

# Murray Metallurgical Coal Holdings, LLC

December 2019

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## MURRAY ENERGY CORPORATION





## Murray Metallurgical Coal – Situation Update



- Murray Energy Corporation (“Murray Energy” or “Murray”) has completed an update of operating and financial projections for Murray Metallurgical Coal Holdings, LLC (“Murray Metallurgical Coal” or “MMCH”)
- The updated projections reflect current forward seaborne coal prices, updated views on coal sales and updated operating metrics reflecting performance of the operations since acquisition
- Based on current market prices, Murray has identified a need for approximately \$[20] million of incremental liquidity through [mid-February 2020]
  - \$[10.5] million through year end
  - \$[9.5] million from year end to mid-February
- Limited incremental liquidity required through year end 2020, before operations move to more productive and lower cost areas of the mine in 2021
- Murray Oak Grove remains a highly attractive source of low vol metallurgical coal
  - Long life asset, well positioned on the cost curve
  - Flexible transportation options to access the seaborne market
- The new capital injection will facilitate ongoing operations and preserve significant equity optionality to a recovery in seaborne coal pricing
  - A 10% increase in the seaborne benchmark versus the 2020E plan (~\$15/tonne) increases forecast Adjusted EBITDA by ~\$19 million (~60% increase)



# MMCH 13 Week Cash Flow



(\$ in '000s)

Week Ending:	11/23/19	11/30/19	12/7/19	12/14/19	12/21/19	12/28/19	01/04/20	01/11/20	01/18/20	01/25/20	02/01/20	02/08/20	02/15/20	Total Fcst
<b>Total Receipts</b>	\$ 3,882	\$ 1,733	\$ 3,207	\$ 1,074	\$ 2,529	\$ 10,235	\$ 1,947	\$ 4,818	\$ 4,434	\$ 3,996	\$ 4,738	\$ 3,813	\$ 4,076	\$ 50,483
<b>Operating Disbursements</b>														
Payroll	\$ 163	\$ 2,200	\$ 160	\$ 2,200	\$ 160	\$ 2,200	\$ 160	\$ 2,200	\$ 160	\$ 2,200	\$ 160	\$ 2,200	\$ 160	\$ 14,323
Workers Comp and HealthCare	1,355	400	460	125	1,055	100	160	125	1,055	100	100	160	825	6,020
Taxes (Coal, RE, PP, etc.)	215	280	-	6	215	4	-	-	4	215	10	-	2	950
Opex	1,660	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	2,500	2,500	2,500	2,500	35,660
Rent / Lease	352	-	-	352	-	-	-	-	352	-	-	-	352	1,406
Utilities	1,240	-	-	1,350	100	-	-	1,350	-	100	-	-	1,350	5,490
Intercompany - Disbursements	-	-	-	-	-	-	-	2,011	-	-	-	-	-	2,011
Insurance / Bonding	-	1,343	31	196	-	196	1,343	282	196	-	-	31	196	3,814
<b>Subtotal - Operating Disbursements</b>	<b>\$ 4,985</b>	<b>\$ 7,223</b>	<b>\$ 3,651</b>	<b>\$ 7,228</b>	<b>\$ 4,530</b>	<b>\$ 5,499</b>	<b>\$ 4,663</b>	<b>\$ 8,968</b>	<b>\$ 4,766</b>	<b>\$ 5,115</b>	<b>\$ 2,770</b>	<b>\$ 4,891</b>	<b>\$ 5,384</b>	<b>\$ 69,674</b>
<b>Net Operating Cash Flow</b>	<b>\$ (1,102)</b>	<b>\$ (5,490)</b>	<b>\$ (444)</b>	<b>\$ (6,154)</b>	<b>\$ (2,001)</b>	<b>\$ 4,736</b>	<b>\$ (2,717)</b>	<b>\$ (4,151)</b>	<b>\$ (331)</b>	<b>\$ (1,119)</b>	<b>\$ 1,968</b>	<b>\$ (1,078)</b>	<b>\$ (1,309)</b>	<b>\$ (19,191)</b>
<b>Other Financing Related Disbursements</b>														
Professional fees	\$ 81	\$ -	\$ -	\$ -	\$ -	\$ 75	\$ -	\$ -	\$ -	\$ 75	\$ -	\$ -	\$ -	231
<b>Subtotal - Non Operating Disbursements</b>	<b>\$ 81</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 231</b>
<b>Cash Balance</b>														
Beginning Balance	\$ 3,577	\$ 2,394	\$ (3,096)	\$ (3,540)	\$ (9,694)	\$ (11,695)	\$ (7,034)	\$ (9,751)	\$ (13,901)	\$ (14,232)	\$ (15,426)	\$ (13,458)	\$ (14,536)	\$ 3,577
Net Cash Flow	(1,183)	(5,490)	(444)	(6,154)	(2,001)	4,661	(2,717)	(4,151)	(331)	(1,194)	1,968	(1,078)	(1,309)	(19,422)
<b>Ending balance</b>	<b>\$ 2,394</b>	<b>\$ (3,096)</b>	<b>\$ (3,540)</b>	<b>\$ (9,694)</b>	<b>\$ (11,695)</b>	<b>\$ (7,034)</b>	<b>\$ (9,751)</b>	<b>\$ (13,901)</b>	<b>\$ (14,232)</b>	<b>\$ (15,426)</b>	<b>\$ (13,458)</b>	<b>\$ (14,536)</b>	<b>\$ (15,844)</b>	<b>\$ (15,844)</b>
<b>Memo</b>														
<u>Javelin Working Capital Facility</u>														
Beginning Balance	\$ 73,597	\$ 67,156	\$ 69,664	\$ 74,388	\$ 75,000	\$ 75,000	\$ 68,432	\$ 58,865	\$ 56,384	\$ 60,659	\$ 65,959	\$ 56,986	\$ 60,794	\$ 73,597
(+) Drawdown	3,725	2,508	4,724	1,997	4,400	10,454	1,896	5,300	5,300	5,300	5,300	5,234	5,145	61,283
(-) Customer Receipts	(10,166)	-	-	(1,386)	(4,400)	(17,022)	(11,463)	(7,781)	(1,026)	-	(14,273)	(1,425)	(8,218)	(77,158)
<b>Ending Balance</b>	<b>\$ 67,156</b>	<b>\$ 69,664</b>	<b>\$ 74,388</b>	<b>\$ 75,000</b>	<b>\$ 75,000</b>	<b>\$ 68,432</b>	<b>\$ 58,865</b>	<b>\$ 56,384</b>	<b>\$ 60,659</b>	<b>\$ 65,959</b>	<b>\$ 56,986</b>	<b>\$ 60,794</b>	<b>\$ 57,722</b>	<b>\$ 57,722</b>
<u>Javelin Prepay Facility</u>														
Beginning Balance	\$ 23,453	\$ 23,453	\$ 23,453	\$ 23,105	\$ 23,105	\$ 22,235	\$ 22,235	\$ 22,235	\$ 22,033	\$ 21,830	\$ 21,628	\$ 21,426	\$ 21,224	\$ 23,453
(-) Fees	-	-	(348)	-	(870)	-	-	(202)	(202)	(202)	(202)	(202)	(202)	(2,431)
<b>Ending Balance</b>	<b>\$ 23,453</b>	<b>\$ 23,453</b>	<b>\$ 23,105</b>	<b>\$ 23,105</b>	<b>\$ 22,235</b>	<b>\$ 22,235</b>	<b>\$ 22,235</b>	<b>\$ 22,033</b>	<b>\$ 21,830</b>	<b>\$ 21,628</b>	<b>\$ 21,426</b>	<b>\$ 21,224</b>	<b>\$ 21,021</b>	<b>\$ 21,021</b>
<u>Inventory and Accounts Receivable</u>														
Total Inventory (ST)	486,519	496,627	417,884	382,723	252,888	223,572	216,126	222,052	227,978	233,905	239,831	245,022	249,234	249,234
Total Accounts Receivable (\$000s)	\$ 21,462	\$ 22,766	\$ 35,905	\$ 42,861	\$ 58,119	\$ 49,075	\$ 39,704	\$ 36,528	\$ 40,463	\$ 45,477	\$ 35,467	\$ 38,981	\$ 35,345	\$ 35,345



# MMCH Monthly Summary Forecast



(\$ in '000s)

Month Ending	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
<b>Production (ST)</b>													
Oak Grove	130,427	202,051	194,459	203,302	203,259	130,183	114,955	168,300	205,477	191,318	202,974	139,949	158,080
Maple Eagle	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Production</b>	<b>130,427</b>	<b>202,051</b>	<b>194,459</b>	<b>203,302</b>	<b>203,259</b>	<b>130,183</b>	<b>114,955</b>	<b>168,300</b>	<b>205,477</b>	<b>191,318</b>	<b>202,974</b>	<b>139,949</b>	<b>158,080</b>
<b>Tons Sold (ST)</b>													
Oak Grove	347,228	202,051	194,459	203,302	203,259	130,183	114,955	168,300	205,477	191,318	202,974	139,949	158,080
Maple Eagle	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Sales</b>	<b>347,228</b>	<b>202,051</b>	<b>194,459</b>	<b>203,302</b>	<b>203,259</b>	<b>130,183</b>	<b>114,955</b>	<b>168,300</b>	<b>205,477</b>	<b>191,318</b>	<b>202,974</b>	<b>139,949</b>	<b>158,080</b>
<b>Revenue (\$ in 000s)<sup>1</sup></b>													
Oak Grove	\$34,635	\$20,467	\$20,432	\$23,299	\$21,827	\$14,020	\$12,393	\$17,925	\$21,847	\$20,354	\$21,583	\$14,934	\$16,847
Maple Eagle	(86)	(124)	(88)	--	--	--	--	--	--	--	--	--	--
<b>Total Revenue</b>	<b>\$34,549</b>	<b>\$20,343</b>	<b>\$20,344</b>	<b>\$23,299</b>	<b>\$21,827</b>	<b>\$14,020</b>	<b>\$12,393</b>	<b>\$17,925</b>	<b>\$21,847</b>	<b>\$20,354</b>	<b>\$21,583</b>	<b>\$14,934</b>	<b>\$16,847</b>
<b>Adjusted EBITDA (\$ in 000s)<sup>2</sup></b>													
Oak Grove	\$202	\$2,198	\$2,535	\$5,000	\$3,976	(\$1,411)	(\$1,497)	\$2,301	\$5,159	\$4,019	\$4,585	(\$14)	\$1,351
Maple Eagle	(771)	(382)	(346)	--	--	--	--	--	--	--	--	--	--
Alabama Mineral	(74)	(265)	(265)	(265)	(265)	(265)	(265)	(265)	(265)	(265)	(265)	(265)	(265)
<b>Adjusted EBITDA</b>	<b>(\$643)</b>	<b>\$1,552</b>	<b>\$1,925</b>	<b>\$4,735</b>	<b>\$3,711</b>	<b>(\$1,675)</b>	<b>(\$1,761)</b>	<b>\$2,037</b>	<b>\$4,895</b>	<b>\$3,755</b>	<b>\$4,321</b>	<b>(\$279)</b>	<b>\$1,086</b>
<b>Cash Flow (\$ in 000s)</b>													
(+) Adjusted EBITDA <sup>2</sup>	(\$643)	\$1,552	\$1,925	\$4,735	\$3,711	(\$1,675)	(\$1,761)	\$2,037	\$4,895	\$3,755	\$4,321	(\$279)	\$1,086
(-) CapEx <sup>3</sup>	(3,122)	(4,399)	(6,043)	(2,480)	(3,021)	(1,727)	(3,937)	(1,470)	(1,387)	(712)	(1,608)	(1,166)	(974)
(-) Javelin Prepay Facility Paydown	(1,218)	(809)	(877)	(877)	(877)	(877)	(877)	(877)	(877)	(877)	(877)	(877)	(877)
(-) Principal Payment on Capital Leases	(256)	(259)	(261)	(263)	(265)	(267)	(270)	(272)	(274)	(276)	(279)	(281)	(283)
(+/-) Working Capital / Other <sup>4</sup>	1,301	(3,234)	9,678	(5,618)	1,882	4,488	(1,129)	(2,489)	(2,941)	591	(1,034)	433	(2,506)
<b>Net Change in Cash</b>	<b>(\$3,938)</b>	<b>(\$7,149)</b>	<b>\$4,422</b>	<b>(\$4,503)</b>	<b>\$1,431</b>	<b>(\$59)</b>	<b>(\$7,973)</b>	<b>(\$3,071)</b>	<b>(\$584)</b>	<b>\$2,481</b>	<b>\$523</b>	<b>(\$2,169)</b>	<b>(\$3,554)</b>
Beginning Cash Balance	(\$3,096)	(\$7,034)	(\$14,183)	(\$9,761)	(\$14,264)	(\$12,833)	(\$12,892)	(\$20,865)	(\$23,936)	(\$24,520)	(\$22,039)	(\$21,516)	(\$23,685)
Net Change in Cash	(3,938)	(7,149)	4,422	(4,503)	1,431	(59)	(7,973)	(3,071)	(584)	2,481	523	(2,169)	(3,554)
<b>Ending Cash Balance</b>	<b>(\$7,034)</b>	<b>(\$14,183)</b>	<b>(\$9,761)</b>	<b>(\$14,264)</b>	<b>(\$12,833)</b>	<b>(\$12,892)</b>	<b>(\$20,865)</b>	<b>(\$23,936)</b>	<b>(\$24,520)</b>	<b>(\$22,039)</b>	<b>(\$21,516)</b>	<b>(\$23,685)</b>	<b>(\$27,239)</b>
<b>Memo: Javelin Working Capital Facility<sup>5</sup></b>	<b>\$68,432</b>	<b>\$65,959</b>	<b>\$57,722</b>	<b>\$53,500</b>	<b>\$53,500</b>	<b>\$53,500</b>	<b>\$53,500</b>	<b>\$53,500</b>	<b>\$53,500</b>	<b>\$53,500</b>	<b>\$53,500</b>	<b>\$53,500</b>	<b>\$53,500</b>

Note: Assumes sale of Maple Eagle at the start of Mar-20

1. Amounts net of Javelin advance payment fee. Javelin Working Capital Facility balance assumed to be held flat at \$53.5 million following March '20
2. EBITDA burdened for Javelin advance payment fee
3. Solely attributable to Oak Grove
4. For takeback paper, assumes no cash interest expense, excess cash sweeps, or amortization
5. Javelin balance based on nearest week in 13 Week Cash Flow



# MMCH Annual Summary Forecast



(\$ in '000s)

Year Ending	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Production (ST)</b>									
Oak Grove	2,114,306	2,476,705	1,971,080	2,346,162	1,957,082	1,921,348	1,856,724	2,170,434	1,833,514
Maple Eagle	--	--	--	--	--	--	--	--	--
<b>Total Production</b>	<b>2,114,306</b>	<b>2,476,705</b>	<b>1,971,080</b>	<b>2,346,162</b>	<b>1,957,082</b>	<b>1,921,348</b>	<b>1,856,724</b>	<b>2,170,434</b>	<b>1,833,514</b>
<b>Tons Sold (ST)</b>									
Oak Grove	2,114,306	2,476,705	1,971,080	2,346,162	1,957,082	1,921,348	1,856,724	2,170,434	1,833,514
Maple Eagle	--	--	--	--	--	--	--	--	--
<b>Total Sales</b>	<b>2,114,306</b>	<b>2,476,705</b>	<b>1,971,080</b>	<b>2,346,162</b>	<b>1,957,082</b>	<b>1,921,348</b>	<b>1,856,724</b>	<b>2,170,434</b>	<b>1,833,514</b>
<b>Revenue (\$ in 000s)<sup>1</sup></b>									
Oak Grove	\$225,930	\$260,079	\$206,947	\$246,361	\$205,476	\$201,721	\$194,930	\$227,895	\$192,491
Maple Eagle	(212)	--	--	--	--	--	--	--	--
<b>Total Revenue</b>	<b>\$225,718</b>	<b>\$260,079</b>	<b>\$206,947</b>	<b>\$246,361</b>	<b>\$205,476</b>	<b>\$201,721</b>	<b>\$194,930</b>	<b>\$227,895</b>	<b>\$192,491</b>
<b>Adjusted EBITDA (\$ in 000s)<sup>2</sup></b>									
Oak Grove	\$28,203	\$77,859	\$10,457	\$70,984	\$42,153	\$37,792	\$43,469	\$76,707	\$40,884
Maple Eagle	(728)	--	--	--	--	--	--	--	--
Alabama Mineral	(3,175)	(3,175)	(3,175)	(3,175)	(3,175)	(885)	(885)	(885)	(885)
<b>Adjusted EBITDA</b>	<b>\$24,300</b>	<b>\$74,684</b>	<b>\$7,282</b>	<b>\$67,808</b>	<b>\$38,978</b>	<b>\$36,907</b>	<b>\$42,584</b>	<b>\$75,821</b>	<b>\$39,999</b>
<b>Cash Flow (\$ in 000s)</b>									
(+) Adjusted EBITDA <sup>2</sup>	\$24,300	\$74,684	\$7,282	\$67,808	\$38,978	\$36,907	\$42,584	\$75,821	\$39,999
(-) CapEx <sup>3</sup>	(28,924)	(36,203)	(25,058)	(14,227)	(9,627)	(15,552)	(19,790)	(4,335)	(4,130)
(-) Javelin Prepay Facility Paydown	(10,453)	(8,020)	(3,763)	--	--	--	--	--	--
(-) Principal Payment on Capital Leases	(3,250)	(3,590)	(3,966)	(339)	--	--	--	--	--
(+/-) Working Capital / Other <sup>4</sup>	(1,879)	(9,345)	43	(4,620)	2,070	(634)	(438)	1,516	(3,624)
<b>Net Change in Cash</b>	<b>(\$20,205)</b>	<b>\$17,526</b>	<b>(\$25,462)</b>	<b>\$48,622</b>	<b>\$31,421</b>	<b>\$20,721</b>	<b>\$22,355</b>	<b>\$73,002</b>	<b>\$32,244</b>
Beginning Cash Balance	(\$7,034)	(\$27,239)	(\$9,713)	(\$35,175)	\$13,447	\$44,868	\$65,589	\$87,944	\$160,946
Net Change in Cash	(20,205)	17,526	(25,462)	48,622	31,421	20,721	22,355	73,002	32,244
<b>Ending Cash Balance</b>	<b>(\$27,239)</b>	<b>(\$9,713)</b>	<b>(\$35,175)</b>	<b>\$13,447</b>	<b>\$44,868</b>	<b>\$65,589</b>	<b>\$87,944</b>	<b>\$160,946</b>	<b>\$193,190</b>

2022 reduced tonnage  
driven by 3 longwall moves

Note: Assumes sale of Maple Eagle at the start of Mar-20

1. Amounts net of Javelin advance payment fee. Javelin Working Capital Facility balance assumed to be held flat at \$53.5 million following March '20
2. EBITDA burdened for Javelin advance payment fee
3. Solely attributable to Oak Grove
4. For takeback paper, assumes no cash interest expense, excess cash sweeps, or amortization



# Oak Grove Sensitivity Analysis



(\$ in millions)

MET Benchmark Pricing Sensitivity					
MET Pricing Increase / (Decrease) %	(10.0%)	(5.0%)	Plan	+5.0%	+10.0%
2020E MET Benchmark Seaborne \$ / MT	\$136.80	\$144.40	\$152.00	\$159.60	\$167.20
Oak Grove Sales Tons (Business Plan) 2020E (ST)	2,114	2,114	2,114	2,114	2,114
<b>Oak Grove Adjusted EBITDA (Business Plan) 2020E</b>	<b>\$28.2</b>	<b>\$28.2</b>	<b>\$28.2</b>	<b>\$28.2</b>	<b>\$28.2</b>
<b>Sensitivity + / (-)</b>					
Revenue Impact From Non-Fixed Price Volumes	(\$23.0)	(\$11.5)	\$ -	\$11.5	\$23.0
Transportation Costs	2.6	1.3	-	(1.3)	(2.6)
Royalties and Commissions	1.9	1.0	-	(1.0)	(1.9)
<b>Oak Grove Adjusted EBITDA Sensitivity</b>	<b>\$9.7</b>	<b>\$19.0</b>	<b>\$28.2</b>	<b>\$37.5</b>	<b>\$46.7</b>
<i>% Change vs. Business Plan</i>	<i>(65%)</i>	<i>(33%)</i>	<i>-</i>	<i>33%</i>	<i>66%</i>





## Summary of changes since 10/29/19 forecast

### Mine Plan Assumptions

- Mine yield changes: Upon installation of scales and use of underground surveys it was determined that coal yield figures were lower than expected from Mission data
  - The most recent projection is estimating about 10% lower mine yield than originally projected per Mission data. (i.e. more rock waste versus coal than in the old model). Our changes to the prep plant have offset this change to a degree
- Shield count figures were increased as a result of management's view of higher potential longwall productivity (varies from +18 to +70 shields per shift varying by panel in the projections)
- Longwall move times were reduced in the latest model from a 34 day to a 24 day standard move, with the exception of the move from northern panels 20E to 1 South (long move) which is 45 days
- Mine actual financial results were used for select months in 2019 versus the estimated data used due to lack of good information from Mission. These new unit cost figures are conservative in management's opinion versus what the mine will experience when running and well capitalized
- Longwall move around a mega-church in 2022 was added. This results in 3 longwall moves in 2022 versus 2 moves in previous model
- Reduced hourly headcount projection, increased salary headcount. Net result is a small employee count reduction



## Summary of changes since 10/29/19 forecast

### Operating Costs

- Equipment rentals extended due to status of surface equipment fleet. Savings could be achieved with recapitalization of surface fleet
- Contractor expenses required to maintain the operation, maintain catch up on environmental compliance and expedite the construction of temporary slurry cells through April 2020
- Transportation savings for coal movement with CSX results in higher FOB mine sales realization despite drop in index benchmark
- Higher royalties result from higher FOB mine realization

### Capital Expenditures

- Significant capex delayed or eliminated in 2019 due to market reductions and liquidity constraints (\$9mm versus \$26mm)
  - Examples: Slurry impoundment, equipment rebuilds, south portal renovations
- Significant capex delayed from 2020 to 2021 (portal renovations, critical spares, longwall shield electrics)
- Timing changes based on longwall location/year

### Financing Charges

- Previous model did not include impact of interest charged on the Javelin credit facility (~\$5mm per year estimated)





## Capitalization Summary as of November 23, 2019



<i>(\$ in millions)</i>	<b>Total</b>	<b>Coupon</b>	<b>Maturity</b>
Cash <sup>1</sup>	\$2.4		
Takeback Paper	\$161.5	8.00% Cash or PIK	April 29, 2023
Incremental Takeback Paper	3.5	8.00% Cash or PIK	April 29, 2023
Working Capital Facility	67.2	L + 7.00%	LOM
Javelin Prepayment Facility	23.5	L + 7.00%	April 29, 2023
Capital Leases	11.4	10.00%	January 15, 2023
<b>Total Secured Debt</b>	<b>\$267.0</b>		
Unsecured Note to Robert E. Murray Trust <sup>2</sup>	25.0	8.00%	April 30, 2024
<b>Total Debt</b>	<b>\$292.0</b>		

1. Cash balance forecasted as of 11/23/19 per the 13 Week Cash Flow
2. \$25mm Unsecured Note to Robery E. Murray issued by Murray Metallurgical Coal Properties, LLC