

CONTURA ENERGY, INC. AND SUBSIDIARIES
ADJUSTED EBITDA RECONCILIATION
(Amounts in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income from continuing operations	\$ 24,300	\$ 74,642	\$ 32,290	\$ 132,942
Interest expense	16,077	8,779	31,232	17,984
Interest income	(1,885)	(191)	(3,821)	(322)
Income tax (benefit) expense	(1,000)	55	(5,778)	121
Depreciation, depletion and amortization	62,814	11,222	124,085	22,810
Merger related costs	156	3,423	987	3,883
Management restructuring costs ⁽¹⁾	—	—	—	2,659
Non-cash stock compensation expense	(546)	1,876	4,725	6,355
Mark-to-market adjustment - acquisition-related obligations	1,014	—	2,950	—
Gain on settlement of acquisition-related obligations	—	—	—	(292)
Gain on sale of disposal group ⁽²⁾	—	(16,386)	—	(16,386)
Accretion on asset retirement obligations	6,847	1,596	13,079	4,056
Loss on modification and extinguishment of debt	26,459	—	26,459	—
Asset impairment ⁽³⁾	5,826	—	5,826	—
Cost impact of coal inventory fair value adjustment ⁽⁴⁾	1,033	—	8,209	—
Gain on assets acquired in an exchange transaction ⁽⁵⁾	—	—	(9,083)	—
Amortization of acquired intangibles, net	(343)	1,104	(7,026)	11,310
Adjusted EBITDA	<u>\$ 140,752</u>	<u>\$ 86,120</u>	<u>\$ 224,134</u>	<u>\$ 185,120</u>

⁽¹⁾ Management restructuring costs are related to severance expense associated with senior management changes in the six months ended June 30, 2018.

⁽²⁾ During the fourth quarter of 2017, the Company entered into an asset purchase agreement to sell a disposal group (comprised of property, plant and equipment and associated asset retirement obligations) within the CAPP - Met segment. From the date the Company entered into the asset purchase agreement through the transaction close date, the property, plant and equipment and associated asset retirement obligations were classified as held for sale in amounts representing the fair value of the disposal group. Upon permit transfer, the transaction closed on April 2, 2018. The Company paid \$10,000 in connection with the transaction, which was paid into escrow on March 27, 2018 and transferred to the buyer at the transaction close date, and expects to pay a series of additional cash payments in the aggregate amount of \$1,500, per the terms stated in the agreement, and recorded a gain on sale of \$16,386 within other expenses (income) within the Condensed Consolidated Statements of Operations.

⁽³⁾ Asset impairment primarily related to the write-off of prepaid purchased coal from Blackjewel as result of Blackjewel's Chapter 11 bankruptcy filing on July 1, 2019.

⁽⁴⁾ The cost impact of the coal inventory fair value adjustment as a result of the Alpha Merger is expected to have short-term impact.

⁽⁵⁾ During the six months ended June 30, 2019, the Company entered into an exchange transaction which primarily included the release of the PRB overriding royalty interest owed to the Company in exchange for met coal reserves which resulted in a gain of \$9,083.