HALLADOR ENERGY COMPANY

POWER WHEN YOU NEED IT



Disclaimer

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This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Statements that are not strictly historical statements constitute forward-looking statements and may often, but not always, be identified by the use of such words such as "expects," "believes," "intends," "anticipates," "plans," "estimates," "guidance," "target," "potential," "possible," or "probable" or statements that certain actions, events or results "may," "will," "should," or "could" be taken, occur or be achieved. Forward-looking statements are based on current expectations and assumptions and analyses made by Hallador Energy Company ("Hallador", the "Company", "we" or "us") and its management in light of experience and perception of historical trends, current conditions and expected future developments, as well as other factors appropriate under the circumstances that involve various risks and uncertainties that could cause actual results to differ materially from those reflected in the statements. These risks include, but are not limited to, those set forth in Hallador's annual report on Form 10-K for the year ended December 31, 2024 and other Securities and Exchange Commission ("SEC") filings. Hallador undertakes no obligation to revise or update publicly any forward-looking statements except as required by law.

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NON-GAAP FINANCIAL MEASURES

This presentation includes references to Adjusted EBITDA, which is a financial measure that is not prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Adjusted EBITDA is defined as operating cash flows less effects of certain subsidiary and equity method investment activity, plus bank interest, less effects of working capital period changes, plus other amortization. Adjusted EBITDA should not be considered an alternative to net income, income from operations, cash flows from operating activities or any other measure of financial performance presented in accordance with GAAP. Our method of computing Adjusted EBITDA may not be the same method used to compute similar measures reported by other companies. Management believes the non-GAAP financial measure, Adjusted EBITDA, is an important measure in analyzing our liquidity and is a key component of certain material covenants contained within our Credit Agreement, specifically a maximum leverage ratio and a debt service coverage ratio. Noncompliance with the leverage ratio or debt service coverage ratio covenants could result in our lenders requiring the Company to immediately repay all amounts borrowed. If we cannot satisfy these financial covenants, we would be prohibited under our Credit Agreement from engaging in certain activities, such as incurring additional indebtedness, making certain payments, and acquiring and disposing of assets. Consequently, Adjusted EBITDA is critical to the assessment of our liquidity. The required amount of Adjusted EBITDA is a variable based on our debt outstanding and/or required debt payments at the time of the quarterly calculation based on a rolling prior 12-month period. Reconciliation of the non-GAAP financial measure, Adjusted EBITDA, to cash provided by operating activities, the most comparable GAAP measure, can be found in Hallador's filings with the SEC, including our earnings release for the year ended December 31, 2024 included with the Form 8-K filed by Hallador with the SEC on March 17, 2025.

Hallador Energy Company (Nasdaq: HNRG)

Hallador is advancing its products up the value chain to drive even greater margin expansion



Hallador Power Company (HPC)

- In 2022, we acquired our One-Gigawatt Merom power generator
  - Enabling Hallador to convert fuel into higher value wholesale electricity
- Signed MOU in March 2024 that provides a pathway for Hallador to power the end-user
- Signed Non-Binding Term Sheet in Q3’24 with Leading Global Data Center Developer to Supply Power for 10+ years
  - In Jan 2025, we signed an exclusive commitment agreement that provides cumulative payments of up to $5 million to Hallador



Sunrise Coal, LLC

- Sunrise is the primary supplier of fuel to our Merom power generator
- Our goal is to sell between 3.5 and 4.5 million tons of fuel annually
  - In FY 2024, Sunrise sold 3.9 million tons of coal
  - For FY 2025, we expect our Merom Power Plant to consume 2.3 million tons of coal from Sunrise as well as third parties. We also expect Sunrise to sell an additional 3 million tons of coal to third parties.

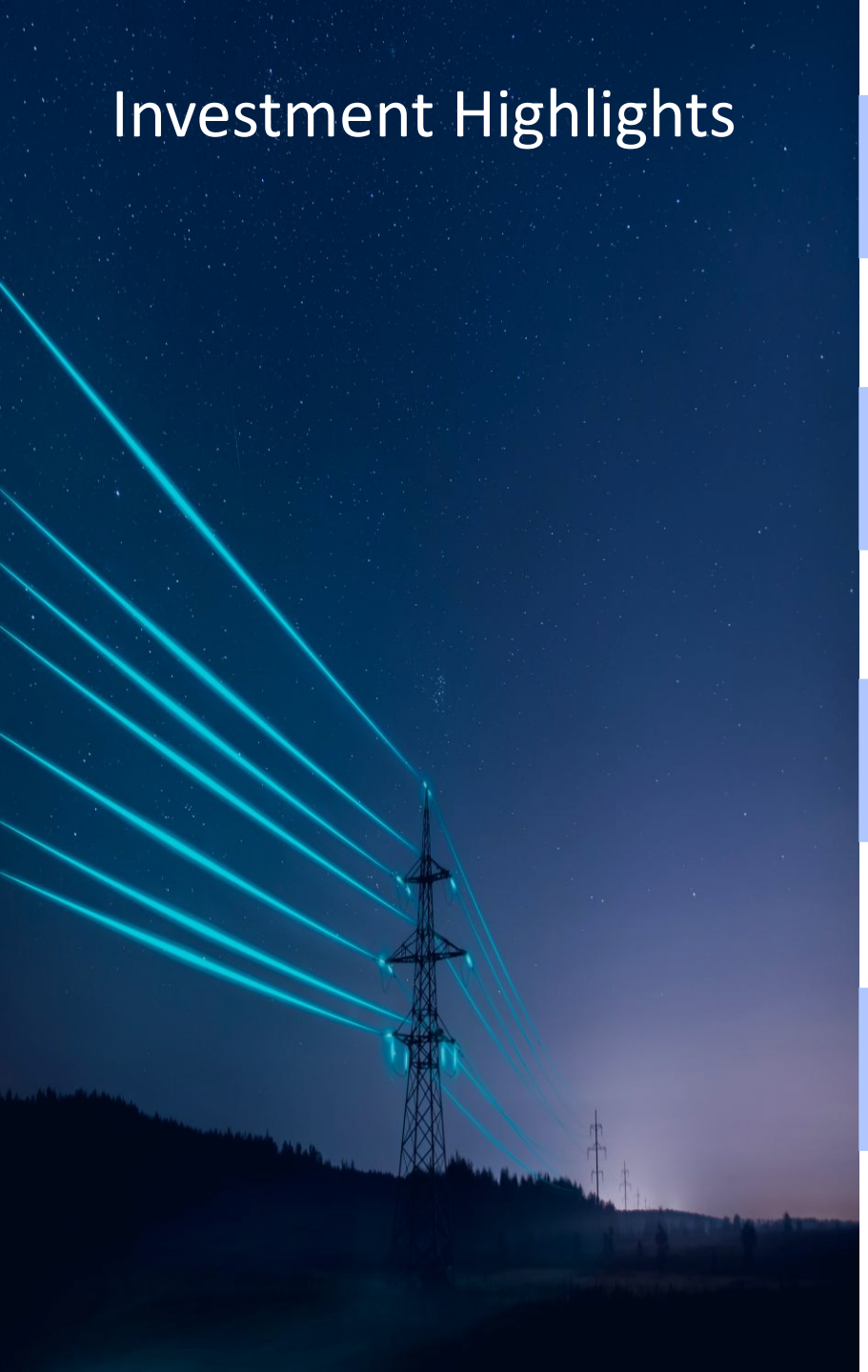
Hallador has a rich 70-year history in large part due to its Investment Grade Customers

Duke Energy
santee cooper
HOOSIERENERGY
CenterPoint Energy
aes Indiana
TVA Tennessee Valley Authority
NIPSCO
LG&E KU
Georgia Power
KYMEA
Wabash Valley Power Alliance
Alabama Power



Hallador has a ~$1.6 billion forward contracted sales book

Investment Highlights



High barriers to entry in a supply constrained market – Hallador owns 100% of its generator interconnection, creating an investment platform for decades to come

Forward sales are now at significantly higher average MWh prices – lower priced contracts expire after 2025, providing significant margin opportunity going forward

Large open position for Hallador Power starting in 2026, allowing for 10+ years' worth of revenue to reprice at significantly higher margins

A high percentage of margin generation is expected to convert to free cash flow, and high contribution margin supports ~75%+ of gross profit growth flowing through to Adjusted EBITDA

The Changing Energy Landscape

1990-2020

- Low power demand growth
- Existing generating fleet comprised of >98% of base load (coal, gas, nuclear)
- High reserve margins (excess capacity)
- Utilities had to retire depreciating generation (coal, gas, nuclear) and build new undepreciated generation (solar, wind) to grow earnings

2021-Present

- High power demand growth
- Existing fleet comprised of 80% baseload and 20% renewable
- Excess capacity is quickly disappearing
- Utilities are building solar and wind to meet new energy demand, but solar and wind do not create capacity so baseload must remain

Current State of the Energy Market: The Intersection of High Demand and Lack of Reliable Supply

Rising demand for capacity and electrons

Building of datacenters, electric vehicles, and onshoring of businesses is straining the electric grid with demand projected to exceed supply in the near future.

Intermittent fuel sources provide fluctuating supply

As renewable power generation gains market share, the inability to turn on renewable energy sources makes the overall generation and grid less reliable.

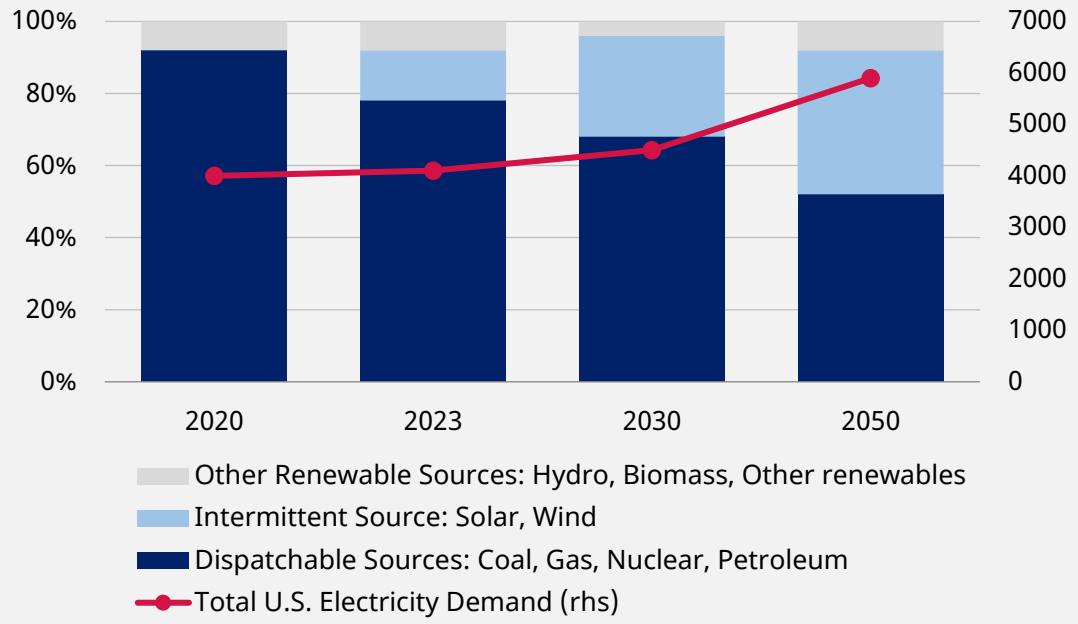
Need for reliable supply

The grid needs reliable base load such as coal, natural gas, and nuclear that can be turned on to meet demand or reduce the energy instability in the grid.

U.S. Electricity Grid Mix Percentages

U.S. Electricity Demand (TWh)

Data centers, EVs, and onshoring are driving a rapid increase in US electricity demand



Source: (1) EIA - Annual Energy Outlook 2023; EIA - Electricity Data; McKinsey - Global Energy Perspective 2023; Ember - Global Electricity Review 2023; BCG - The Impact of GenAI on Electricity, (2) America's Power, February 27, 2024

Growing Demand and Grid Changes are Leading to Energy Instability in MISO Areas

NERC rates the MISO area as having a "**High Risk**: Shortfalls may occur at normal peak conditions"[1]

Capacity Shortfalls

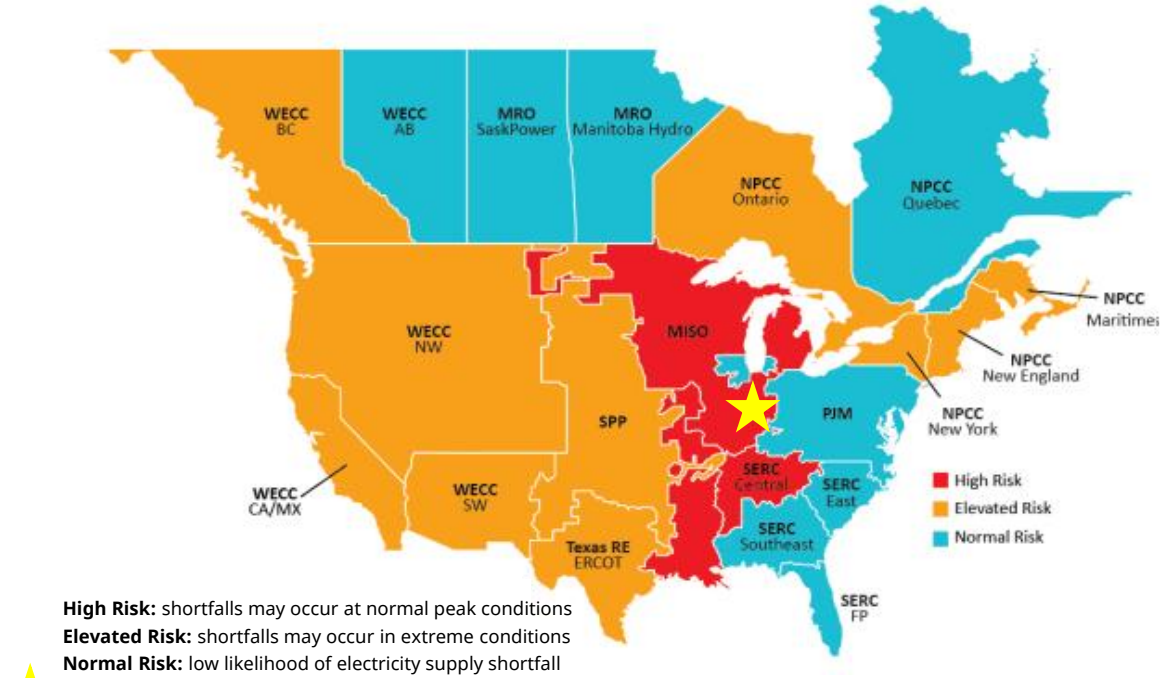
NERC projects a 4.7 GW deficiency in generation resources from 2024 to 2028 [1]

Dispatchable Resources Needed

"**Until new technologies** become viable," over a decade from now, "we will continue to **need dispatchable resources** for reliability purposes" (MISO) [2]

Generator Retirements

"We are **retiring dispatchable generating** resources at a pace and in an amount that is far **too fast** and far **too great** and is threatening our ability to keep the lights on" (FERC) [1]



High Risk: shortfalls may occur at normal peak conditions
Elevated Risk: shortfalls may occur in extreme conditions
Normal Risk: low likelihood of electricity supply shortfall
Merom Power Plant

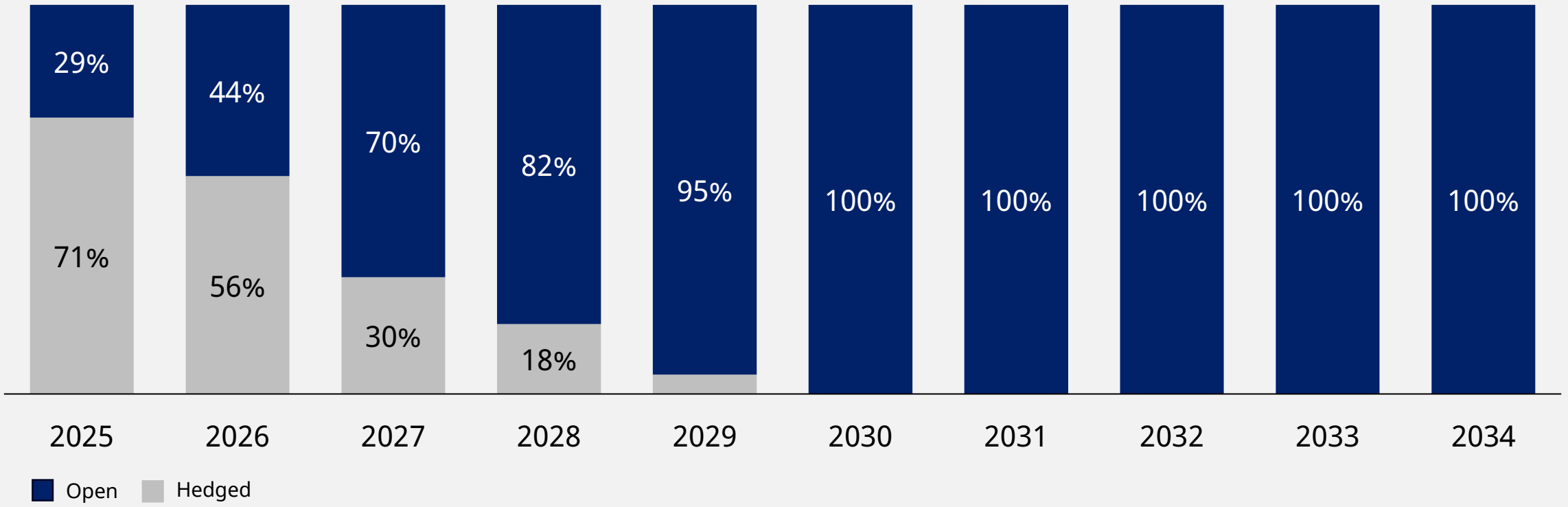
Merom Power Plant Facts

- Located in a strategically critical area within the "High-Risk" MISO area
- 1 GW capacity, designated as Z6 MISO
- Operates as a dispatchable coal-fired power plant
- Substantially invested in by its previous owner
- Fully supported by MISO for its essential role in providing reliable, dispatchable energy

Source: (1) America's Power - January 04, 2024; (2) America's Power, February 27, 2024
Map Source: RTO Insider / NERC

Hallador Has Extensive Open Energy Sales Positions to Capitalize on the Growing Demand and Market Price Increases

Hallador Power's Open Energy Sales Positions* *(as of December 31st, 2024)*



Source: Hallador Energy
*Assumes approximately 6 million MWhs of capacity per year

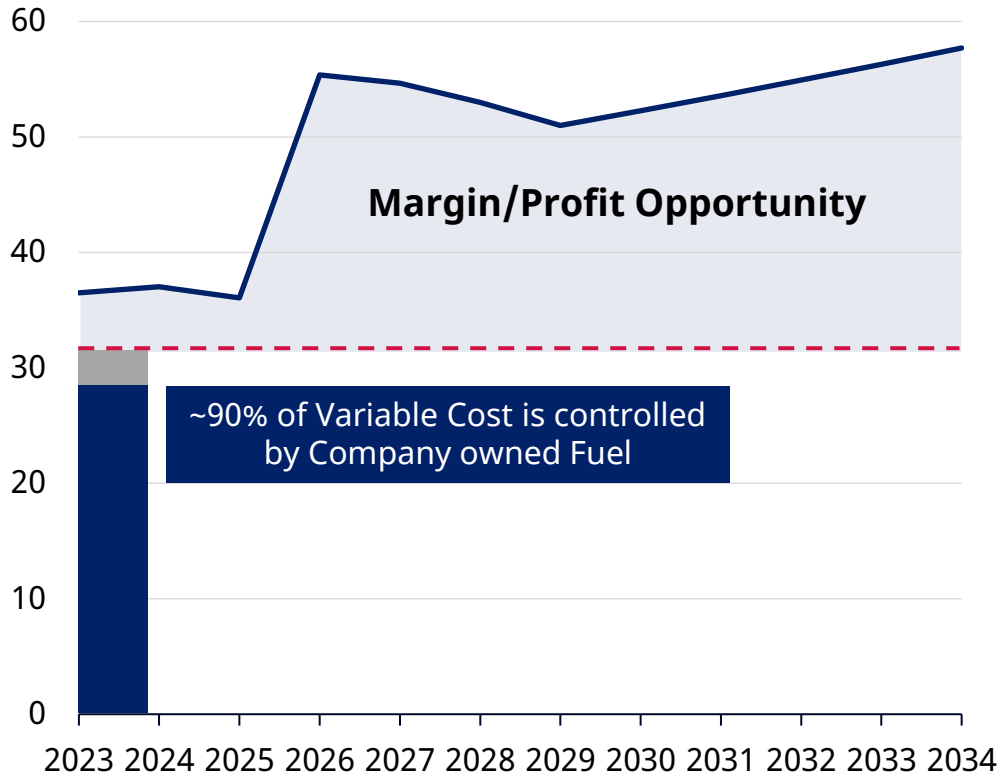
Hallador's Vertical Integration Maximizes Margins on Growing Price Curve Given Cost Controls

Variable Cost to Produce – Highly Controllable

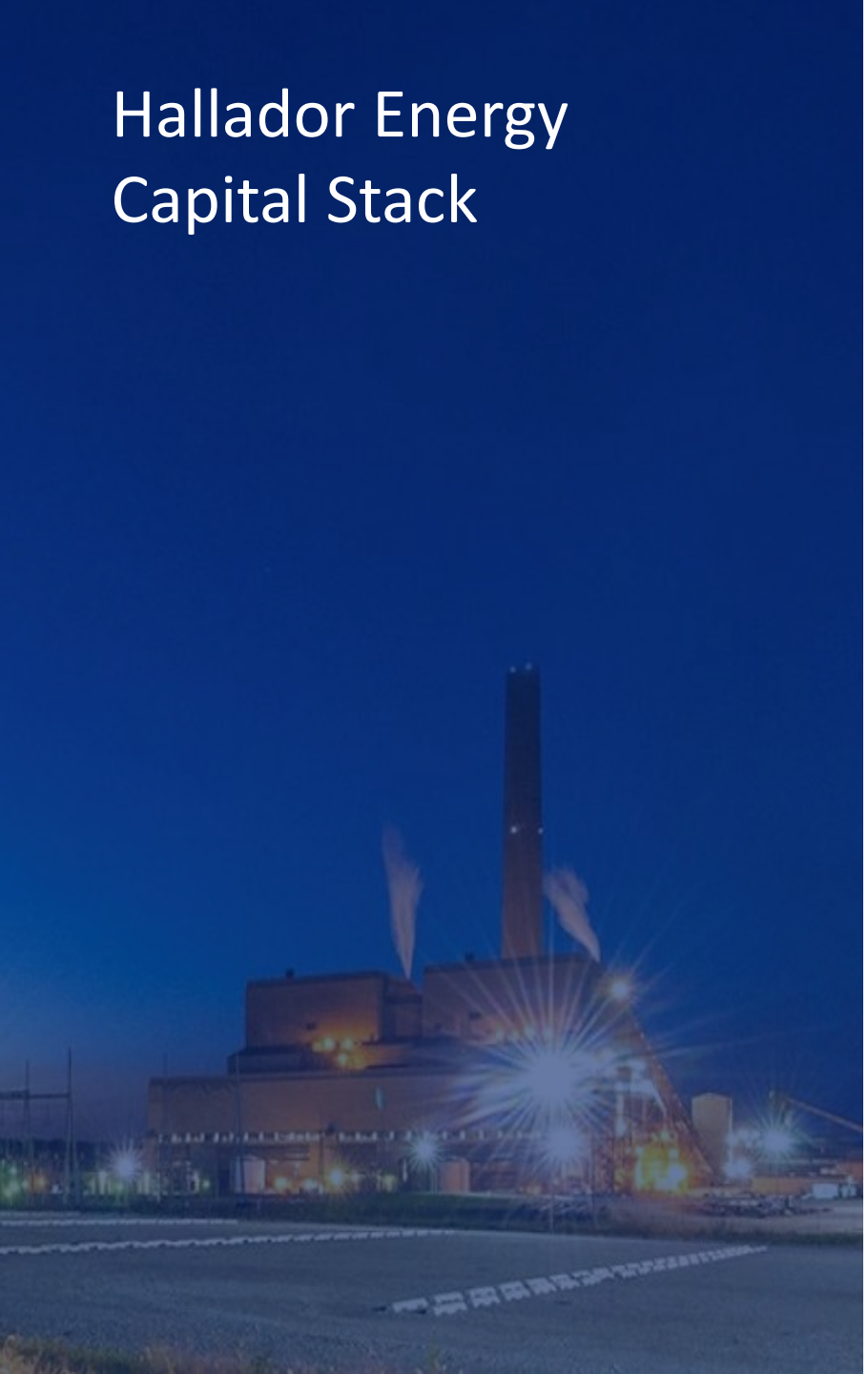
- **Hallador owns and produces fuel (90% of total variable cost)** used at the Plant, reducing supply and market price risk
- Fuel assets are located just 20 miles away, minimizing transport risk and cost
- Ability to source local third-party fuel, further optimizing supply risk and cost
- Fuel represents 75% of total all-in costs for operating Merom
- **Plant fixed costs are currently covered through capacity revenue**

*Reflects the forward curve at the point in time in which Hallador stated it expects to transact with a data center developer at prices above the forward curve

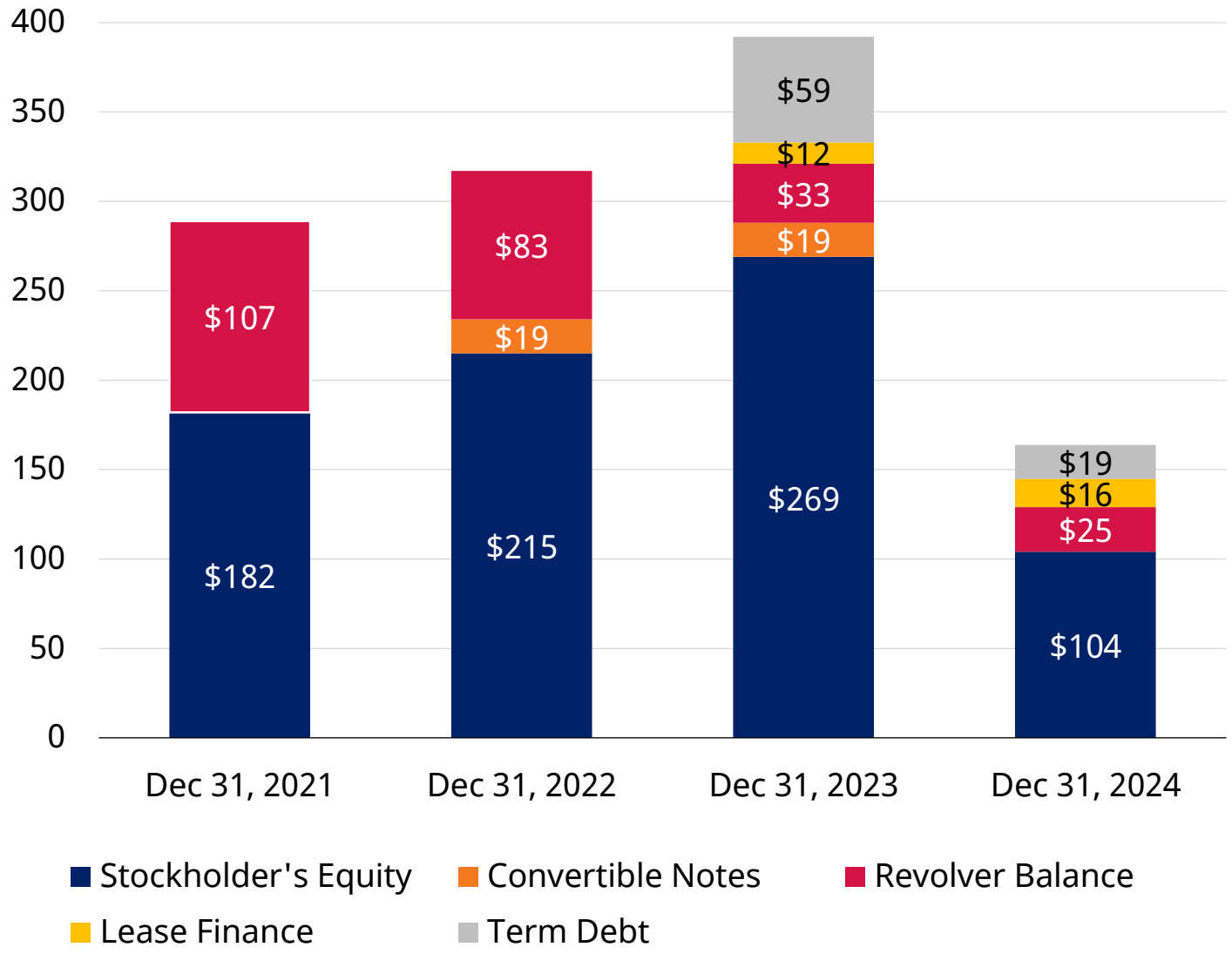
Forward Wholesale Energy Price Curve and Variable Cost Control* (USD/MWh)



Hallador Energy Capital Stack



($ Millions)





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Our Management Team is in Place to Deliver Long-Term Investor Value and Drive Results



Brent Bilsland
Chairman of the Board, President and CEO

- 20 years with Hallador
- Previous Roles: Director of Hallador, Founding Member and President of Sunrise Coal, Co-founder of Knapper Corporation
- Industry Leadership Roles: Reliable Energy Association, America's Power, National Mining Association, Indiana Coal Council



Marjorie Hargrave
Chief Financial Officer

- 35 years in energy and capital markets
- Previous Roles: President and CFO of Enservco, CFO of CTAP (now Marubeni-Itochu Tubulars America), CFO of High Sierra Energy, VP Finance and Managing Director at Black Hills, Finance Consultant at Xcel Energy, VP Investment Banking at Merrill Lynch
- Board Roles: Board Member of Evolution Petroleum, Chairman of the Audit Committee, Member of the Compensation and Nominating & Corporate Governance Committees for the Evolution Board



Heath Lovell
President

- 25 years of experience in the mining industry
- Previous Roles: VP of Public Affairs at Alliance Coal, 16 years as VP of Operations at Alliance, VP and Partner at Dodge Hill Mining, General Manager of River View Coal, General Manager of Webster County Coal
- Board Roles: Kentucky Coal Association, West Virginia Coal Association, Indiana Coal Association, Reliable Energy, American Coal Council, National Coal Council



Elliott Batson
Chief Commercial Officer

- 7 years with Hallador
- Previous Roles: 30 years as Director of Coal at Charlotte, North Carolina-based Duke Energy
- Board Roles: America's Coal Council



Ryan McManis
Chief Legal Officer

- Previous Roles: 16 years as Vice President and Deputy General Counsel at Lumen Technologies



Cham Kong
Sr. VP of Power Origination & Risk

- 20 years in the wholesale power market
- Previous Roles: Sr. Originator at Constellation Energy Group. Vice President of Origination at ACES
- Board Roles: North American Energy Markets Association

Capability to Convert Merom Plant from Coal (high carbon) to Gas (medium carbon) to Renewables (no carbon)



Dual Fuel Possibilities

Studies to **Dual Fuel** the plant with Gas are complete. Such a conversion has the potential to further enhance the plant's reliability, resilience, and economic life all while **Reducing Carbon Emissions.** Additionally, Hallador will have the ability to alternate between fuels to optimize its marginal cost to produce.

Long Life Asset

Recently announced **Environmental Policy** provides a pathway to operate the plant **until 2032** and if dual fueled **until 2039**. Preliminary cost estimates and timelines are considered reasonable and achievable

Solar & Battery Opportunities

Hallador Energy **owns 100%** of the **Plant's Interconnect**, facilitating future integration of long-term renewable projects such as solar and battery

Balance Sheet

$ in Thousands USD	Dec 31, 2024	Dec 31, 2023
Assets		
Cash, Cash Equivalents & Restricted Cash	$12,153	$7,123
Accounts Receivable	$15,438	$19,937
Inventory, Parts & Supplies	$75,789	$61,952
Total PP&E (net)	$257,704	$488,634
Other Assets	$8,036	$12,134
Total Assets	**$369,120**	**$589,780**
Liabilities		
Accounts Payable / Accrued Liabilities	$44,298	$62,908
Current Portion of Bank Debt (net)	$4,095	$24,438
Long-Term Bank Debt (net)	$37,394	$63,453
Contract Liabilities	$146,719	$113,741
Other Liabilities	$32,329	$56,652
Total Liabilities	**$264,835**	**$321,192**
Total Shareholder Equity	**$104,285**	**$268,588**



At December 31, 2024, net debt reduced by 53% to $44.0 million compared to YE 2023



At December 31, 2024, total liquidity improved by 44% to $37.8 million compared to YE 2023



Has not utilized its ATM program since Q2 2024



2024 capital expenditures was ~$53 million

Key Stats *(March 18, 2025)*

Revenue (FY 2024)	AEBITDA (FY 2024)	Operating Cash Flow (FY 2024)	Forward Sales (through 2029)
$404.4M	$16.8M	$65.9M	$1.6B

Stock Price	Market Cap	Enterprise Value	EV/Revenue (FY 2024)
$11.95	$509.3M	$553.3M	1.4x

Source: Capital IQ