cash cost

Familiar Customer Base



Integration Timeline




HNRG
Q/A
HALLADOR ENERGY COMPANY