

STRICTLY PRIVATE AND CONFIDENTIAL

Armstrong Energy, Inc.  
Discussion Materials

CONFIDENTIAL DRAFT SUBJECT TO MATERIAL CHANGE

# STRICTLY PRIVATE AND CONFIDENTIAL

## Financial Projections – Scenario 1

(\$ in millions, except per ton amounts)

	<u>Q1 2017</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>2017E</u>	<u>2018E</u>	<u>2019E</u>	<u>2020E</u>	<u>2021E</u>
Committed Tons															
Volume	1,471,111	479,816	495,027	500,705	422,238	422,238	385,857	385,857	388,181	388,181	5,339,209	3,675,000	2,530,000	1,500,000	0
Uncommitted Tons															
Volume	-	-	-	-	-	25,000	75,000	119,851	95,000	95,940	410,791	1,925,000	3,070,000	3,500,000	4,800,000
Total Tons															
Volume	1,471,111	479,816	495,027	500,705	422,238	447,238	460,857	505,708	483,181	484,121	5,750,000	5,600,000	5,600,000	5,000,000	4,800,000
Average Price	\$40.18	\$40.19	\$40.96	\$41.05	\$40.97	\$40.97	\$41.01	\$41.33	\$41.27	\$41.27	\$40.79	\$41.20	\$42.85	\$45.50	\$45.73
<b>Revenue</b>	<b>\$59.1</b>	<b>\$19.3</b>	<b>\$20.3</b>	<b>\$20.6</b>	<b>\$17.3</b>	<b>\$18.3</b>	<b>\$18.9</b>	<b>\$20.9</b>	<b>\$19.9</b>	<b>\$20.0</b>	<b>\$234.6</b>	<b>\$230.7</b>	<b>\$240.0</b>	<b>\$227.5</b>	<b>\$219.5</b>
Less: Operating Costs & Selling Expenses	\$51.3	\$17.5	\$17.4	\$16.9	\$15.5	\$14.7	\$16.6	\$17.3	\$17.3	\$17.8	\$202.4	\$206.4	\$205.2	\$189.5	\$186.9
Operating Costs & Selling Expenses/Ton	\$34.87	\$36.50	\$35.16	\$33.77	\$36.69	\$32.91	\$36.04	\$34.26	\$35.75	\$36.78	\$35.19	\$36.86	\$36.65	\$37.90	\$38.93
Less: G&A	2.9	1.2	0.9	1.1	2.0	1.0	1.0	1.0	1.1	1.1	13.3	12.3	12.6	12.9	13.1
Less: Aircraft Expense	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	2.1	0.0	0.0	0.0
Less: Royalties to Thoroughbred	2.7	1.2	1.3	1.4	1.2	1.2	1.2	1.4	1.3	1.3	14.1	14.8	15.4	14.7	14.8
Plus: Other Income	0.0	0.0	0.7	-	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.2	0.2	0.3	0.3
Plus: Adjustments <sup>(1)</sup>	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.5	0.5
<b>Adjusted EBITDA</b>	<b>\$2.3</b>	<b>(\$0.6)</b>	<b>\$1.4</b>	<b>\$1.2</b>	<b>(\$1.3)</b>	<b>\$1.4</b>	<b>\$0.1</b>	<b>\$1.2</b>	<b>\$0.3</b>	<b>(\$0.2)</b>	<b>\$5.8</b>	<b>(\$4.3)</b>	<b>\$7.5</b>	<b>\$11.2</b>	<b>\$5.4</b>
			<u>YTD May-17</u>												
Capital Expenditures, net of asset sales			(3.5)	(1.2)	(1.6)	(1.6)	(1.7)	(1.1)	(0.7)	(0.2)	(11.6)	(12.1)	(8.6)	(6.3)	(7.5)
Working Capital Change			(3.3)	1.4	0.3	(4.4)	2.5	(0.3)	1.6	1.9	(0.3)	1.2	1.1	1.4	(1.1)
Other Cash Flow Items			(6.9)	(3.7)	(2.0)	(1.6)	(5.7)	(0.6)	(0.6)	(0.6)	(21.7)	(9.2)	(8.1)	(3.0)	(1.6)
Accounts Receivable			15.1	13.5	11.4	12.0	12.4	13.7	13.1	13.1	13.1	12.5	13.1	12.5	12.0
Inventories			11.4	12.0	11.6	14.2	14.5	14.6	13.5	12.4	12.4	9.2	8.5	8.3	9.4
Adjusted Spot Pricing											\$41.00	\$42.50	\$43.12	\$44.21	\$45.73

(1) Adjustments include add backs for non-cash employee benefits and stock compensation.

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## Financial Projections – Scenario 2

(\$ in millions, except per ton amounts)

	<u>Q1 2017</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>2017E</u>	<u>2018E</u>	<u>2019E</u>	<u>2020E</u>	<u>2021E</u>
Committed Tons															
Volume	1,471,111	479,816	495,027	500,705	422,238	422,238	385,857	336,120	338,444	338,444	5,189,999	2,975,000	1,830,000	1,500,000	0
Uncommitted Tons															
Volume	-	-	-	-	-	-	-	-	-	-		1,375,000	3,020,000	3,350,000	4,850,000
Total Tons															
Volume	1,471,111	479,816	495,027	500,705	422,238	422,238	385,857	336,120	338,444	338,444	5,189,999	4,350,000	4,850,000	4,850,000	4,850,000
Average Price	\$40.18	\$40.19	\$40.96	\$41.05	\$40.97	\$40.97	\$41.02	\$43.10	\$42.98	\$42.98	\$41.08	\$43.10	\$44.67	\$45.66	\$45.73
<b>Revenue</b>	<b>\$59.1</b>	<b>\$19.3</b>	<b>\$20.3</b>	<b>\$20.6</b>	<b>\$17.3</b>	<b>\$17.3</b>	<b>\$15.8</b>	<b>\$14.5</b>	<b>\$14.5</b>	<b>\$14.5</b>	<b>\$213.2</b>	<b>\$187.5</b>	<b>\$216.7</b>	<b>\$221.4</b>	<b>\$221.8</b>
Less: Operating Costs & Selling Expenses	\$51.3	\$17.5	\$17.4	\$16.9	\$15.5	\$13.6	\$13.4	\$13.3	\$14.0	\$14.2	\$187.0	\$166.4	\$178.9	\$184.3	\$186.8
Operating Costs & Selling Expenses/Ton	\$34.87	\$36.50	\$35.16	\$33.66	\$36.62	\$32.29	\$34.67	\$39.57	\$41.28	\$41.87	\$36.03	\$38.24	\$36.89	\$37.99	\$38.51
Less: G&A	2.9	1.2	0.9	1.0	2.0	1.0	1.0	0.9	1.0	1.0	13.0	11.5	11.7	11.9	12.2
Less: Aircraft Expense	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Less: Royalties to Thoroughbred	2.7	1.2	1.3	1.4	1.2	1.1	1.0	1.0	1.0	1.0	12.9	12.2	14.0	14.3	14.9
Plus: Other Income	0.0	0.0	0.7	-	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.2	0.2	0.3	0.3
Plus: Adjustments <sup>(1)</sup>	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.5	0.5
<b>Adjusted EBITDA</b>	<b>\$2.3</b>	<b>(\$0.6)</b>	<b>\$1.4</b>	<b>\$1.3</b>	<b>(\$1.3)</b>	<b>\$1.5</b>	<b>\$0.4</b>	<b>(\$0.7)</b>	<b>(\$1.4)</b>	<b>(\$1.6)</b>	<b>\$1.4</b>	<b>(\$1.9)</b>	<b>\$12.7</b>	<b>\$11.6</b>	<b>\$8.6</b>
			<u>YTD May-17</u>												
Capital Expenditures, net of asset sales			(3.5)	(1.2)	(1.6)	(2.0)	(1.7)	(1.1)	(0.7)	(0.2)	(12.0)	(11.6)	(8.3)	(6.0)	(7.2)
Working Capital Change			(3.3)	1.3	0.3	(6.4)	(2.5)	1.9	3.3	3.1	(2.3)	2.2	(1.3)	1.6	1.0
Other Cash Flow Items			(6.9)	(3.7)	(2.0)	(2.0)	(1.4)	(1.0)	(5.2)	(0.2)	(22.3)	(2.2)	(3.2)	(8.1)	(5.8)
Accounts Receivable			15.1	13.5	11.4	11.4	10.4	9.5	9.6	9.6	9.6	10.6	11.9	12.1	12.2
Inventories			11.4	12.0	11.7	15.1	18.2	17.0	14.7	11.9	11.9	8.5	9.4	8.2	7.4
Adjusted Spot Pricing												\$42.50	\$43.31	\$44.38	\$45.73

(1) Adjustments include add backs for non-cash employee benefits and stock compensation.

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**Capital Expenditures Summary – Scenario 1**

	<u>2016</u>	<u>2017E</u>	<u>2018E</u>	<u>2019E</u>	<u>2020E</u>	<u>2021E</u>
Midway	\$0	\$0	\$0	\$650,000	\$0	\$0
Equality	0	0	0	0	0	0
Lewis Creek Surface	72,656	2,283,796	150,000	0	0	0
Parkway	152,005	0	0	0	0	0
Kronos	1,233,394	4,020,930	5,519,500	3,193,500	2,028,500	3,000,000
Survant	212,421	1,467,016	2,298,000	2,748,500	2,940,500	3,340,000
Prep. Plants	514,676	4,334,199	3,759,688	1,675,000	1,025,000	875,000
Other	798,341	955,413	325,000	325,000	325,000	325,000
Total Capital Expenditures	\$2,983,493	\$13,061,354	\$12,052,188	\$8,592,000	\$6,319,000	\$7,540,000

**Capital Expenditures Summary – Scenario 2**

	<u>2016</u>	<u>2017E</u>	<u>2018E</u>	<u>2019E</u>	<u>2020E</u>	<u>2021E</u>
Midway	\$0	\$429,439	\$0	\$650,000	\$0	\$0
Equality	0	0	0	0	0	0
Lewis Creek Surface	72,656	2,283,796	0	0	0	0
Parkway	152,005	0	0	0	0	0
Kronos	1,233,394	4,020,930	5,519,500	3,193,500	2,028,500	3,000,000
Survant	212,421	1,467,016	2,298,000	2,748,500	2,940,500	3,340,000
Prep. Plants	514,676	4,334,199	3,584,688	1,500,000	850,000	700,000
Other	798,318	957,983	175,000	175,000	175,000	175,000
Total Capital Expenditures	\$2,983,470	\$13,493,363	\$11,577,188	\$8,267,000	\$5,994,000	\$7,215,000

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**Projected Cash ARO Payments**

(\$ in 000s)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
Scenario 1	\$ 132	\$ 3,184	\$ 4,241	\$ 1,822	\$ 1,224	\$ 10,603
Scenario 2	132	77	1,030	7,135	5,501	13,875

**Summary of Estimated Reclamation Liabilities by Property**

	<u>Scenario X</u>	<u>Scenario Y</u>
Big Run	\$ 30,060	\$ 30,060
Kronos Surface	846,055	516,409
Dock	3,145,633	2,255,598
Equality	6,925,177	6,925,177
Midway	17,843,172	5,225,436
Parkway/Servant	4,034,738	3,881,859
Kronos UG	911,724	911,724
Lewis Creek Haul Roads	56,958	56,958
Lewis Creek Surface	7,554,626	3,722,316
Lewis Creek UG	282,476	282,476
Logistics	448,607	448,607
Maddox	55,960	55,960
Ohio County Haul Roads	327,688	327,688
Warden	1,468,795	1,391,329
	<u>\$ 43,931,669</u>	<u>\$ 26,031,597</u>

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**Royalties by Mine – Scenario 1**

(\$ in millions)	<u>2017E</u>	<u>2018E</u>	<u>2019E</u>	<u>2020E</u>	<u>2021E</u>
<u>Thoroughbred Royalties</u>					
Survant	\$1.9	\$4.4	\$5.2	\$5.3	\$5.6
Other Mines	12.1	10.4	10.2	9.4	9.2
Total	\$14.1	\$14.8	\$15.4	\$14.7	\$14.8
<u>Other Royalties</u>					
Survant	\$2.6	\$3.4	\$4.0	\$3.8	\$4.5
Other Mines	1.1	0.0	0.0	0.3	0.0
Total	\$3.7	\$3.4	\$4.0	\$4.1	\$4.5
Total Royalties	\$17.8	\$18.2	\$19.3	\$18.7	\$19.3

**Royalties by Mine – Scenario 2**

(\$ in millions)	<u>2017E</u>	<u>2018E</u>	<u>2019E</u>	<u>2020E</u>	<u>2021E</u>
<u>Thoroughbred Royalties</u>					
Survant	\$1.9	\$4.5	\$5.1	\$5.3	\$5.6
Other Mines	11.0	7.8	8.9	9.1	9.3
Total	\$12.9	\$12.2	\$14.0	\$14.3	\$14.9
<u>Other Royalties</u>					
Survant	\$2.6	\$3.4	\$4.0	\$3.8	\$4.5
Other Mines	1.6	1.0	1.3	0.3	0.0
Total	\$4.2	\$4.3	\$5.3	\$4.1	\$4.5
Total Royalties	\$17.1	\$16.6	\$19.3	\$18.4	\$19.4

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## Sales Summary – Scenario 1

	Tons				FOB	Price <sup>1</sup>				Guaranteed Monthly Average Quality Specs				
	2017	2018	2019	2020		2017	2018	2019	2020	BTU	Moisture	Ash	SO2	Chlorine
<b>Customers</b>														
Category 1	3,108,894	3,050,000	2,300,000	1,500,000	Barge, Rail	\$39.81	\$36.66	\$37.58	\$41.50	11,000-11,800	12.00-12.73 LBS/MMBTU	10.00-12.00 LBS/MMBTU	6.00 LBS/MMBTU	.045-.1 LBS/MMBTU
Category 2	375,000	400,000	230,000	0	Customer Plant	\$46.96	\$46.96	\$46.96	NA	11,800	10.50%	10.50%	5.20 LBS/MMBTU	0.05%
Category 3	1,829,255	225,000	0	0	Barge, Rail, Customer Plant	\$42.22	\$40.25	NA	NA	11,400-11,600	11.00-12.00%	10.00-11.00%	4.60-5.00LBS/MMBTU	.02-.08%

<sup>1</sup> Weighted average prices before any quality adjustments or cost reimbursements

## Sales Summary – Scenario 2

	Tons				FOB	Price <sup>1</sup>				Guaranteed Monthly Average Quality Specs				
	2017	2018	2019	2020		2017	2018	2019	2020	BTU	Moisture	Ash	SO2	Chlorine
<b>Customers</b>														
Category 1	2,959,684	2,350,000	1,600,000	1,500,000	Barge, Rail	\$40.38	\$38.95	\$40.78	\$41.50	11,000-11,800	12.00-12.73 LBS/MMBTU	10.00-12.00 LBS/MMBTU	6.00 LBS/MMBTU	.045-.050 LBS/MMBTU
Category 2	375,000	400,000	230,000	0	Customer Plant	\$46.96	\$46.96	\$46.96	NA	11,800	10.50%	10.50%	5.20 LBS/MMBTU	0.05%
Category 3	1,829,255	225,000	0	0	Barge, Rail, Customer Plant	\$42.22	\$40.25	NA	NA	11,400-11,600	11.00-12.00%	10.00-11.00%	4.60-5.00LBS/MMBTU	.02-.08%

<sup>1</sup> Weighted average prices before any quality adjustments or cost reimbursements

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## Operating & Selling Expenses Per Ton – Scenario 1

SCENARIO 1	Mine A					Mine B					Mine C					Mine D					Mine E				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Operating & Selling Expenses Per Ton																									
Labor	\$6.12	\$5.56	\$0.00	\$0.00	\$0.00	\$8.08	\$8.99	\$9.69	\$5.79	\$0.00	\$0.00	\$5.13	\$4.50	\$7.37	\$7.31	\$11.39	\$11.73	\$11.92	\$12.17	\$12.33	\$9.92	\$10.45	\$9.73	\$9.88	\$10.01
Repair, maintenance and supplies	3.01	2.11	0.00	0.00	0.00	3.07	3.38	3.69	2.49	0.00	0.00	5.08	4.30	4.88	4.74	6.59	6.60	6.68	6.76	6.84	5.72	6.42	6.47	6.55	6.62
Fuel	2.76	2.46	0.00	0.00	0.00	3.65	3.97	4.35	1.60	0.00	0.00	4.89	2.86	3.44	3.37	0.47	0.50	0.50	0.51	0.52	0.30	0.29	0.30	0.31	0.31
Roof control	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.73	3.80	3.80	3.80	3.80	4.40	4.45	4.45	4.45	4.45
Blasting	2.91	2.32	0.00	0.00	0.00	3.91	5.39	5.96	5.74	0.00	0.00	5.97	6.39	7.44	7.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transportation	1.51	1.40	0.00	0.00	0.00	2.29	2.18	2.22	2.29	0.00	0.00	0.00	0.00	0.00	0.00	2.45	2.05	1.66	1.71	1.74	3.81	3.57	3.36	3.41	3.43
Prep. plant allocation	3.38	3.33	0.00	0.00	0.00	5.38	5.44	4.50	6.06	0.00	0.00	4.47	4.77	6.43	8.18	3.92	4.29	4.89	5.34	5.30	3.94	3.57	3.18	3.23	3.28
Selling and other related costs	3.14	2.98	0.00	0.00	0.00	3.20	3.07	3.22	3.22	0.00	0.00	3.07	3.11	3.16	3.21	3.81	3.87	3.89	3.96	3.98	3.43	3.46	3.37	3.37	3.50
Other	6.98	13.58	0.00	0.00	0.00	3.72	4.46	5.68	6.74	0.00	0.00	4.19	4.16	6.21	7.51	3.75	3.68	3.78	4.10	4.44	8.50	6.77	6.21	6.06	6.41
Total	\$29.81	\$33.74	\$0.00	\$0.00	\$0.00	\$33.31	\$36.87	\$39.31	\$33.93	\$0.00	\$0.00	\$32.80	\$30.09	\$38.93	\$41.74	\$36.11	\$36.52	\$37.12	\$38.36	\$38.95	\$40.02	\$38.97	\$37.08	\$37.26	\$38.01

## Operating & Selling Expenses Per Ton – Scenario 2

SCENARIO 2	Mine A					Mine B					Mine C					Mine D					Mine E				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Operating & Selling Expenses Per Ton																									
Labor	\$6.38	\$0.00	\$0.00	\$0.00	\$0.00	\$7.96	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7.25	\$6.35	\$7.38	\$7.31	\$11.43	\$11.82	\$11.97	\$12.18	\$12.33	\$9.96	\$10.52	\$9.77	\$9.88	\$10.01
Repair, maintenance and supplies	3.11	0.00	0.00	0.00	0.00	3.09	0.00	0.00	0.00	0.00	0.00	5.08	4.30	4.88	4.74	6.59	6.20	6.28	6.36	6.44	5.72	6.00	6.05	6.13	6.20
Fuel	2.72	0.00	0.00	0.00	0.00	3.61	0.00	0.00	0.00	0.00	0.00	3.65	2.86	3.44	3.37	0.47	0.50	0.50	0.51	0.52	0.30	0.29	0.30	0.31	0.31
Roof control	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.73	3.80	3.80	3.80	3.80	4.40	4.45	4.45	4.45	4.45
Blasting	2.94	0.00	0.00	0.00	0.00	3.88	0.00	0.00	0.00	0.00	0.00	5.97	6.39	7.44	7.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transportation	1.54	0.00	0.00	0.00	0.00	2.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.51	2.13	1.71	1.74	1.75	3.78	3.50	3.36	3.40	3.43
Prep. plant allocation	3.38	0.00	0.00	0.00	0.00	5.23	0.00	0.00	0.00	0.00	0.00	8.20	7.58	8.46	8.33	4.35	4.98	4.91	5.35	5.30	4.10	3.83	3.20	3.23	3.28
Selling and other related costs	3.03	0.00	0.00	0.00	0.00	3.07	0.00	0.00	0.00	0.00	0.00	3.18	3.15	3.16	3.29	3.89	3.82	3.87	4.01	4.04	3.40	3.46	3.37	3.36	3.50
Other	6.77	0.00	0.00	0.00	0.00	3.51	0.00	0.00	0.00	0.00	0.00	7.88	6.75	7.62	7.63	3.89	4.01	3.79	3.98	4.27	8.71	7.20	6.22	5.98	6.27
Total	\$29.87	\$0.00	\$0.00	\$0.00	\$0.00	\$32.69	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$41.21	\$37.38	\$42.38	\$42.09	\$36.86	\$37.26	\$36.83	\$37.93	\$38.45	\$40.37	\$39.26	\$36.72	\$36.74	\$37.45



## STRICTLY PRIVATE AND CONFIDENTIAL

### Mine Operating Statistics – Scenario 1

SCENARIO 1	Mine U					Mine V					Mine X					Mine Y					Mine Z				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Employees	111	155	155	155	155	0	26	26	37	37	242	242	242	242	242	59	59	59	59	0	72	72	0	0	0
Stripping Ratio	0.0	0.0	0.0	0.0	0.0	0.0	13.8	14.5	16.6	16.2	0.0	0.0	0.0	0.0	0.0	9.5	13.3	14.4	13.6	0.0	6.7	5.3	0.0	0.0	0.0
Total Manhours	221,198	320,890	346,640	347,783	346,640	0	27,408	53,823	76,849	76,591	537,799	556,973	556,973	558,730	556,973	144,597	143,372	143,372	14,511	0	176,721	61,099	0	0	0

### Mine Operating Statistics – Scenario 2

SCENARIO 2	Mine U					Mine V					Mine X					Mine Y					Mine Z				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Employees	111	155	155	155	155	0	37	37	37	37	242	242	242	242	242	59	0	0	0	0	72	0	0	0	0
Stripping Ratio	0.0	0.0	0.0	0.0	0.0	0.0	13.8	14.5	16.6	16.2	0.0	0.0	0.0	0.0	0.0	9.4	0.0	0.0	0.0	0.0	6.8	0.0	0.0	0.0	0.0
Total Manhours	221,198	320,890	346,640	347,783	346,640	0	39,008	76,591	76,849	76,591	537,799	556,973	556,973	558,730	556,973	109,886	0	0	0	0	135,959	0	0	0	0

**Other Materials**

May 2017 Management Report – See Exhibit A

Summary of Cost Savings Initiatives – See Exhibit B



**Armstrong Energy, Inc.**  
**Statements of Operations**  
(in thousands, except per ton amounts)

	For the month ended May 31, 2017			For the month ended May 31, 2016
	Actual	Forecast - Qtr 2	Variance	Actual
Revenue	\$20,274	\$19,420	\$854	\$21,106
Costs and expenses:				
Operating and selling related expenses	17,403	15,434	(1,969)	17,320
Production royalty to related party	586	539	(47)	615
Depreciation, depletion and amortization	2,562	2,552	(10)	2,542
Asset retirement obligation expenses	114	114	0	113
Asset impairment and restructuring charges	3,382	0	(3,382)	290
General and administrative costs	906	1,170	264	952
Operating loss	(4,679)	(389)	(4,290)	(726)
Other Income (Expense):				
Interest expense, net	(3,106)	(3,075)	(31)	(2,773)
Debt restructuring Costs	(425)	0	(425)	0
Other, net	709	20	689	139
Loss before taxes, non-controlling interest	(7,501)	(3,444)	(4,057)	(3,360)
Income tax provision	0	0	0	0
Net loss	(7,501)	(3,444)	(4,057)	(3,360)
Income (loss) before taxes, non-controlling interest	0	0	0	0
Net loss attributable to common stockholders	(\$7,501)	(\$3,444)	(\$4,057)	(\$3,360)
<b>Metrics: (unaudited)</b>				
Total tons sold	495.0	469.5	25.5	502.9
Average Sales \$ per ton	\$40.96	\$41.36	(\$0.40)	\$41.97
Operating and selling related expenses per ton sold	\$35.16	\$32.87	(\$2.29)	\$34.44
EBITDA	\$2,118	\$2,334	(\$216)	\$3,009
EBITDA per ton sold	\$4.28	\$4.97	(\$0.69)	\$5.98
Net loss	(\$7,501)	(\$3,444)	(\$4,057)	(\$3,360)
Interest expense, net	3,106	3,075	(31)	2,773
Depreciation, depletion and amortization	2,562	2,552	(10)	2,542
Asset retirement obligation expenses	114	114	0	113
Non-cash production royalty to related party	0	0	0	615
Income tax provision	0	0	0	290
Asset impairment and restructuring charges	3,382	0	(3,382)	0
Debt restructuring costs	425		(425)	
Non-cash employee benefit expense	29	36	7	35
Stock compensation expense	1	1	0	1
EBITDA	\$2,118	\$2,334	(\$216)	\$3,009



**Armstrong Energy, Inc.**  
**Statements of Operations**  
(in thousands, except per ton amounts)

	For the five months ended May 31, 2017			For the five months ended May 31, 2016
	Actual	Forecast - Qtr 2	Variance	Actual
Revenue	\$98,665	\$95,835	\$2,830	\$101,037
Costs and expenses:				
Operating and selling related expenses	86,215	82,136	(4,079)	88,068
Production royalty to related party	3,073	2,802	(271)	2,766
Depreciation, depletion and amortization	12,775	12,707	(68)	12,628
Asset retirement obligation expenses	557	557	0	556
Asset impairment and restructuring charges	3,382	0	(3,382)	290
General and administrative costs	5,143	5,329	186	5,425
Operating loss	(12,480)	(7,696)	(4,784)	(8,696)
Other Income (Expense):				
Interest expense, net	(15,354)	(15,348)	(6)	(13,736)
Debt restructuring Costs	(2,031)	(1,303)	(728)	0
Other, net	773	62	711	302
Loss before taxes, non-controlling interest	(29,092)	(24,285)	(4,807)	(22,130)
Income tax provision	0	0	0	117
Net loss	(29,092)	(24,285)	(4,807)	(22,247)
Income (loss) before taxes, non-controlling interest	0	0	0	0
Net loss attributable to common stockholders	(\$29,092)	(\$24,285)	(\$4,807)	(\$22,247)
<b>Metrics: (unaudited)</b>				
Total tons sold	2,446.0	2,370.1	75.9	2,390.1
Average Sales \$ per ton	\$40.34	\$40.44	(\$0.10)	\$42.27
Operating and selling related expenses per ton sold	\$35.25	\$34.66	(\$0.59)	\$36.85
EBITDA	\$5,159	\$5,795	(\$636)	\$7,995
EBITDA per ton sold	\$2.11	\$2.44	(\$0.33)	\$3.35
Net loss	(\$29,092)	(\$24,285)	(\$4,807)	(\$22,247)
Interest expense, net	15,354	15,348	(6)	13,736
Depreciation, depletion and amortization	12,775	12,707	(68)	12,628
Asset retirement obligation expenses	557	557	0	556
Non-cash production royalty to related party	0	0	0	2,766
Income tax provision	0	0	0	117
Asset impairment and restructuring charges	3,382	0	(3,382)	290
Debt restructuring costs	2,031	1,303	(728)	0
Non-cash employee benefit expense	147	159	13	175
Stock compensation expense	5	6	1	(26)
EBITDA	\$5,159	\$5,795	(\$636)	\$7,995



**Armstrong Energy, Inc. and Subsidiaries**  
**Balance Sheets**  
**May 31, 2017 and December 31, 2016**

<b><u>ASSETS</u></b>	<b><u>May 31, 2017</u></b>	<b><u>December 31, 2016</u></b>
Current assets:		
Cash and cash equivalents	\$46,853	\$57,505
Accounts receivable	15,077	13,059
Inventories	11,423	11,809
Prepaid and other assets	2,557	2,539
Total current assets	75,910	84,912
Property, plant, equipment, and mine development, net	221,831	233,766
Investments	2,794	2,794
Other non-current assets	12,284	12,683
Total assets	<u>\$312,819</u>	<u>\$334,155</u>
 <b><u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u></b>		
Current liabilities:		
Accounts payable	\$15,814	\$16,941
Accrued liabilities and other	11,629	10,858
Current portion of capital lease obligations	180	555
Current maturities of long-term debt	6,720	8,217
Current portion of interest	10,771	979
Current liabilities	45,114	37,550
Long-term portion of principal - Bonds	192,236	199,040
Other long-term debt	4,981	
Related party, net	(0)	22,557
Long-term obligation to related party	170,922	147,536
Asset retirement obligations	14,607	14,056
Other non-current liabilities	7,758	7,223
Total liabilities	435,618	427,962
 <b><u>STOCKHOLDERS' DEFICIT</u></b>		
Common stock, \$0.01 par value, 70,000,000 shares authorized, 21,883,224 shares issued and outstanding as of May 31, 2017 and December 31, 2016, respectively	219	219
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, zero shares issued and outstanding as of May 31, 2017 and December 31, 2016, respectively	0	0
Additional paid-in capital	238,680	238,675
Accumulated deficit	(360,256)	(331,164)
Accumulated other comprehensive loss	(1,465)	(1,560)
Armstrong Energy, Inc.'s deficit	(122,822)	(93,830)
Non-controlling interest	23	23
Total stockholders' deficit	(122,799)	(93,807)
Total liabilities and stockholders' deficit	<u>\$312,819</u>	<u>\$334,155</u>

**Armstrong Energy, Inc.**  
**Statements of Comprehensive Income (Loss)**  
(dollars in thousands)

		(Unaudited)	
		For the five months ended May 31, 2017	For the five months ended May 31, 2016
Net loss		(\$29,092)	(\$22,246)
Other comprehensive income:			
Postretirement benefit plan and other employee benefit obligations, net of tax of zero		95	129
Other comprehensive income		95	129
Comprehensive loss		(28,997)	(22,117)
Less: Comprehensive income (loss) attributable to non-controlling interests		-	-
Comprehensive loss attributable to common stockholders		(\$28,997)	(\$22,117)



**Armstrong Energy, Inc.**  
**Statement of Stockholders' Deficit**  
**Period ended May 31, 2017**

(shares and dollars in thousands)

	Common Stock	Preferred Stock	Common stock amount	Preferred stock amount	Additional paid- in capital	Accumulated deficit	Accumulated other comprehensive loss	Non- controlling interest	Total Stockholders' Deficit
<b>Balance at December 31, 2016</b>	21,883	-	\$219	\$0	\$238,675	(\$331,164)	(\$1,560)	\$23	(\$93,807)
Stock compensation expense	-	-	-	-	5	-	-	-	5
Net loss	-	-	-	-	-	(29,092)	-	-	(29,092)
Postretirement benefit plan and other employee benefit obligations, net of tax of zero	-	-	-	-	-	-	95	-	95
<b>Balance at May 31, 2017</b>	21,883	-	\$219	\$0	\$238,680	(\$360,256)	(\$1,465)	\$23	(\$122,799)

# Armstrong Energy, Inc.

## Statements of Cash Flows

(dollars in thousands)

	(Unaudited) YTD May 31, 2017	(Unaudited) YTD May 31, 2016
<b>Operating Activities:</b>		
Net loss:	\$ (29,092)	\$ (22,247)
Adjustments to reconcile net loss to cash provided by operating activities:		
Amortization of original issue discount	435	385
Amortization of debt issuance costs	610	686
Non-cash stock compensation expense (income)	5	(26)
Depreciation, depletion and amortization	12,775	12,628
Asset retirement obligation expenses	557	556
Asset impairment	3,382	-
Gain on disposal of PP&E	(703)	-
Income from equity affiliate	-	(51)
Non-cash Interest on long-term obligations	9,792	9,798
Non-cash activity with related party, net	1,143	4,994
Change in working capital accounts:		
(Incr)/Decr in accounts receivable	(2,018)	(1,082)
(Incr)/Decr in inventory	384	3,616
(Incr)/Decr in prepaid assets and other	(331)	(54)
(Incr)/Decr in other non-current assets	385	(181)
Incr/(Decr) in accounts payable and accrued liab.	(260)	(11,075)
Incr/(Decr) in other non-current liab.	537	469
Net cash used in operating activities:	<u>(2,399)</u>	<u>(1,584)</u>
<b>Investing Activities:</b>		
Investment in property, plant, equipment, and mine development	(4,997)	(1,447)
Proceeds from disposal of fixed assets	1,485	-
Net cash used in investing activities	<u>(3,512)</u>	<u>(1,447)</u>
<b>Financing Activities:</b>		
Payment on capital lease obligations	(375)	(1,073)
Payment of long-term debt	(4,366)	(3,195)
Net cash used in financing activities	<u>(4,741)</u>	<u>(4,268)</u>
Net change in cash	(10,652)	(7,299)
Cash, at the beginning of the period	57,505	67,617
Cash, at the end of the period	<u>\$ 46,853</u>	<u>\$ 60,318</u>



## **COST CUTTING INITIATIVES BY ARMSTRONG ENERGY SINCE 1/1/15**

Below is a summary of cost cutting initiatives Armstrong Energy, Inc. ("we" or the "Company") has undertaken since 1/1/15. We continue to review our operations for savings opportunities and will pass along any other savings that we may have omitted from this list.

### Operations

We have lowered our operating expenses per ton sold from \$38.46 in 2014 to \$36.31 in 2015 and \$34.85 in 2016. YTD 2017 operating cost per ton is \$34.69. Below are the primary actions we have taken to reduce operating costs.

1. **Headcount Reductions**  
We initiated an early retirement program, as well as eliminated a number of operational positions since mid-2015, which resulted in annual savings (operations and G&A) of approximately \$1.9 million.
2. **Bonuses**  
We reduced our production bonus for hourly miners from \$0.50/ton sold to \$0.25/ton sold effective 1/1/16.
3. **Vendors**  
We have renegotiated certain supply contracts with vendors to obtain more favorable pricing terms, or have switched to an alternative vendor to receive more favorable pricing.
4. **Repair Contracts on Surface Equipment**  
We have let our repair contracts with outside vendors at our surface mines run off as they expire, saving on outside labor expense and parts.
5. **Spare Parts**  
We have been utilizing parts from idled mobile equipment in to maintain existing equipment.
6. **Waste Disposal at Dock Plant**  
We constructed a slurry impoundment and installed slurry lines to replace the existing, costly plate press technology at our dock prep. plant.
7. **Lewis Creek Underground Mine**  
We closed this high cost mine in 2015 due to poor geological conditions.
8. **Midway Surface Mine**  
We idled our high cost surface mine due to the decline in market demand.

## G&A

Our actual 2016 and projected 2017 G&A expenses are \$6.0 million and \$6.9 million lower than 2014 actual expenses, respectively. G&A expenses are generally not tonnage or operationally driven, so a dollar to dollar comparison is relevant. See attached spreadsheet for additional detail.

1. Headcount Reductions

We initiated an early retirement program in mid-2015, which eliminated a number of administrative positions. Total company-wide headcount has been reduced from 980 employees at 12/31/14 to 627 employees at 5/31/17.

2. Executive Salaries

Our COO and Executive Chairman took reductions in annual salary beginning 9/1/15 and 1/1/16, respectively, which resulted in savings of nearly \$250K/year. Effective 6/1/17, our COO retired and, to date, a replacement has not been hired. In addition, we combined the Corporate Controller and CFO roles for combined annual savings of approximately \$225K/year.

3. Raises and Bonuses

The company has not provided compensation increases to employees in two of the last three years and significantly reduced discretionary bonuses to all eligible employees over the same time period.

4. Health Insurance

Effective 1/1/16, employees are required to contribute to premiums on their health insurance plans (up to \$114/month for a family), which was previously wholly-funded by the Company. In addition, beginning in 2015, the Company went self-insured for healthcare coverage. As a result of the decline in headcount and becoming self-insured, health insurance costs have declined from \$14.6 million in 2014 to \$9.8 million in 2016.

5. Property Insurance

We reviewed all pieces of equipment for appropriate insurable value and reduced insurance premiums accordingly (savings of over \$800K/year).

6. Travel & Entertainment

We have reduced expenses for such things as hotel, airfare, meals and entertainment.

7. Aircraft

We have used the company plane less frequently for Company business, which has allowed us to contract the plane to third parties. This has resulted in a reduction to our overall expense of \$73K in 2015 and \$261K in 2016, as compared to 2014.

8. Office Space

We consolidated our Madisonville office from multiple buildings into one location to reduce rent expense, saving approximately \$56K/year. In addition, we subleased certain office space in St. Louis beginning in 2016, which resulted in annual savings of approximately \$85K.

## Other

1. Kentucky Sales & Use Tax

In 2015, with the use of a third-party consultant, we performed a review of sales and use tax payments with the state of Kentucky. It was determined that the Company was eligible for certain energy tax exemptions and received a refund of \$4.5 million for previously paid amounts and reduced future assessments by approximately \$400K/year.