

Foresight Energy LP

Unaudited Condensed Consolidated Balance Sheets

	(Successor) March 31, 2017 <i>(In Thousands)</i>	(Predecessor) December 31, 2016 <i>(In Thousands)</i>
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,235	\$ 103,690
Accounts receivable	35,210	54,905
Due from affiliates	19,293	16,891
Financing receivables - affiliate	2,961	2,904
Inventories, net	49,539	43,052
Prepaid royalties	4,800	3,136
Deferred longwall costs	—	13,310
Coal derivative assets	2,576	7,650
Other prepaid expenses and current assets	17,901	21,443
Intangible contracts	39,822	—
Total current assets	176,337	266,981
Property, plant, equipment and development, net	2,607,144	1,318,937
Due from affiliates	947	1,843
Financing receivables - affiliate	66,473	67,235
Prepaid royalties	—	13,765
Other assets	2,270	20,250
Intangible contracts	10,928	—
Total assets	\$ 2,864,099	\$ 1,689,011
Liabilities and partners' capital (deficit)		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	\$ 67,778	\$ 368,993
Current portion of sale-leaseback financing arrangements	1,499	1,372
Accrued interest	4,839	29,760
Accounts payable	68,295	60,971
Accrued expenses and other current liabilities	38,165	43,592
Asset retirement obligations	8,167	7,273
Due to affiliates	9,253	20,904
Intangible contracts	23,640	—
Total current liabilities	221,636	532,865
Long-term debt and capital lease obligations	1,299,998	1,022,070
Sale-leaseback financing arrangements	190,169	190,497
Asset retirement obligations	37,438	37,644
Warrant liability	—	51,169
Other long-term liabilities	4,857	9,359
Intangible contracts	109,508	—
Total liabilities	1,863,606	1,843,604
Limited partners' capital (deficit):		
Common unitholders (75,733 and 66,105 units outstanding as of March 31, 2017 and December 31, 2016, respectively)	596,469	100,628
Subordinated unitholders (64,955 units outstanding as of March 31, 2017 and December 31, 2016)	404,024	(255,221)
Total partners' capital (deficit)	1,000,493	(154,593)
Total liabilities and partners' capital (deficit)	\$ 2,864,099	\$ 1,689,011

Foresight Energy LP
Unaudited Condensed Consolidated Statements of Operations

	(Predecessor)	
	Three Months Ended	
	March 31,	
	2017	2016
	<i>(In Thousands, Except per Unit Data)</i>	
Revenues		
Coal sales	\$ 227,813	\$ 163,097
Other revenues	2,581	2,988
Total revenues	230,394	166,085
Costs and expenses:		
Cost of coal produced (excluding depreciation, depletion and amortization)	117,762	89,177
Cost of coal purchased	7,973	550
Transportation	37,726	25,798
Depreciation, depletion and amortization	39,298	36,417
Accretion on asset retirement obligations	710	844
Selling, general and administrative	6,554	5,719
Transition and reorganization costs	—	5,940
Loss on commodity derivative contracts	1,492	523
Other operating expense (income), net	451	(88)
Operating income	18,428	1,205
Other expenses:		
Interest expense, net	43,380	32,995
Debt restructuring costs	—	9,710
Change in fair value of warrants	(9,278)	—
Loss on early extinguishment of debt	95,510	107
Net loss	(111,184)	(41,607)
Less: net income attributable to noncontrolling interests	—	97
Net loss attributable to controlling interests	(111,184)	(41,704)
Net loss attributable to predecessor	(111,184)	(41,704)
Net loss attributable to successor	\$ —	\$ —
Net loss available to limited partner units - basic and diluted:		
Common unitholders	\$ (56,259)	\$ (20,890)
Subordinated unitholders	\$ (54,925)	\$ (20,814)
Net loss per limited partner unit - basic and diluted:		
Common unitholders	\$ (0.85)	\$ (0.32)
Subordinated unitholders	\$ (0.85)	\$ (0.32)
Weighted average limited partner units outstanding - basic and diluted:		
Common units	66,533	65,193
Subordinated units	64,955	64,955
Distributions declared per limited partner unit	\$ —	\$ —

Foresight Energy LP
Unaudited Condensed Consolidated Statements of Cash Flows

	(Predecessor)	
	Three Months Ended	
	March 31,	
	2017	2016
	<i>(In Thousands)</i>	
Cash flows from operating activities		
Net loss	\$ (111,184)	\$ (41,607)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, depletion and amortization	39,298	36,417
Amortization of debt discount and deferred issuance costs	6,365	1,727
Equity-based compensation	318	3,992
Loss on commodity derivative contracts	1,492	523
Settlements of commodity derivative contracts	3,724	5,119
Realized gains on commodity derivative contracts included in investing activities	(3,520)	—
Transition and reorganization expenses paid by Foresight Reserves (affiliate)	—	2,000
Change in fair value of warrants	(9,278)	—
Debt extinguishment expense	95,510	107
Other	1,321	1,465
Changes in operating assets and liabilities:		
Accounts receivable	19,695	16,902
Due from/to affiliates, net	(13,157)	13,064
Inventories	(917)	(10,237)
Prepaid expenses and other current assets	(2,375)	(4,247)
Prepaid royalties	(241)	891
Commodity derivative assets and liabilities	(532)	1,707
Accounts payable	7,324	(3,239)
Accrued interest	(9,803)	12,769
Accrued expenses and other current liabilities	(3,430)	(695)
Other	1,782	(2,436)
Net cash provided by operating activities	22,392	34,222
Cash flows from investing activities		
Investment in property, plant, equipment and development	(19,908)	(5,040)
Return of investment on financing arrangements with Murray Energy (affiliate)	705	653
Settlement of certain coal derivatives	3,520	—
Proceeds from sale of property, plant and equipment	1,898	83
Net cash used in investing activities	(13,785)	(4,304)
Cash flows from financing activities		
Net change in borrowings under revolving credit facility	(352,500)	—
Net change in borrowings under A/R securitization program	7,000	(19,800)
Proceeds from other long-term debt	1,234,438	—
Payments on other long-term debt and capital lease obligations	(970,721)	(11,097)
Proceeds from issuance of common units to Murray Energy (affiliate)	60,586	—
Debt extinguishment costs	(57,645)	—
Debt issuance costs paid	(27,328)	—
Other	(1,892)	(339)
Net cash used in financing activities	(108,062)	(31,236)
Net decrease in cash and cash equivalents	(99,455)	(1,318)
Cash and cash equivalents, beginning of period	103,690	17,538
Cash and cash equivalents, end of period	\$ 4,235	\$ 16,220
Supplemental disclosures of non-cash financing activities:		
Non-cash capital contribution from Foresight Reserves LP (affiliate)	\$ —	\$ 813
Reclassification of warrant liability to partners' capital	\$ 41,888	\$ —

Reconciliation of U.S. GAAP Net Loss Attributable to Controlling Interests to Adjusted EBITDA:

	Three Months Ended		
	March 31, 2017	March 31, 2016	December 31, 2016
	<i>(In Thousands)</i>		
Net loss attributable to controlling interests ⁽¹⁾	\$ (111,184)	\$ (41,704)	\$ (85,012)
Interest expense, net	43,380	32,995	43,932
Depreciation, depletion and amortization	39,298	36,417	38,691
Long-lived asset impairments	—	—	74,575
Accretion on asset retirement obligations	710	844	844
Transition and reorganization costs (excluding amounts included in equity-based compensation below)	—	2,241	—
Equity-based compensation ⁽²⁾	318	3,992	395
Loss on commodity derivative contracts	1,492	523	6,482
Settlements of commodity derivative contracts	3,724	5,119	(468)
Debt restructuring costs	—	9,710	119
Change in fair value of warrants	(9,278)	—	18,576
Loss (gain) on early extinguishment of debt	95,510	107	(90)
Adjusted EBITDA	\$ 63,970	\$ 50,244	\$ 98,044

(1) - Included in net loss attributable to controlling interests during the three months ended December 31, 2016 was business interruption proceeds of \$20.0 million, which was recorded in other operating income, net.

(2) - Includes equity-based compensation of \$3,698 which was recorded in transition and reorganization costs in the statement of operations for the three months ended March 31, 2016.

Operating Metrics

	Three Months Ended		
	March 31, 2017	March 31, 2016	December 31, 2016
	<i>(In Thousands, Except Per Ton Data)</i>		
Produced tons sold	5,165	3,737	4,923
Purchased tons sold	118	17	256
Total tons sold	5,283	3,754	5,179
Tons produced	5,267	4,299	5,072
Coal sales realization per ton sold ⁽¹⁾	\$ 43.12	\$ 43.45	\$ 48.46
Cash cost per ton sold ⁽²⁾	\$ 22.80	\$ 23.86	\$ 22.84
Netback to mine realization per ton sold ⁽³⁾	\$ 35.98	\$ 36.57	\$ 40.16

(1) - Coal sales realization per ton sold is defined as coal sales divided by total tons sold.

(2) - Cash cost per ton sold is defined as cost of coal produced (excluding depreciation, depletion and amortization) divided by produced tons sold.

(3) - Netback to mine realization per ton sold is defined as coal sales less transportation expense divided by tons sold.