

# **CONSOL Mining Corp**

**Investor Presentation** 

November 2017



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This presentation contains statements, estimates and projections which are forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended). Statements that are not historical are forward-looking, and include, without limitation, statements regarding the separation and distribution, including the timing and expected benefits thereof; forecasts concerning global demand for coal, changes in coal prices and our ability to develop our existing coal reserves and successfully execute our mining plans, competition and growth opportunities for coal, and other applications; targeted financial results or operating performance; and statements about our strategies, outlook, and business and financial prospects. These forwardlooking statements involve risks and uncertainties that could cause actual results to differ materially from those statements, plans, estimates and projections. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of future actual results. Factors that could cause future actual results to differ materially from the forward-looking statements include risks, contingencies and uncertainties that relate to, among other matters, the following: whether the separation is completed, as expected or at all, and the timing of the separation and the distribution; whether the conditions to the distribution are satisfied; whether the operational, strategic and other benefits of the separation can be achieved; whether the costs and expenses of the separation can be controlled within expectations; deterioration in economic conditions in any of the industries in which our customers operate may decrease demand for our products, impair our ability to collect customer receivables and impair our ability to access capital; volatility and wide fluctuation in coal prices based upon a number of factors beyond our control including oversupply relative to the demand available for our products, weather and the price and availability of alternative fuels; an extended decline in the prices we receive for our coal affecting our operating results and cash flows; foreign currency fluctuations that could adversely affect the competitiveness of our coal abroad; our customers extending existing contracts or entering into new long-term contracts for coal on favorable terms; our reliance on major customers; our inability to collect payments from customers if their creditworthiness declines or if they fail to honor their contracts; the disruption of rail, barge, gathering, processing and transportation facilities and other systems that deliver our coal to market; a loss of our competitive position because of the competitive nature of coal industries, or a loss of our competitive position because of overcapacity in these industries impairing our profitability; coal users switching to other fuels in order to comply with various environmental standards related to coal combustion emissions; the impact of potential, as well as any adopted environmental regulations including any relating to greenhouse gas emissions on our operating costs as well as on the market for natural coal and for our securities; the risks inherent in coal operations, including our reliance upon third party contractors, being subject to unexpected disruptions, including geological conditions, equipment failure, timing of completion of significant construction or repair of equipment, fires, explosions, accidents and weather conditions which could impact financial results; decreases in the availability of, or increases in. the price of commodities or capital equipment used in our coal mining operations; obtaining, maintaining and renewing governmental permits and approvals for our coal operations; the effects of government regulation on the discharge into the water or air, and the disposal and clean-up of, hazardous substances and wastes generated during our coal operations; the effects of stringent federal and state employee health and safety regulations, including the ability of regulators to shut down our operations; the potential for liabilities arising from environmental contamination or alleged environmental contamination in connection with our past or current coal operations; the effects of mine closing, reclamation and certain other liabilities; uncertainties in estimating our economically recoverable coal reserves; the outcomes of various legal proceedings, including those which are more fully described herein; exposure to employee-related long-term liabilities; failure by Murray Energy to satisfy liabilities it acquired (or will acquire) from CONSOL Energy Inc., or failure to perform its obligations under various arrangements, which CONSOL Energy Inc. guaranteed and for which we have indemnification obligations to CONSOL Energy Inc.; information theft, data corruption, operational disruption and/or financial loss resulting from a terrorist attack or cyber incident; operating in a single geographic area; certain provisions in our multi-year coal sales contracts may provide limited protection during adverse economic conditions, and may result in economic penalties or permit the customer to terminate the contract; the majority of our common units in CNX Coal Resources LP are subordinated, and we may not receive distributions from CNX Coal Resources LP; and the potential failure to retain and attract skilled personnel. Additional factors are described in detail under the captions "Forward Looking Statements" and "Risk Factors" in CONSOL Energy Inc.'s annual report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission (SEC), as updated by any subsequent quarterly reports on Form 10-Qs as well as the factors described under the captions "Cautionary Statements Regarding Forward-Looking Statements" and "Risk Factors" in the Form 10 filed with the SEC by the CONSOL Mining Corporation, on July 11, 2017, as amended from time to time. The forward-looking statements in this presentation speak only as of the date of this presentation; we disclaim any obligation to update the statements, and we caution you not to rely on them unduly.

This presentation does not constitute an offer to sell or a solicitation of offers to buy securities of CONSOL Energy Inc., CONSOL Mining Corporation or CNX Coal Resources LP.

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## 1. Introduction



# **CMC Management Presenters**

Jimmy Brock Chief Executive Officer

David Khani Executive VP and Chief Financial Officer

Jim McCaffrey Senior VP-Coal Marketing

Mitesh Thakkar Director – Finance and Investor Relations



# Created through the spin-off of CONSOL Energy's ("CEI") coal business ("CONSOL Mining Corp" or "CMC") and a distribution of CMC common stock to CEI shareholders

- 1) Foundation is the premier US mining complex, Pennsylvania Mining Complex ("PAMC")
- ~90% economic ownership of PAMC
- 100% ownership of the CNX Marine Terminal (also referred to as the "Baltimore Marine Terminal" or "BMT")
- Control of ~1.6 billion tons of high-quality, undeveloped coal reserves
- 2) PAMC is the economic workhorse for CMC
- 2014-2016 average of \$470 million annual Adjusted EBITDA and \$294 million annual FCF<sup>(1)</sup>
- 3) CMC as a standalone company has an ability to focus 100% on coal
- Uniquely positioned for production growth at the highest margins track record of growing US
  domestic thermal market share, along with differentiated access and optionality in the export market
- 100% capital focus on further optimizing best-in-class coal operations through cost improvements and technology enhancements – no constraints on high-return initiatives

## **Pennsylvania Mining Complex Overview**

- Three highly productive, well-capitalized underground coal mines
- Five longwalls and 15-17 continuous miner sections
- Largest central preparation plant in the United States
- ~80% of 767 mm ton reserves are owned and require no royalty payment
- Extensive logistics network served by two railroads
- Sells primarily to power plant customers in the eastern United States
- Access to seaborne markets through CMC-owned Baltimore Marine Terminal
- Over \$1.4bn invested in the mine operations since 2012
- Non-union workforce since 1982

| Mine                          | Total<br>Recoverable<br>Reserves* | Average AR<br>Gross Heat<br>Content (Btu/lb) | Avg. AR<br>Sulfur<br>Content | Est. Annual<br>Production<br>Capacity* <sup>(3)</sup> | 2016A<br>Production* |
|-------------------------------|-----------------------------------|--|------------------------------|---|----------------------|
| Bailey <sup>(1)</sup>         | 260                               | 12,920                                       | 2.64%                        | 11.5  | 12.1                 |
| Enlow Fork <sup>(1)</sup>     | 307                               | 13,030                                       | 2.25%                        | 11.5  | 9.6                  |
| Harvey <sup>(1)</sup>         | 201                               | 12,970                                       | 2.25%                        | 5.5   | 3.0                  |
| Total                         | 767                               | 12,970                                       | 2.38%                        | 28.5  | 24.7                 |
| Illinois Basin <sup>(2)</sup> |                                   | 11,364                                       | 2.94%                        |   |                      |
| Other NAPP <sup>(2)</sup>     |                                   | 12,391                                       | 3.26%                        |   |                      |

<sup>2016</sup> PA Mining Complex Domestic Customers WASHINGTON CO. WV PA OHIO CO. MARSHALL CO. GREENE CO. Generalized Location Map

Source: CONSOL Mining Corp. management, ABB Velocity Suite, EIA

Note: Data shown on a 100% basis for PAMC

(1) For the fiscal year period ending and as of 12/31/2016

(2) Represents illustrative general capacity for each mine; actual production on a mine by mine basis can exceed illustrative capacity in order to maximize complex capacity of 28.5MM tons

<sup>\*(</sup>million tons)

Represent the average of power plant deliveries for the 36 months ending 6/30/17 per EIA / ABB Velocity Suite. Excludes was te coal

# Differentiated and Sustainable Coal Story with Significant Upside Potential

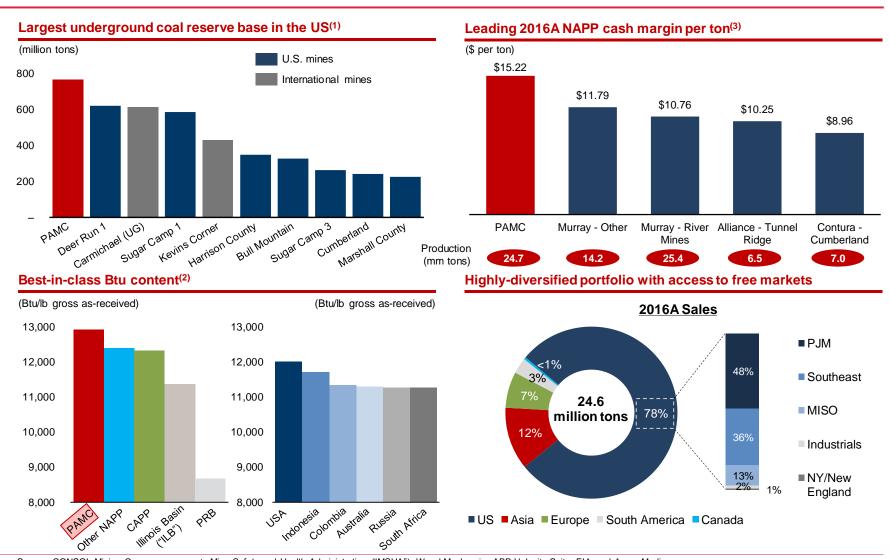
undeveloped reserves



The premier U.S. coal mining complex with a proven track record of operational excellence Highly-experienced, proven management team with the vision and skills to optimize this world-class portfolio Diversified sales portfolio and proven marketing strategy that provides volume stability and multiple paths to growing market share CONSOL Significant existing presence and optionality in both the thermal and met export markets through our wholly owned Baltimore Marine Terminal **Mining Corp** Highly competitive with natural gas and driven by a superior cost position vs. Appalachian E&P producers Compelling coal industry backdrop, driven by multi-year underinvestment and rising global demand

Multiple paths to additional value creation as a new standalone entity including monetization of

# 1 The Premier U.S. Coal Mining Complex



Source: CONSOL Mining Corp. management, Mine Safety and Health Administration ("MSHA"), Wood Mackenzie, ABB Velocity Suite, EIA, and Argus Media

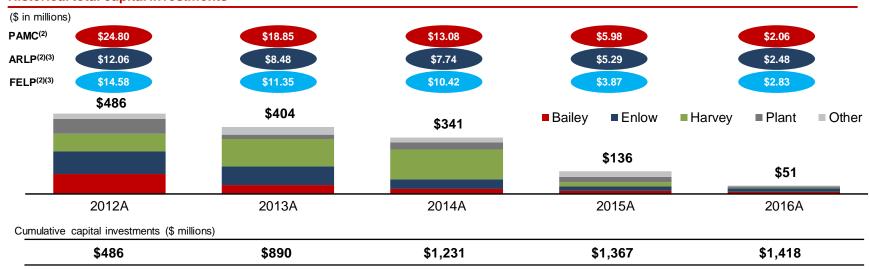
Data for NAPP mines based on CMC management estimates. Reserve data for other mines based on Wood Mackenzie estimates and includes operating, highly probable and probableoperations CAPP, other NAPP, ILB and PRB represent the average of power plant deliveries for the 36 months ending 6/30/17 per EIA / ABB Velocity Suite. Excludes waste coal. BTU content for other

CAPP, other NAPP, ILB and PRB represent the average of power plant deliveries for the 36 months ending 6/30/17 per EIA / ABB velocity Suite. Excludes waste coal. BTU content for other countries from Argus Media.

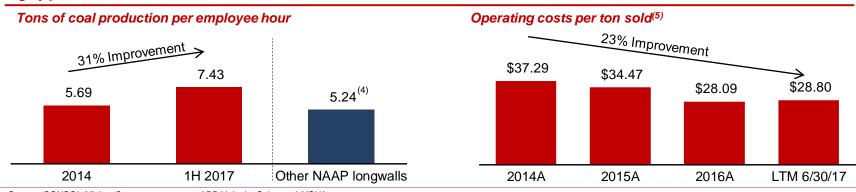
#### **CONSOLENERGY**

# 1 Well-capitalized, Highly Efficient Longwall Operations

- ■Over \$1.4Bn invested in PAMC over the past 5 years, far outpacing competitors on a per ton basis
- CMC expects to have the ability to operate PAMC mines primarily through maintenance capex for the life of the mines Historical total capital investments<sup>(1)</sup>



#### Highly productive and cost efficient mines

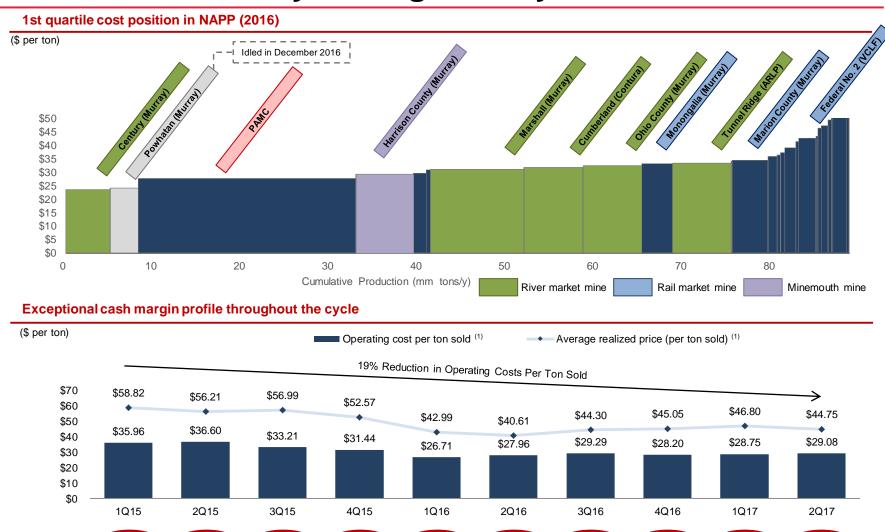


Source: CONSOL Mining Corp. management, ABB Velocity Suite, and MSHA

- Includes expansion and improvement projects as well as maintenance capital investments
- Figures represented in \$ per ton
- (3) Total capital investments per company SEC filings
- (4) Average for 1H 2017
- (5) PAMC operating costs based upon CEI's SEC filings

#### **CONSOLENERGY**

# 1 Low-cost Production Sustains Margins and Provides Flexibility Through the Cycle



37.9%

31.1%

33.9%

37.4%

38.6%

40.2%

Source: CONSOL Mining Corp. management. Wood Mackenzie for peers

38.9%

Cash margin %

35.0%

<sup>(1)</sup> Realized price per ton and operating costs per ton based upon CEI's historical SEC filings

# Experienced Management Team Focused on Safety, Compliance and Financial Discipline

|        |  | Years of experience |          |  |  |
|--------|--|---------------------|----------|--|--|
| Execut | ive role   | CONSOL              | Industry |  |  |
|        | Jimmy Brock<br>Chief Executive Officer             | 37                  | 37       |  |  |
|        | <b>David Khani</b> EVP and Chief Financial Office  | r 6                 | 23       |  |  |
|        | Katharine Fredriksen<br>President                  | 6                   | 22       |  |  |
|        | Kurt Salvatori<br>Chief Administrative Officer     | 25                  | 25       |  |  |
|        | Jim McCaffrey<br>SVP – Coal Marketing              | 41                  | 41       |  |  |
|        | Martha Wiegand<br>General Counsel and<br>Secretary | 9                   | 17       |  |  |
|        | Eric Schubel<br>VP – Operations                    | 34                  | 34       |  |  |

## **Key performance results**

- Significant expertise owning, developing, and managing coal mines
  - Effectively reduced operating costs per ton sold by 19% from Q1 2015-Q2 2017
- Strong focus on achieving and maintaining industryleading safety and compliance standards
  - PAMC's Mine Safety and Health Administration ("MSHA") reportable incident rate was 42% lower than the industry average in 2013-2016
  - PAMC's MSHA significant and substantial citation rate was 24% lower than the industry average for LTM 6/30/17<sup>(1)</sup>
  - Executive and workforce compensation tied in part to environmental and safety performance
- Addressing environmental and legacy liabilities
  - Annual cash servicing costs reduced from \$139mm in 2014 to \$85mm as of LTM 6/30/17
- Management incentivized to meet credit metric targets

Source: CONSOL Mining Corp. management (1) PAMC = 1.79, Industry = 2.34

# 3 Multi-pronged PAMC Marketing Strategy

Maximize sales to established customer base of rail-served power plants in the Eastern U.S., with a focus on top-performing environmentally-controlled plants

Illustrative portion of annual production

~70 - 80%

Place approximately 2.0 – 2.5 million tons per annum in the seaborne met coal market

~10%

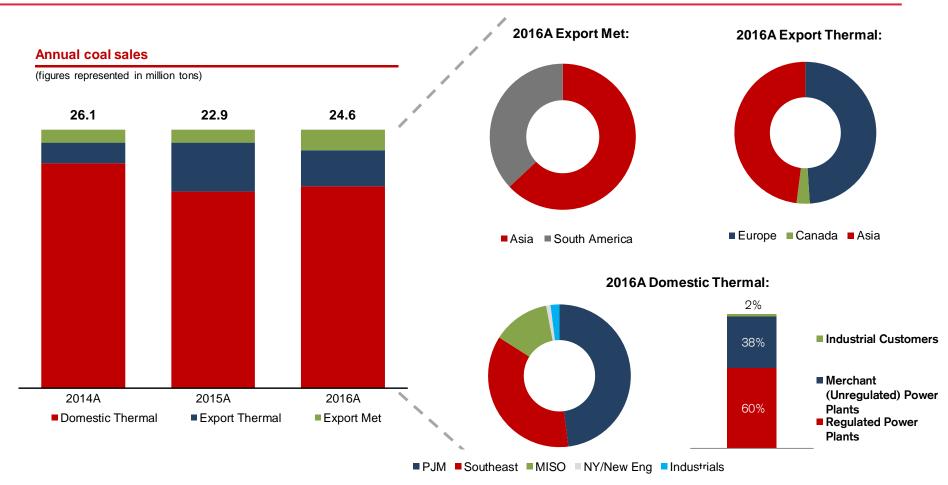
Selectively place remaining tonnage in opportunities (domestic or export) that maximize FOB mine margins

~10 - 20%

Capitalize on innovative marketing tactics and strategies to grow opportunities and realizations in all of the Company's market areas

- Creative contract structures
- Technical marketing initiatives to gain market share for PAMC by displacing other basins
- Development of crossover met markets for PAMC

# 3 Highly-diversified Portfolio Provides Volume Stability and Multiple Paths to Upside



In 2016, the Company sold PAMC coal to 38 domestic power plants located in 18 states, and to thermal and metallurgical end-users located across four continents

# **3** Well-established Diversified Blue Chip Customer Base Minimizes Market Risk

#### Blue-chip customers(1)

#### Limited volume at risk due to announced power plant retirements

# Market cap: \$19.8bn Baa1 / BBB+ Market cap: \$61.8bn Baa1 / A Southern Company Market cap: \$52.3bn Baa2 / BBB+ Baa2 / A Market cap: \$52.4bn Baa2 / A-

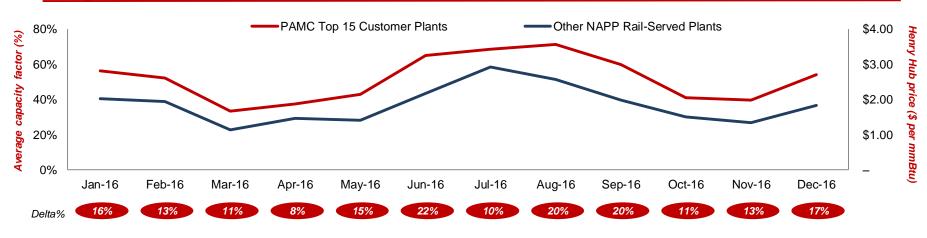
Private
- / 
TALEN
ENERGY

Private

B1/B+

Announced Retirement or Fuel Conversion 96%

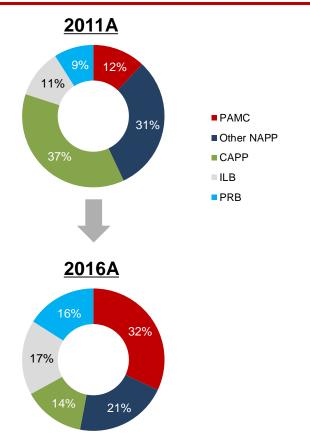
### Average capacity factor (weighted by capacity)



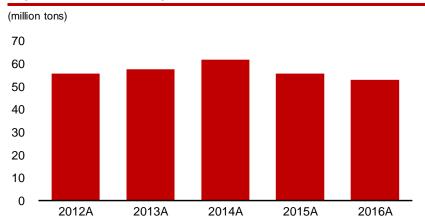
Source: CONSOL Mining Corp. management, EIA, ABB Velocity Suite, SEC filings, and FactSet (1) Market capitalizations and credit ratings for blue-chip customers are as of 10/31/2017

# 3 Proven Track Record of Growing Domestic ♣ CONSOLENERS' Thermal Market Share at Targeted Customer Plants





Top 15 PAMC customer plants annual coal burn



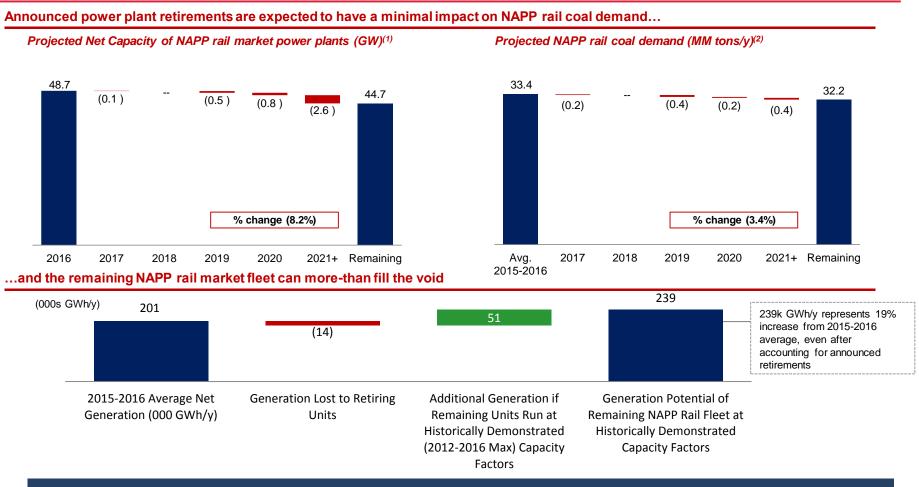
## **Top 15 PAMC customer plants**

- Provide steady demand for >50 mm tons of coal per year
- Accounted for 82% of PAMC's domestic power plant shipments in 2016
- All have been in the portfolio for 3+ years
- 2/3 are regulated plants
- Average size = 1.8 GW
- All are equipped with state-of-the-art emission controls, including scrubbers
- None have announced plans to retire
- Operated at a 15 percentage point higher weighted-average capacity factor than other NAPP rail-served plants in 2016

CMC has achieved a 20% point increase in market share at its top 15 customer plants since 2011, largely by displacing other NAPP and CAPP producers, with more room to grow

# Minimal Impact from Announced Power Plant Retirements on NAPP Rail Coal Demand

CONSOLENERGY



In 2016, less than 1MM tons (< 4%) of PAMC's total sales went to power plants that have announced plans to retire. CMC anticipates that retirement of smaller, underutilized units will allow the remaining top-performing units to run harder, creating upside within their portfolio

Source: CONSOL Mining Corp. management, EIA, ABB Velocity Suite, EPA

<sup>(1)</sup> Includes all plants that took delivery of NAPP rail coal in 2016

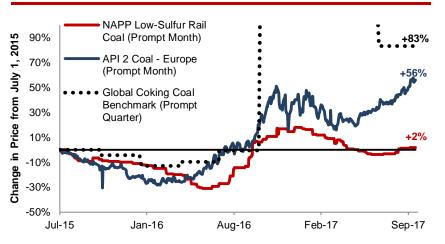
<sup>(2)</sup> Based on 2016 NAPP rail market share and average of 2015-2016 coal consumption

#### **CONSOLENERGY**

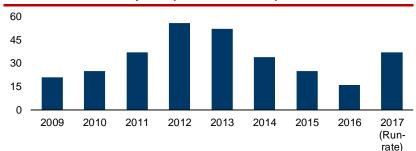
# 4 Significant Opportunities in Improving Export Markets

- Historically, exports (thermal and crossover met) have averaged approximately 20% of annual sales volume
- Strong committed sales base for 2018 allows for selective placing of remaining tons to maximize FOB mine realizations
- Export sales provide significant upside
  - Continued strength in developing and developed markets to support demand
  - Robust infrastructure development and industrialization in India
  - Electrification elsewhere in Southeast Asia
  - Safety checks at European and Asian nuclear plants increase reliance on coal
  - Supply from Australia faces union and weather challenges

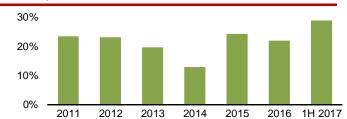
#### Coal price trends in key markets<sup>(2)</sup>



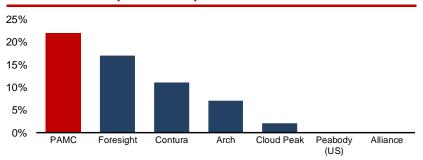




#### CMC Historical exports as % of total



#### Selected US coal producer exports as % of total FY 2016 sales



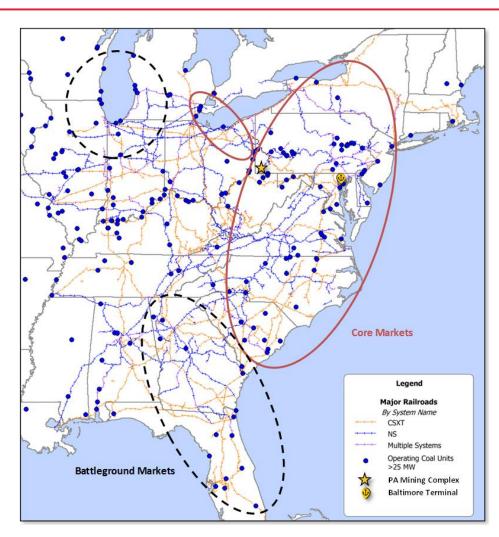
## The current sales book provides significant export optionality in 2018 and beyond

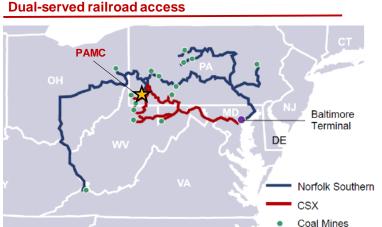
Source: CONSOL Mining Corp. management, Bloomberg, Clarksons, ABB Velocity Suite, Coaldesk LLC and Doyle Trading Consultants

(2) Data as of 9/25/2017

Based on total thermal coal import volume; 2017E run-rate based on year-to-date August 2017 volume

# 4 Excellent Access to Transportation Infrastructure Provides Global Reach





Eastern U.S. coal regions and points of export(1)



Source: CONSOL Mining Corp. management

<sup>(1)</sup> Represents estimated ocean/rail rates to port terminals, exclusive of terminaling charges

# 4 100% Owned, Strategically Situated Port to Access Export Markets

#### **Overview**

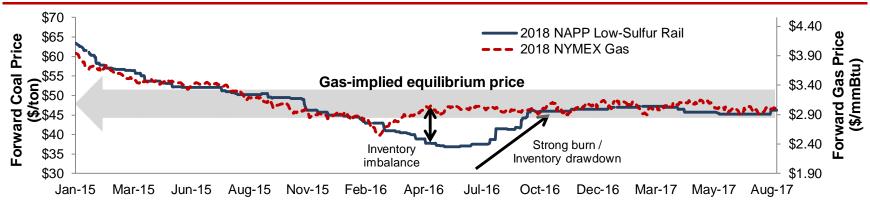
- Coal export terminal strategically located in Baltimore, MD
  - 15.0 million tons per year throughput capacity
  - 1.1 million tons coal storage yard capacity
  - Sole East Coast coal export terminal served by two railroads
- Opened for throughput capacity from third party shippers:
  - Signed 3 million tons for 2017 (with take-or-pay provisions)
  - Legacy contracts of 12 million tons (not take-or-pay)
- Achieved significant service and operating cost efficiencies in 2016
- BMT is on pace for record year due to increase in 3<sup>rd</sup> party volume
  - 2016 volume of 8.1 mm tons 43% from 3<sup>rd</sup> parties
  - YTD 9/30/17 volume of 10.1 mm tons<sup>(1)</sup>
  - Sept. '17 volume of 1.5mm tons up 17% from prior month<sup>(1)</sup>



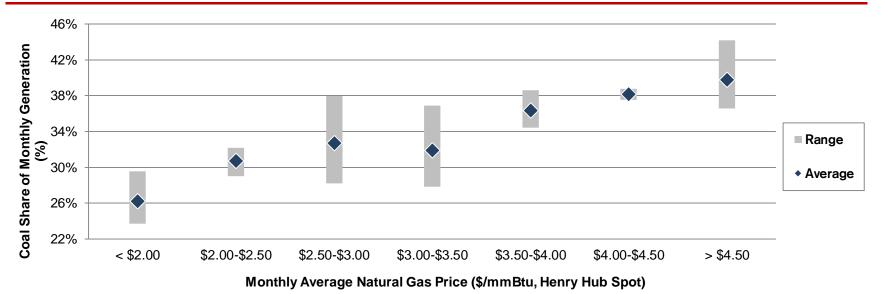


# **5** Highly Competitive with Natural Gas Today

## Thermal coal prices have significantly rebounded due to improved natural gas prices



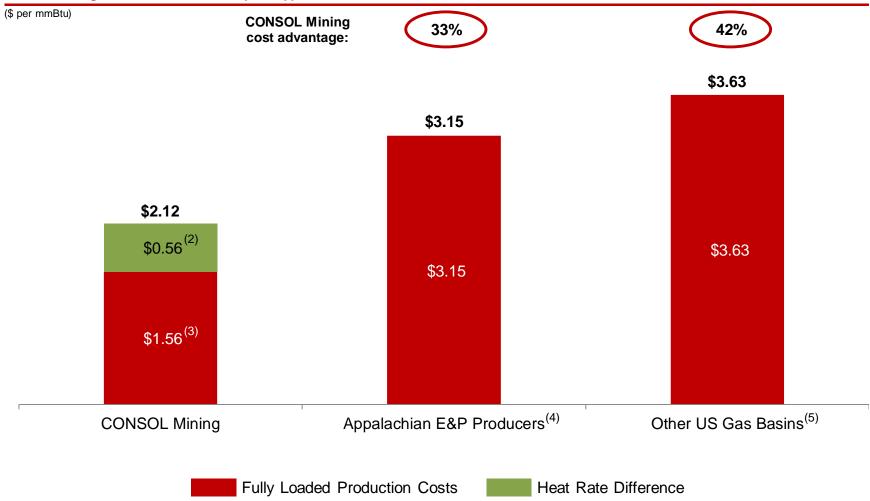
## Coal Share of U.S. generation vs. natural gas price ranges (January 2014 – June 2017)



Source: ABB Velocity Suite, NYMEX, Coaldesk, EIA

# **⑤** Compelling Cost Position vs. Appalachian E&P **☞** CONSOLENERGY Producers





Source: Fully Loaded Production Costs for CONSOL Mining Corp. and E&P producers are from CONSOL Mining Corp.'s Form 10 and KLR Group, respectively; the Heat Rate Difference is per ABB Velocity Suite

Represents the average of the Dry Utica, Haynesville and Fayetteville basins

<sup>(1)</sup> Total cash costs do not include transportation costs to the end-use customer
(2) Heat Rate Difference equivalent to an additional 36% of CONSOL Mining Fully Loaded Production Costs. 36% Efficiency factor based on the average YTD heat rates for coal-fired and natural gas-fired power plants in PJM

Source: CONSOL Mining Corp. Form 10 – Average PAMC cost per ton sold, SG&A, and interest expense for the six months ending June 30, 2017; converted to mmBtu at 03,000Btu/lb and 2,000lbs/ton

<sup>4)</sup> Represents the average of the Marcellus Shale basin

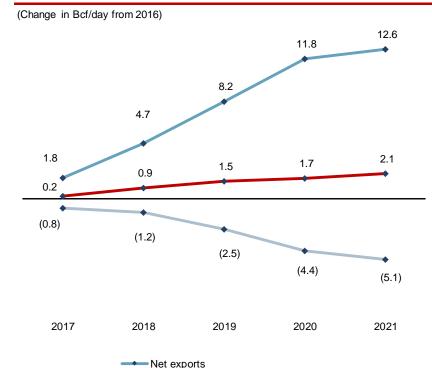
# 5 Limited Exposure to Natural Gas Basis Differential, with Improving Outlook

- PAMC's broad market reach in the eastern U.S. has helped limit exposure to recent negative natural gas basis differentials in the Marcellus Shale region
- Pipelines currently under development/construction will add substantial takeaway capacity:
  - 8+ Bcf/d from the Marcellus region during the next several years
  - Much of this gas will be used to help feed a growing LNG / export market
- As more gas leaves the region, natural gas prices are expected to increase in areas located closest to PAMC operations
  - Will create upside for coal in areas where PAMC transportation advantage is greatest

#### Basis differential – current forwards(1)

|            | CY 2017 <sup>(2)</sup> | CY 2018 |
|------------|------------------------|---------|
| Transco Z5 | +\$0.16                | +\$0.54 |
| Dominion S | -\$0.68                | -\$0.44 |

Growing natural gas exports and industrial demand support stronger gas prices and pull gas from electric power generation



Industrial demand

Natural Gas demand from Electric Power

Basis differentials may improve beyond current expectations due to overbuild of pipeline projects out of the region, creating undersupply locally

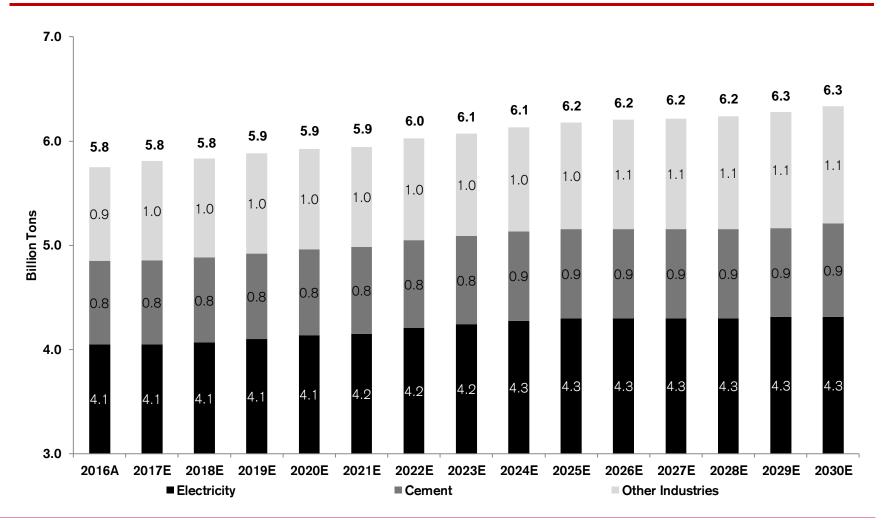
Source: CONSOL Mining Corp. management, SNL Energy: S&P Global Market Intelligence, ABB Velocity Suite, U.S. EIA Annual Energy Outlook 2017

<sup>(1)</sup> As of end of August 2017

<sup>(2)</sup> Includes Jan-Aug 2017 actuals

# 6 Compelling Industry Backdrop with Global Coal Demand on the Rise

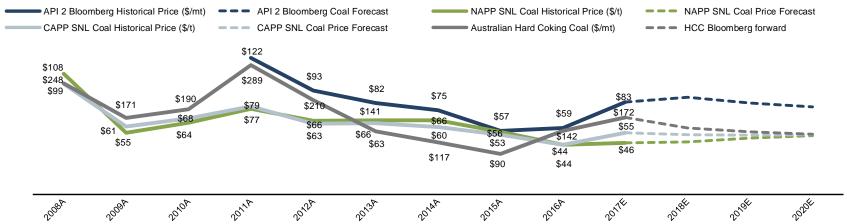
#### **Global Coal Demand by Industry**



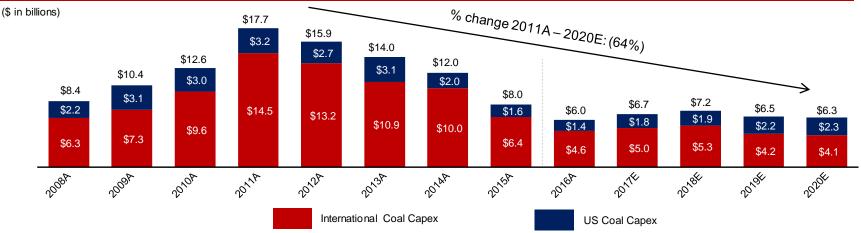
## 6 Multi-year Underinvestment in the Coal Sector







#### **Global Coal Capex**

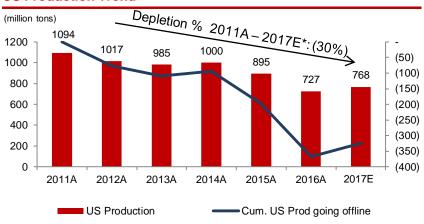


- 2017E capex is expected to be only 38% of peak capex in 2011
- Wood Mackenzie expects spending to remain at low levels through 2020

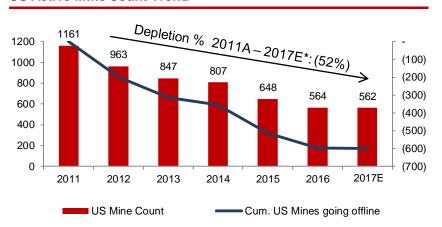
Source: Company filings and Wood Mackenzie Note: Wood Mackenzie excludes data from China and Africa

# 6 NAPP Production Declining as Mines Continue ♣ CONSOLENERGY to Come Offline

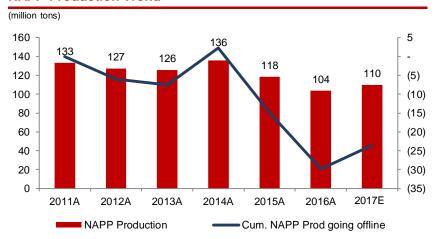
#### **US Production Trend**



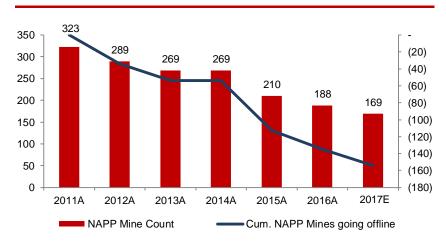
#### **US Active Mine Count Trend**



#### **NAPP Production Trend**



#### **NAPP Active Mine Count Trend**



Source: Stifel compilation of MSHA Data

2017A figures are annualized based on 1H 2017 actual figures

# Multiple Paths to Additional Value Creation as a New Standalone Entity



Ability to capture upcycle in coal markets through layering of multi-year contracts that reduce volatility



Debottlenecking opportunities and Fines Coal Recovery project to improve the coal production capacity to ~30 million tons per annum



Optionality to add an extra longwall at Harvey Mine which could add up to 5 million tons per annum of additional capacity



Opportunities for further implementation of advanced technologies should help improve cost structure and drive margin expansion

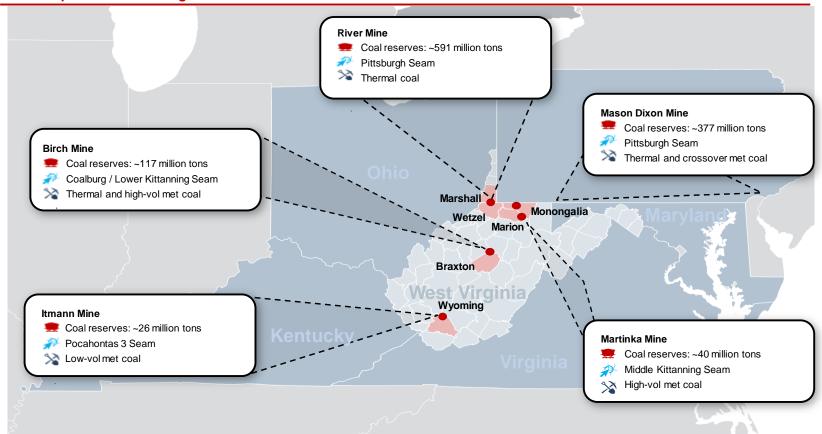


Ability to pull multiple levers for value creation through prudent capital allocation and monetization of over 1 billion tons of undeveloped reserves

# 

- ■1.6 billion tons of additional greenfield met and thermal reserves in NAPP, CAPP and ILB
- Greenfield reserves provide attractive monetization opportunities for efficient growth through asset sales and joint ventures

**Undeveloped reserve holdings** 



Source: CONSOL Mining Corp. management Note: Coal reserves represent clean tons

## **Summary of Financial Policy**

## Deleveraging through debt repayment with free cash flow and EBITDA expansion

- Primary use of free cash flow will be used to de-lever the balance sheet in the near- and medium-term<sup>(1)</sup>
- LT incentive compensation of executives expected to be tied to leverage metrics, B/S strength, and profitability
- Free cash flow sweep provisions under Term Loan B
- Potential to further improve cash flow pending the implementation of tax reform

# Maintain strong liquidity

- Strong pro forma liquidity position provides flexibility in commodity markets
- Current distribution policy of CNXC, if maintained, would result in receipt of consistent distributions
- CMC cash flow expected to be augmented by CNXC via pro rata distributions to unitholders, interest payments and any potential principal paydown on Affiliate Loan
- Ability to monetize value of 16.6 million CNXC LP units held (\$244.3 million)<sup>(2)</sup>

# Disciplined use of capital

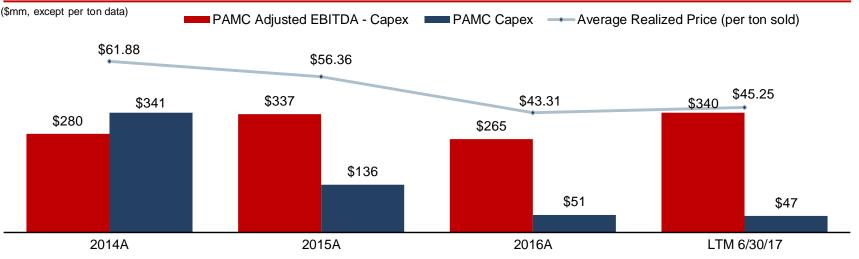
- Continue to operate assets with disciplined approach to capital expenditures
- Evaluate other investment opportunities in light of cost of capital, B/S and sector and commodity price outlook
- Greenfield reserves provide attractive monetization opportunities for efficient growth through asset sales and JVs
- Ability to fund opportunistic, accretive investments while maintaining leverage targets

<sup>(1)</sup> Free cash flow is defined as operating cash flow less capital expenditures

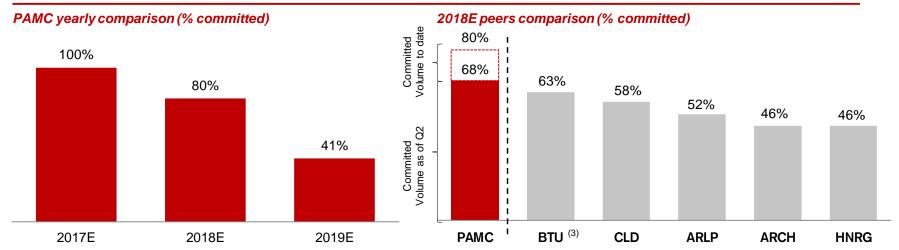
<sup>(2) 16.6</sup> million includes LP units of various classes, on an as-converted basis; \$14.70 unit price as of market close 10/31/2017

# Strong, Stable Free Cash Flow with Long-term \*\*CONSOLENERCY Contracts Provides Critical Operational Foundation





Committed volume - contract portfolio provides sales visibility<sup>(2)</sup>



Source: CONSOL Mining Corp. management and CEI's historical SEC filings

<sup>(1)</sup> PAMC Adjusted EBITDA is a non-GAAP financial measure. Please see the Appendix for a reconciliation to earnings before income taxes

<sup>(2)</sup> Committed volumes for PAMC are as of October 9, 2017 and include any optional tons that the Company projects customers will take given current market conditions. Committed volumes for peers are based on Q2 2017 filings

<sup>(3)</sup> Peabody figure represents 2018 America's priced tons per management - midpoint of 60-65% range provided

# Well-capitalized Balance Sheet at Time of the Spin-off

| Sources & uses related to the spin-off (as of 6/30/17) |        |        |   |        |        |  |  |
|--|--------|--------|---|--------|--------|--|--|
| Sources  | (\$mm) | %      | Uses  | (\$mm) | %      |  |  |
| \$100MM A/R Securitization Facility                    | _      | _      | Refinancing of CNXC Revolver (Affiliate Loan of SpinCo) | 190    | 23.8%  |  |  |
| \$300MM Senior Secured First Lien R/C Facility         | _      | _      | Distribution to CEI (RemainCo)                          | 425    | 53.1%  |  |  |
| Senior Secured First Lien Term Loan A                  | 100    | 12.5%  | Cash to balance sheet                                   | 146    | 18.3%  |  |  |
| Senior Secured First Lien Term Loan B                  | 400    | 50.0%  | Transaction fees and expenses                           | 39     | 4.9%   |  |  |
| Senior Secured Second Lien Notes                       | 300    | 37.5%  | ·   |        |        |  |  |
| Total Sources  | 800    | 100.0% | Total Uses  | 800    | 100.0% |  |  |

|   |           |            |                       | xEBIT      | DA <sup>(2)</sup> |
|---|-----------|------------|-----------------------|------------|-------------------|
| (\$mm)                                      | 6/30/2017 | Adjustment | Pro Forma             | Gross debt | Net debt          |
| Cash  | \$7       | \$146      | \$153                 |            |                   |
| New Debt Raised                             |           | 800        | 800                   | 2.2x       |                   |
| BMT Bonds                                   | 103       |            | 103                   | 0.3x       |                   |
| First Lien Debt <sup>(1)</sup>              | 203       | (190)      | 13                    | 0.0x       |                   |
| Other Debt                                  | 3         |            | 3                     | 0.0x       |                   |
| Total Debt                                  | \$309     |            | \$919                 | 2.5x       | 2.1x              |
| 6/30/2017 LTM Pro Forma Adjusted EBITDA (2) | \$363     |            |                       |            |                   |
|   |           |            | Total liqui<br>\$553n | idity of   |                   |

<sup>(1)</sup> Includes CNXC Senior Secured First Lien R/C Facility and capital leases

<sup>(2)</sup> Adjusted EBITDA is a non-GAAP financial measure. Please see the Appendix for a reconciliation to net income

<sup>3)</sup> Includes \$153 million of cash, \$100MM A/R Securitization Facility and \$300MM Senior Secured First Lien R/C Facility availability excluding undrawn Letters of Credit

# **Concluding Remarks**

The premier U.S. coal mining complex with a proven track record of operational excellence



Highly-experienced, proven management team with the vision and skills to optimize this world-class portfolio



Diversified sales portfolio and proven marketing strategy that provides volume stability and multiple paths to growing market share



Significant existing presence and optionality in both the thermal and met export markets through our wholly owned Baltimore Marine Terminal



Highly competitive with natural gas and driven by a superior cost position vs. Appalachian E&P producers



Compelling coal industry backdrop, driven by multi-year underinvestment and rising global demand



Multiple paths to additional value creation as a new standalone entity including monetization of undeveloped reserves





# **Appendix**

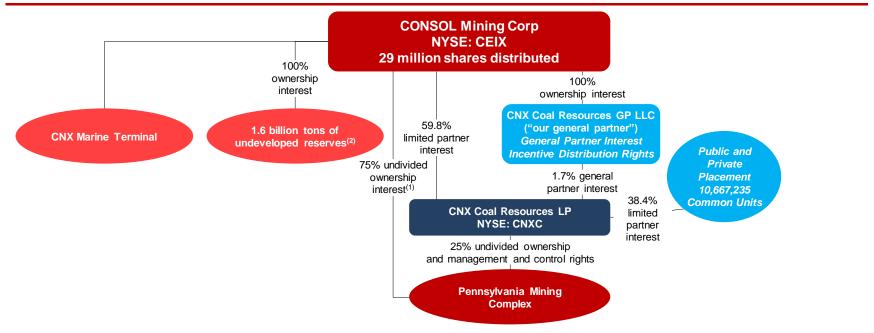




## **CMC Organizational Structure Overview**



## **Organizational Structure**



#### **Overview**

- CONSOL Mining Corp will be comprised of the following:
  - ~90% economic ownership and full operational control of the PAMC, consisting of:
    - 75% undivided interest in PAMC
    - ~60% LP ownership and 100% GP ownership in CNX Coal Resources LP ("CNXC"), which owns the remaining 25% undivided interest in PAMC
  - 100% ownership of the CNX Marine Terminal (also referred to as the "Baltimore Marine Terminal" or "BMT")
  - 100% ownership of an additional ~1.6 billion tons of high-quality, undeveloped coal reserves

Source: CONSOL Mining Corp. filings and Management.

Note: Following completion of the spin-off, CONSOL Mining Corp.'s name will be changed to CONSOL Energy Inc.

<sup>(1)</sup> Owned through CONSOL Pennsylvania Coal Company LLC ("CPCC") and Conrhein Coal Company ("Conrhein").

<sup>(2)</sup> Through various subsidiaries and associated entities.

# **Key Facts of Spin-off**

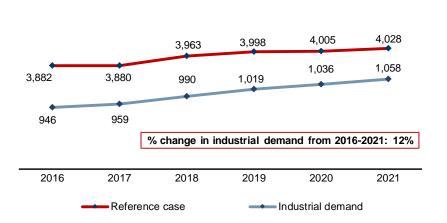
| Key facts  |   |  |  |  |  |
|--|---|--|--|--|--|
| Distribution company   | CNX Resources Corp. (NYSE: CNX) "RemainCo"            |  |  |  |  |
| Distributed company  | CONSOL Energy, Inc. (NYSE: CEIX) "SpinCo"             |  |  |  |  |
| Distributed securities                                       | 100% CEIX common shares                               |  |  |  |  |
| Shares distributed   | ~29 million   |  |  |  |  |
| Distribution ratio   | 1 share of CEIX stock for every 8 shares of CNX stock |  |  |  |  |
| Date of when issued trading commences                        | 11/14/17  |  |  |  |  |
| Spin-off record date   | 11/15/17  |  |  |  |  |
| Spin-off distribution date                                   | 11/28/17  |  |  |  |  |
| Regular way trading begins for CEIX and CNX without Spin Co. | 11/29/17  |  |  |  |  |

#### **₹** CONSOL ENERGY

# Industrial Growth and Easing Regulations Support Improved Fundamentals for Coal

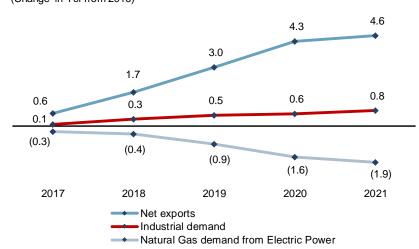
## Electricity use continues to increase driven by resurgence in industrial demand

(Billion kilowatt hours)

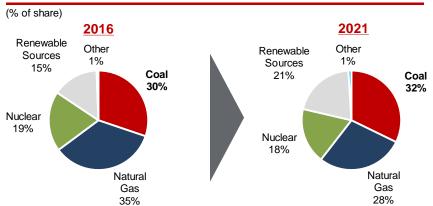


## Growing natural gas exports and industrial demand support stronger gas prices and pull gas from electric power generation

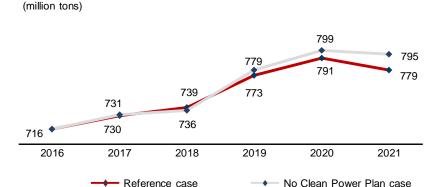




# Coal fired generation will increase as coal captures share from natural gas



#### Domestic coal demand continues to increase<sup>(1)</sup>

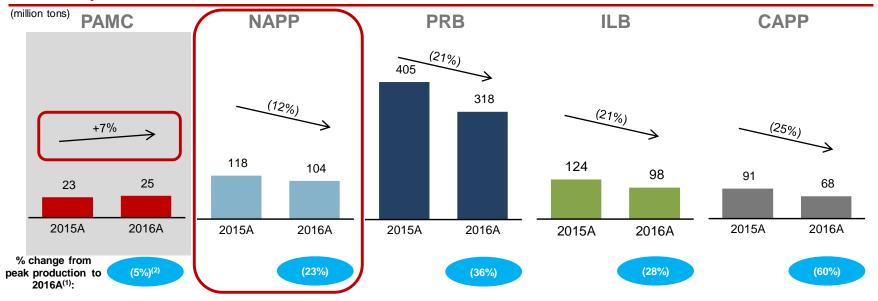


Source: EIA annual energy outlook 2017

<sup>(1)</sup> Represents total U.S. domestic coal demand per year as an aggregate of individual sectors. Does not include exports

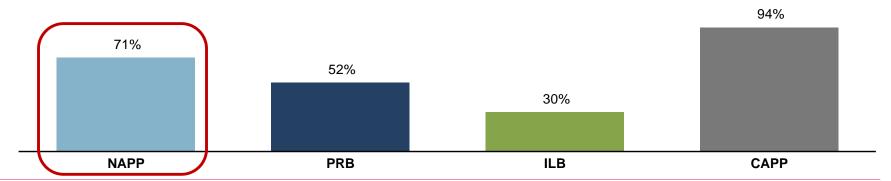
# NAPP has had Less Supply / Demand Imbalance than Other Basins During Recent Downturn

#### **Production by basin**



## Illustrative pricing rebound from 2Q16 low to 4Q16 / 1Q17 high<sup>(3)</sup>

(% change)



Source: ABB Velocity Suite (MSHA data) and Wood Mackenzie

- (1) Peak production per Wood Mackenzie
- (2) Calculated with peak year of 2014
- (3) Illustrative pricing data based on prompt month prices reported by Coaldesk LLC

## Well-defined and Shrinking Legacy Liabilities

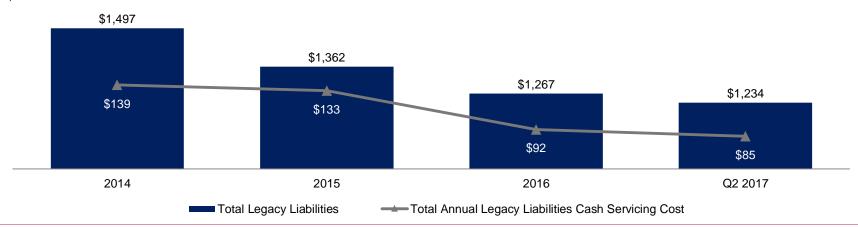
#### Significant legacy liability reductions over past three years

- Divestitures drove substantial reduction in legacy liabilities in 2016
- Cash payments related to legacy liabilities are predictable and declining over time
- Considerable tax benefits associated with legacy liability payments
- Legacy liabilities could be viewed as payment obligations between unsecured debt and equity on a company's balance sheet
- ~80% of all CMC employee liabilities are closed classes
  - Actuarial and demographic developments continue to drive medium-term reduction in liabilities
  - Actively managing costs down
- Do not prefund any legacy liabilities except pensions
  - Qualified pension almost completely funded

| Balance sheet liabilities       |           |
|---------------------------------|-----------|
|                                 | 6/30/2017 |
| Long-term disability            | \$16      |
| Workers' compensation           | 77        |
| Coal workers' pneumoconiosis    | 117       |
| Other post-employment benefits  | 694       |
| Unfunded retirement obligations | 73        |
| Asset retirement obligations    | 257       |
| Total legacy liabilities        | \$1,234   |
| LTM 6/30/17 cash servicing cost | \$85      |

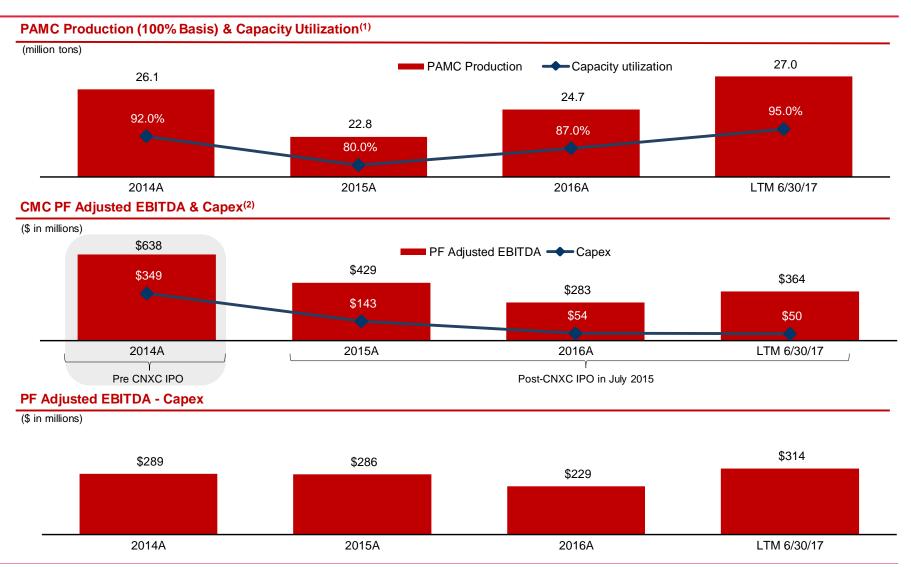
## CMC legacy liabilities and cash costs

(\$ mm)



Note: 6/30/17 liability balance includes approximately \$24mm and \$37mm in employee-related environmental liabilities associated with PAMC, respectively. Future EBITDA loss and cash servicing costs related to these liabilities will run through the PAMC segment financial detail and therefore the cash servicing costs and EBITDA loss related to these liabilities are excluded from the 2017 & 2018 forecast presented above. For FY 2017, the cash servicing costs associated with PAMC long-term liabilities are forecasted to approximate \$8mm, while the EBITDA loss associated thereto is forecasted to approximate \$12mm. Excludes gas well plugging and abandonment (or P&E) expense.

## **Strong Financial Track Record**



Capacity utilization based on PAMC annual production capacity of 28.5mm tons; 2014 capacity utilization is understated due to lack of full year production at Harvey (1) (2)

2014 and 2015 PF Adjusted EBITDA based on historical predecessor. 2016 and LTM 6/30/2017 PF Adjusted EBITDA based on pro forma

# **CMC EBITDA Reconciliation**

| EBITDA Reconciliation                    |         |         |         | LTM     | Low     | High    |
|--|---------|---------|---------|---------|---------|---------|
|  | 2014A   | 2015A   | 2016A   | 6/30/17 | Q3 2017 | Q3 2017 |
| Net Income                               | \$291.0 | \$317.4 | \$50.5  | \$126.4 | \$5.0   | \$11.0  |
| Plus:                                    |         |         |         |         |         |         |
| Interest Expense                         | _       | 7.5     | 14.1    | 15.5    | 3.0     | 4.0     |
| Income Tax                               | 121.4   | 125.6   | 14.6    | 33.8    | 4.0     | 5.0     |
| Depreciation, Depletion and Amortization | 206.7   | 195.3   | 178.1   | 178.4   | 46.0    | 48.0    |
| EBITDA                                   | \$619.0 | \$645.9 | \$257.2 | \$354.1 | \$58.0  | \$68.0  |
| Plus:                                    |         |         |         |         |         |         |
| Gain on Sale of Non-Core Assets          | (25.3)  | (7.6)   | _       | _       | _       | _       |
| Stock-Based Compensation                 | 19.9    | 8.4     | 11.7    | 15.1    | _       | _       |
| Pension Settlement                       | 24.3    | 19.1    | 22.2    | 8.5     | _       | _       |
| OPEB Plan Changes                        | _       | (244.5) | _       | _       | _       | _       |
| Transaction Fees                         | _       | 7.6     | _       | _       | _       | _       |
| Total Pre-tax Adjustments                | 18.8    | (217.0) | 33.9    | 23.6    | 5.0     | 6.0     |
| Historical Predecessor Adjusted EBITDA   | \$637.8 | \$428.9 | \$291.1 | \$377.7 | \$63.0  | \$74.0  |
| Pro Forma Adjustments                    | -       | _       | (8.2)   | (13.9)  | _       | _       |
| Pro Forma Adjusted EBITDA                | \$637.8 | \$428.9 | \$282.9 | \$363.8 | \$63.0  | \$74.0  |

#### **CONSOLENERGY**

# **PAMC Adjusted EBITDA reconciliation**

## (\$mm)

|  | Decembe | December 31, Years Ended |        |             |  |
|--|---------|--------------------------|--------|-------------|--|
|  | 2014    | 2015                     | 2016   | LTM 6/30/17 |  |
| Earnings before Income Taxes             | \$431   | \$405                    | \$131  | \$196       |  |
| Plus:                                    |         |                          |        |             |  |
| Interest expense                         | -       | 3                        | 9      | 9           |  |
| Depreciation, Depletion and Amortization | 173     | 177                      | 168    | 169         |  |
| PAMC EBITDA                              | \$604   | \$585                    | \$308  | \$374       |  |
| Plus:                                    |         |                          |        |             |  |
| Stock-Based Compensation                 | 17      | 5                        | 8      | 13          |  |
| OPEB Plan Changes                        | -       | (129)                    | -      | -           |  |
| Other CNXC MLP Transaction Fees          | -       | 12                       | -      | -           |  |
| PAMC Adjusted EBITDA                     | \$621   | \$473                    | \$316  | \$387       |  |
| Less:                                    |         |                          |        |             |  |
| Capex                                    | (\$341) | (\$136)                  | (\$51) | (\$47)      |  |
| PAMC Adjusted EBITDA - Capex             | \$280   | \$337                    | \$265  | \$340       |  |