

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to



Commission File Number: 001-38061

Warrior Met Coal, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

16243 Highway 216

Brookwood

Alabama

(Address of Principal Executive Offices)

81-0706839

(I.R.S. Employer Identification No.)

35444

(Zip Code)

(205) 554-6150

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.01 per share	HCC	New York Stock Exchange
Rights to Purchase Series A Junior Participating Preferred Stock, par value \$0.01 per share	--	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>						

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of voting stock held by non-affiliates of the registrant, based on the closing price of the common stock on June 30, 2021, the registrant's most recently completed second fiscal quarter, as reported by the New York Stock Exchange, was approximately \$884.2 million.

Number of shares of common stock outstanding as of February 20, 2022: 51,502,698

Documents Incorporated By Reference

Portions of the registrant's definitive proxy statement for its 2021 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days of December 31, 2021, are incorporated by reference into Part III of this report for the year ended December 31, 2021.

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Annual Report”) includes statements of our expectations, intentions, plans and beliefs that constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and are intended to come within the safe harbor protection provided by those sections. These statements, which involve risks and uncertainties, relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable and may also relate to our future prospects, developments and business strategies. We have used the words “anticipate,” “approximately,” “assume,” “believe,” “could,” “contemplate,” “continue,” “estimate,” “expect,” “target,” “future,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should” and similar terms and phrases, including in references to assumptions, in this Annual Report to identify forward-looking statements. These forward-looking statements are made based on expectations and beliefs concerning future events affecting us and are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed in or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to:

- the impact of global pandemics, such as the novel coronavirus (“COVID-19”) pandemic, including its impact on our business, employees, suppliers and customers, the met coal and steel industries, and global economic markets;
- our relationships with, and other conditions affecting, our customers;
- successful implementation of our business strategies;
- unavailability of, or price increases in, the transportation of our metallurgical (“met”) coal;
- significant cost increases and fluctuations, and delay in the delivery of raw materials, mining equipment and purchased components;
- work stoppages, negotiation of labor contracts, employee relations and workforce availability;
- competition and foreign currency fluctuations;
- litigation, including claims not yet asserted;
- terrorist attacks or security threats, including cybersecurity threats;
- global steel demand and the downstream impact on met coal prices;
- impact of weather and natural disasters on demand and production;
- a substantial or extended decline in pricing or demand for met coal;
- inherent difficulties and challenges in the coal mining industry that are beyond our control;
- our ability to develop or acquire met coal reserves in an economically feasible manner;
- geologic, equipment, permitting, site access, operational risks and new technologies related to mining;
- inaccuracies in our estimates of our met coal reserves;
- costs associated with our workers’ compensation benefits;
- challenges to our licenses, permits and other authorizations;
- challenges associated with environmental, health and safety laws and regulations;
- regulatory requirements associated with federal, state and local regulatory agencies, and such agencies’ authority to order temporary or permanent closure of our mines;
- climate change concerns and our operations’ impact on the environment;

- failure to obtain or renew surety bonds on acceptable terms, which could affect our ability to secure reclamation and coal lease obligations;
- our obligations surrounding reclamation and mine closure;
- our substantial indebtedness and debt service requirements;
- our ability to comply with covenants in our Second Amended and Restated Credit Facility (the "ABL Facility" or the "Second Amended and Restated Credit Agreement") and the Indenture (as defined below);
- adequate liquidity and the cost, availability and access to capital and financial markets;
- our expectations regarding our future cash tax rate as well as our ability to effectively utilize our net operating loss carry forwards ("NOLs");
- our ability to continue paying our quarterly dividend or pay any special dividend;
- the timing and amount of any stock repurchases we make under our stock repurchase program or otherwise;
- any consequences related to our transfer restrictions under our certificate of incorporation and our NOL rights agreement; and
- other factors, including the other factors discussed in "Risk Factors."

These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should, therefore, be considered in light of various factors, including those set forth under "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," "Part I, Item 1A. Risk Factors" and elsewhere in this Annual Report, and those set forth from time to time in our other filings with the Securities and Exchange Commission (the "SEC"). These documents are available through our website or through the SEC's Electronic Data Gathering and Analysis Retrieval system at <http://www.sec.gov>. In light of such risks and uncertainties, we caution you not to place undue reliance on these forward-looking statements.

When considering forward-looking statements made by us in this Annual Report or elsewhere, such statements speak only as of the date on which we make them. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this Annual Report after the date of this Annual Report, except as may be required by law. In light of these risks and uncertainties, you should keep in mind that any forward-looking statement made in this Annual Report or elsewhere might not occur.

GLOSSARY OF SELECTED TERMS

The following is a glossary of selected terms used in the Annual Report:

Ash. Impurities consisting of silica, iron, alumina and other incombustible matter that are contained in coal. Since ash increases the weight of coal, it adds to the cost of handling and can affect the burning characteristics of coal.

Assigned reserves. Coal that is planned to be mined at an operation that is currently operating, currently idled or for which permits have been submitted and plans are eventually to develop the mine and begin mining operations.

Bituminous coal. A common type of coal with moisture content less than 20% by weight. It is dense and black and often has well-defined bands of bright and dull material.

British thermal unit ("Btu"). A measure of the thermal energy required to raise the temperature of one pound of pure liquid water one degree Fahrenheit at the temperature at which water has its greatest density (39 degrees Fahrenheit).

Coal seam. Coal deposits occur in layers. Each layer is called a "seam."

Coke. A hard, dry carbon substance produced by heating coal to a very high temperature in the absence of air. Coke is used in the manufacture of iron and steel. Its production results in a number of useful by-products.

Continuous miner. A machine used in underground mining to cut coal from the seam and load onto conveyors or shuttle cars in a continuous operation. In contrast, a conventional mining unit must stop extracting in order to begin loading.

Continuous mining. A form of underground mining that cuts the coal from the seam and loads the coal on to a conveyor system continuously, thus eliminating the separate cycles of cutting, drilling, shooting and loading.

CSX. CSX Corporation.

EPA. Environmental Protection Agency.

Development Stage Property. A property that has mining reserves disclosed, but no material extraction.

Hard coking coal ("HCC"). Hard coking coal is a type of met coal that is a necessary ingredient in the production of strong coke. It is evaluated based on the strength, yield and size distribution of coke produced from such coal, which is dependent on the rank and plastic properties of the coal. Hard coking coals trade at a premium to other coals due to their importance in producing strong coke and because they are a limited resource.

Indicated mineral resource. That part of a mineral resource for which quantity and grade or quality are estimated on the basis of adequate geological evidence and sampling. The level of geological certainty associated with an indicated mineral resource is sufficient to allow a qualified person (as defined in the SEC rules) to apply modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Because an indicated mineral resource has a lower level of confidence than the level of confidence of a measured mineral resource, an indicated mineral resource may only be converted to a probable mineral reserve.

Inferred mineral resource. That part of a mineral resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. The level of geological uncertainty associated with an inferred mineral resource is too high to apply relevant technical and economic factors likely to influence the prospects of economic extraction in a manner useful for evaluation of economic viability.

Longwall mining. A form of underground mining that employs a shearer with two rotating drums pulled mechanically back and forth across a long exposed coal face. A hydraulic system supports the roof of the mine while the drums are mining the coal. Conveyors move the loosened coal to an underground mine conveyor that transports coal to the surface. Longwall mining is the most efficient underground mining method.

Measured mineral resource. That part of a mineral resource for which quantity and grade or quality are estimated on the basis of conclusive geological evidence and sampling. The level of geological certainty associated with measured mineral resource is sufficient to allow a qualified person (as defined in the SEC rules) to apply modifying factors, in sufficient detail to

support mine planning and final evaluation of the economic viability of the deposit. Because a measured mineral resource has a higher level of confidence than the level of confidence of either an indicated mineral resource or an inferred mineral resource, a measured mineral resource may be converted to a proven mineral reserve or to a probable mineral reserve.

Metallurgical ("met") coal. The various grades of coal with suitable carbonization properties to make coke or to be used as a pulverized injection ingredient for steel manufacture, including hard coking coal (see definition above), semi-soft coking coal and PCI coal. Met coal quality depends on four important criteria: (1) volatility, which affects coke yield; (2) the level of impurities, including sulfur and ash, which affect coke quality; (3) composition, which affects coke strength; and (4) other basic characteristics that affect coke oven safety. Met coal typically has particularly high Btu characteristics but low ash and sulfur content.

Metric ton. Equal to approximately 2,205 pounds. The international standard for quoting price per ton is based in U.S. dollars per metric ton. Unless otherwise indicated, the metric ton is the unit of measure referred to in this Annual Report and any reference to "ton(s)" or "tonnage" in this Annual Report refers to metric ton(s). One metric ton is equivalent to 1.10231 short tons.

Mineable Coal. That portion of the coal reserve base which is commercially mineable and excludes all coal that will be left, such as in pillars, fenders or property barriers.

Mineral Reserve. Is an estimate of tonnage and grade or quality of indicated and measured mineral resources that, in the opinion of the qualified person, can be the basis of an economically viable project. More specifically, it is the economically mineable part of a measured or indicated mineral resource, which includes diluting materials and allowances for losses that may occur when the material is mined or extracted.

Mineral Resource. Is a concentration or occurrence of material of economic interest in or on the Earth's crust in such form, grade or quality, and quantity that there are reasonable prospects for economic extraction. A mineral resource is a reasonable estimate of mineralization, taking into account relevant factors such as cut-off grade, likely mining dimensions, location or continuity, that, with the assumed and justifiable technical and economic conditions, is likely to, in whole or in part, become economically extractable. It is not merely an inventory of all mineralization drilled or sampled.

Modifying Factors. The factors that a qualified person must apply to indicated and measured mineral resources and then evaluate in order to establish the economic viability of mineral reserves. A qualified person must apply and evaluate modifying factors to convert measured and indicated mineral resources to proven and probable mineral reserves. These factors include, but are not restricted to: Mining; processing; metallurgical; infrastructure; economic; marketing; legal; environmental compliance; plans, negotiations, or agreements with local individuals or groups; and governmental factors. The number, type and specific characteristics of the modifying factors applied will necessarily be a function of and depend upon the mineral, mine, property, or project.

MSHA. Mine Safety and Health Administration.

Overburden. Layers of earth and rock covering a coal seam. In surface mining operations, overburden must be removed prior to coal extraction.

PCI coal. Coal used by steelmakers for pulverized coal injection (PCI) into blast furnaces to use in combination with the coke used to produce steel. The use of PCI allows a steel maker to reduce the amount of coke needed in the steel making process.

Preparation plant. Preparation plants are usually located on a mine site, although one plant may serve several mines. A preparation plant is a facility for crushing, sizing and washing coal to remove impurities and prepare it for use by a particular customer. The washing process has the added benefit of removing some of the coal's sulfur content.

Probable mineral reserves. Are the economically mineable part of an indicated and, in some cases, a measured mineral resource.

Productivity. As used in this Annual Report, refers to clean metric tons of coal produced per underground man hour worked, as published by the MSHA.

Proven mineral reserves. Are the economically mineable part of a measured mineral resource and can only result from conversion of a measured mineral resource.

Reclamation. The process of restoring land and the environment to their original or otherwise rehabilitated state following mining activities. The process commonly includes "recontouring" or reshaping the land to its approximate original appearance, restoring topsoil and planting native grass and ground covers. Reclamation operations are usually underway before the mining of a particular site is completed. Reclamation is closely regulated by both state and federal law.

Recoverable reserves. Metric tons of mineable coal that can be extracted and marketed after deduction for coal to be left behind within the seam (i.e. pillars left to hold up the ceiling, coal not economical to recover within the mine, etc.) and adjusted for reasonable preparation and handling losses

Reserve. That part of a mineral deposit that could be economically and legally extracted or produced at the time of the reserve determination.

Roof. The stratum of rock or other mineral above a coal seam; the overhead surface of a coal working place.

SEC. Securities and Exchange Commission.

Slurry Impoundment. The entire structure used for coal slurry waste disposal, including the embankment, basin, beach, pool, and slurry. During the process of mining and cleaning coal, waste is created and must be permanently disposed of in an impoundment. Slurry, a combination of silt, dust, water, bits of coal and clay particles is the most commonly disposed of material held in an impoundment.

Subsidence. Lateral or vertical movement of surface land that occurs when the roof of an underground mine collapses. Longwall mining causes planned subsidence by the mining out of coal that supports the overlying strata.

Sulfur. One of the elements present in varying quantities in coal that contributes to environmental degradation when coal is burned. Sulfur dioxide is produced as a gaseous by-product of coal combustion.

Surface mine. A mine in which the coal lies at or near the surface and can be extracted by removing the covering layer of soil (see "Overburden") without tunneling underground.

Ton or tonnage. See "metric ton" above.

Thermal coal. Coal used by power plants and industrial steam boilers to produce electricity, steam or both. It generally is lower in Btu heat content and higher in volatile matter than met coal.

Underground mine. Also known as a "deep" mine, it is usually located several hundred feet or more below the earth's surface. An underground mine's coal is typically removed mechanically and transferred by shuttle car, conveyor and hoist to the surface.

Item 1. Business**Overview**

We are a U.S.-based, environmentally and socially minded supplier to the global steel industry headquartered in Brookwood, Alabama. We are dedicated entirely to mining non-thermal met coal used as a critical component of steel production by metal manufacturers in Europe, South America and Asia. We are a large-scale, low-cost producer and exporter of premium met coal, also known as hard coking coal ("HCC"), operating highly-efficient longwall operations in our underground mines based in Alabama, Mine No. 4 and Mine No. 7. Our met coal production totaled 5.1 million metric tons in 2021. Our natural gas operations remove and sell natural gas from the coal seams owned or leased by reducing natural gas levels in our mines.

We operate as a single reportable segment. See the financial statements beginning on page F-1 of this Annual Report for our consolidated revenues, profit/loss and total assets.

Our Competitive Strengths

We believe that we have the following competitive strengths:

Leading pure-play met coal producer focused on premium met coal products. Unlike other publicly-listed U.S. coal companies, substantially all of our revenue is derived from the sale of premium met coal in the global seaborne markets. All of our resources are primarily allocated to the mining, transportation and marketing of met coal. The premium nature of our HCC makes it ideally suited as a base feed coal for steel makers and results in price realizations near or above the Platts Index. The combination of low sulfur, low-to-medium ash, LV to MV, and other characteristics of our coal, as well as our ability to blend them, makes our HCC product an important component within our customers' overall coking coal requirements. As a result of our premium met coal, we are able to achieve higher realized prices and operating margins relative to other U.S. met coal producers.

World-class Blue Creek provides us with a high-return growth project. Blue Creek represents one of the last remaining large scale untapped premium quality, high volatility ("High Vol") A coal reserves in the U.S. and under the SEC's new rules governing mineral reserves, specifically subpart 1300 of Regulation S-K under the Modernization of Property Disclosures for Mining Registrants, has 63.3 million metric tons of recoverable reserves and 44.9 million metric tons of coal resources exclusive of reserves, which total 108.2 million metric tons. We have the ability to acquire adjacent reserves that would increase the total reserves to over 154 million metric tons with a mine life of approximately 50 years assuming a single longwall operation. High Vol A has traditionally priced at a slight discount to the Australian premium LV and the U.S. LV coals; however we have observed extended periods in which they achieved a premium over these indices. We expect High Vol A coals will continue to become increasingly scarce as a result of Central Appalachian producers mining thinner and deeper reserves, which is expected to continue to support prices. We believe this creates an opportunity for Blue Creek to take advantage of favorable pricing dynamics driven by the declining supply of premium High Vol A coals.

Highly flexible cost structure protects through-the-cycle profitability. We have "variabilized" our cost structure in our labor, royalties and logistics contracts, increasing the proportion of our cost structure that varies in response to changes in HCC prices based on a variety of indices. Our logistics costs are structured to reduce cash requirements in lower HCC price environments and to increase cash requirements within a range with higher HCC prices. Our royalties are calculated as a percentage of the price we realize and therefore increase or decrease with changes in HCC prices. In addition, we can adjust our usage of continuous miner units in response to HCC pricing. Our variable cost structure dramatically lowers our cash cost of sales if our realized price falls, while being effectively capped in higher price environments, allowing us to generate significant operating cash flow. Our highly flexible cost structure provides us with a key competitive advantage relative to our competitors and which we expect should allow us to remain profitable in all coal market conditions.

Significant logistical cost advantage to the seaborne market. Our two operating mines and Blue Creek are located approximately 300 miles from our export terminal capacity in Mobile, Alabama and have alternative transportation routes to move our coal to port. Our proximity to port and the flexibility of our logistics networks underpin our logistical cost advantage compared to other U.S. met coal producers.

We sell our coal to a diversified customer base of blast furnace steel producers, primarily located in Europe, South America and Asia. We enjoy a shipping time and distance advantage serving customers throughout the Atlantic Basin relative to competitors located in Australia and Western Canada. This advantage results in a higher margin for our met coal. Our

strategic location is enhanced by our long-tenured, well-established customer portfolio, which includes significant recurring sales to multiple customers in excess of 10 years.

High realized prices and low variable cost structure drive industry leading margins. The coal from our mines is competitive in quality with the premium HCC produced in Australia, which is used to set pricing for the industry. The combination of low sulfur, low-to-medium ash, LV to MV and high coking strength drives our consistently high price realization relative to other U.S. met coal producers who typically focus on lower rank met coals. We believe Mine No. 4 and Mine No. 7 are two of the lowest cost met coal mines in North America.

Clean balance sheet and tax asset to drive robust cash flow generation. Unlike other U.S. coal producers in our peer group, we have no pension or OPEB legacy liabilities with manageable surety bond requirements. With minimal legacy liabilities, we are not burdened by the annual fixed obligations that are typically associated with these types of liabilities. Our clean balance sheet and its low sustaining capital expenditure requirements position us to generate strong cash flows across a range of met coal price environments. Additionally, we expect our cash flows to benefit from a low cash tax rate as a result of our significant federal NOLs. As a result of these tax assets, and the repeal of the corporate alternative minimum tax ("AMT"), we believe our effective cash tax rate will be approximately 0%, exclusive of the AMT credit refunds, until our NOLs are fully utilized or expire, which will enable strong cash conversion from our operating profits.

Disciplined financial policies to ensure stable performance. We believe maintaining financial discipline will provide us with the ability to manage the volatility in our business resulting from changes in met coal prices. We intend to preserve a strong and conservative balance sheet, with sufficient liquidity and financial flexibility to support our operations. As such, we will seek to maintain a conservative financial leverage target of 1.50 - 2.00x based on normalized EBITDA and seek to maintain minimum liquidity of \$100 million. We plan to continually evaluate our liquidity needs based on our estimated capital needs. As of December 31, 2021, we had approximately \$479.0 million of available liquidity consisting of \$83.2 million of borrowing capacity under the ABL Facility and \$395.8 million of cash and cash equivalents. In the event we generate cash flow in excess of the needs of our business, we plan to take a holistic approach to capital allocation and will evaluate a range of options, including debt repayment. We will seek to preserve our capital structure with low financial leverage that is largely free from legacy liabilities in order to ensure maximum free cash flow generation.

Highly experienced leadership team with deep industry expertise. Our Chief Executive Officer ("CEO"), Walter J. Scheller, III, is the former CEO of Walter Energy and has nine years of direct experience managing Mine No. 4 and Mine No. 7, and over 30 years of experience in longwall coal mining. Furthermore, following the acquisition of certain assets of Walter Energy, we hired several key personnel with extensive direct operational experience in met coal longwall mining, including our Chief Operating Officer, Jack Richardson, and our Chairman, Stephen D. Williams. We have a strong record of operating safe mines and are committed to environmental excellence. Our dedication to safety is at the core of all of our overall operations as we work to further reduce workplace incidents by focusing on policy awareness and accident prevention. Our continued emphasis on enhancing our safety performance has resulted in zero fatal incidents as compared to the national fatal incidence rate for underground coal mines in the United States of 0.029 for the nine months ended September 30, 2021, as well as total reportable incidence rates of 0.93 at Mine No. 4 and 1.34 at Mine No. 7 for the year ended December 31, 2021, which is considerably lower than the national total reportable incidence rate for all underground coal mines in the United States of 4.89 for the nine months ended September 30, 2021, which represents the latest data available.

Strong focus on reducing greenhouse gas emissions. Investors and other third parties are increasingly focused on sustainability matters, and we are committed to reducing the release of greenhouse gases ("GHGs") from our operations. GHG emissions are produced as a by-product of mining activities, as operations in underground metallurgical coal mines produce coal bed methane. With a view towards being an industry leader in environmental performance, we are actively engaged in several initiatives that occur before, during and after mining to reduce GHG emissions, including the capture of coalbed methane.

Our Business Strategies

Our objective is to increase stockholder value through our continued focus on asset optimization and cost management to drive profitability and cash flow generation. Our key strategies to achieve this objective are described below:

Maximize profitable production. In the year ended December 31, 2021, we produced 5.1 million metric tons of met coal from Mine No. 7 and Mine No. 4. Based on our management's operational experience, we are confident in our ability to continue to produce at or close to capacity in a safe and efficient manner, and with a comparable cost profile to our current costs, should market conditions warrant.

Maximize organic growth. In the first quarter of 2020, we announced the commencement of the development of Blue Creek into a new, world-class longwall mine located in Alabama near our existing mines. Due to COVID-19, we delayed commencement of the development of Blue Creek. The new single longwall mine at Blue Creek is expected to have the capacity to produce an average of 3.7 million metric tons per annum of premium High Vol A met coal over the first ten years of production. Once fully developed, we expect Blue Creek to be a transformational investment that will increase annual production capacity by 54% and expand our product portfolio to our global customers, offering three premium hard coking coals that are expected to achieve the highest premium met coal prices in the seaborne markets. Under the SEC's new rules governing mineral reserves, specifically subpart 1300 of Regulation S-K under the Modernization of Property Disclosures for Mining Registrants, Blue Creek has 63.3 million metric tons of recoverable reserves and 44.9 million metric tons of coal resources exclusive of reserves, which total 108.2 million metric tons. We have the ability to acquire adjacent reserves that would increase total recoverable reserves to over 154 million metric tons at Blue Creek. Blue Creek is expected to have a mine life of approximately 50 years assuming a single longwall operation.

Broaden our marketing reach and maintain strong correlation between realized coal prices and the Platts Index. We have implemented a strategy to improve both our sales and marketing focus, with a goal of achieving better pricing relative to the Platts Index, which includes: (i) opportunistic selling into the spot met coal market and (ii) selected instances of entering into fixed price contracts. Each of these elements is intended to further embed our coal product among a broader group of steel customers. Traditionally, we have predominantly marketed our coal to European and South American buyers. For the year ended December 31, 2021, our sales geographic customer mix was 52% in Asia, 39% in Europe and 9% in South America. The higher mix of sales into Asia is the result of our taking advantage of opportunities with new Chinese customers due to the impact of the Chinese ban on Australian coal. Since February 2017, we have had an arrangement with Xcoal Energy & Resource ("Xcoal") to serve as Xcoal's strategic partner for exports of LV HCC into certain markets. Under this arrangement, Xcoal takes title to and markets coal that we would historically have sold on the spot market to certain markets, in an amount of the greater of (i) 10% of our total production during the applicable term of the arrangement or (ii) 250,000 metric tons. While the volumes being sold through this arrangement with Xcoal are relatively limited, we are positioned to potentially benefit from Xcoal's expertise and relationships across all coal that we sell. To that end, we also have an incentive-based arrangement with Xcoal to cover other tonnage, in the event Xcoal is able to offer us a higher realized price relative to the Platts Index than we have previously achieved.

Capitalize on opportunities for technological innovation to continue to reduce our impact on the environment. We strive to ensure that our business is focused on limiting environmental impact and on being an environmental steward in the communities where we live and work. We focus our opportunities for technological innovation around GHG emissions, water management, waste management and biodiversity impact. The Company currently captures approximately 64% of the coalbed methane that is produced during our mining activities as part of our commitment to reduce the Company's GHG emissions. We are then able to sell this gas into the natural gas market. In addition to capturing pipeline quality gas, the Company also operates a low-quality gas plant, which is able to improve the quality of ordinarily unsaleable gas that would otherwise escape to the atmosphere. The improved gas is then sold and used by consumers. This plant operates using a complex system that concentrates the methane by removing other gases such as nitrogen and oxygen. In 2021, we, along with a third party, installed two new carbon destroying units that destroy low quality gas from multiple de-gas wells. We are in the process of evaluating additional wells to be piped to the new carbon destroying units. The Company and a third party also built a pilot or demonstrator plant. This plant successfully operated from 2014 to 2017. During the demonstration period, the plant effectively destroyed coal mine methane released from our underground operations. A larger unit is now in the permitting process to help destroy coal mine methane from a fan installation. We are working closely with several vendors to progress such efforts. We also successfully achieved a 99.2% compliance record with the Environmental Protection Agency ("EPA") National Pollutant Discharge Elimination System program, which addresses water pollution by regulation point source discharges. We currently have a goal to reduce water usage at our current facilities by 25% by 2030. The Company's management and board of directors (the "Board") are increasingly focused on these and other opportunities for technical innovation.

Description of Our Business

Our underground mining operations are headquartered in Brookwood, Alabama and as of December 31, 2021, based on a reserve report prepared by Marshall Miller, were estimated to have approximately 90.2 million metric tons of recoverable reserves located in west central Alabama between the cities of Birmingham and Tuscaloosa. Operating at approximately 2,000 feet below the surface, the Mines No. 4 and No. 7 are two of the deepest underground coal mines in North America. The met coal is mined using longwall extraction technology with development support from continuous miners.

Our two operating mines and Blue Creek are located approximately 300 miles from our export terminal at the Port of Mobile in Alabama, which we believe to be the shortest mine-to-port distance of any U.S.-based met coal producer. Our low

and variable cost structure, flexible and efficient rail and barge network underpins our cost advantage and dependable access to the seaborne markets. We sell our coal to a diversified customer base of blast furnace steel producers, primarily located in Europe, South America and Asia. We enjoy a shipping time and distance advantage serving our customers throughout the Atlantic Basin relative to competitors located in Australia and Western Canada.

Our HCC, mined from the Southern Appalachian region of the United States, is characterized by low-to-medium volatile matter ("VM") and high coke strength after reaction ("CSR"). These qualities make our coal ideally suited as a coking coal for the manufacture of steel. As a result of our high quality coal, our realized price has historically approximated the Platts Premium Low Volatility ("LV") Free-On-Board ("FOB") Australia Index price (the "Platts Index"). In contrast, coal produced in the Central Appalachian region of the United States is typically characterized by medium-to-high VM and a CSR that is below the requirements of the Australian Index price.

The met coal from our Mines No. 4 and No. 7 is sold as a high quality LV and MV met coal. Mines No. 4 and No. 7 are located near Brookwood, Alabama, and are serviced by CSX railroad. A coal producer is typically responsible for transporting the coal from the mine to an export coal-loading facility. Exported coal is usually sold at the loading port, with the buyer responsible for further transportation from the port to their location. Both mines also have access to our barge load-out facility on the Black Warrior River. Service via both rail and barge culminates in delivery to the Port of Mobile in Alabama, where shipments are exported to our international customers via ocean vessels. Substantially all of our met coal sales consist of sales to international customers.

We also have 63.3 million metric tons of recoverable reserves and 44.9 million metric tons of coal resources exclusive of reserves, which total 108.2 million metric tons, at Blue Creek located to the northwest of Mine No. 4, based on a reserve report prepared by Marshall Miller. We have the ability to acquire adjacent reserves that would increase total reserves to over 154 million metric tons at Blue Creek. According to our third party reserve report, the met coal reserve base of Blue Creek is a high quality High Vol A coal that is characterized by low-sulfur and high CSR.

Our two operating mines have demonstrated an ability to produce an average run rate of 7.0 million metric tons of HCC and 7.5 million metric tons of HCC when operating at full capacity. As of December 31, 2021, our operations were producing below this capacity primarily due to the United Mine Workers of America ("UMWA") strike. Our operations have continued throughout the period of the strike, and have generated strong cash flows throughout the period of the strike, including \$150.9 million in net income and \$457.0 million in Adjusted EBITDA during the year ended December 31, 2021.

Coal Preparation and Blending

Our met coal mines have preparation and blending facilities convenient to each mine. The met coal preparation and blending facilities receive, blend, process and ship met coal that is produced from the mines. Using these facilities, we are able to ensure a consistent quality and efficiently blend our met coal to meet our customers' specifications.

Marketing, Sales and Customers

Met coal prices can differ substantially by region and are impacted by many factors, including the overall economy, demand for steel, location, market, quality and type of met coal, mine operation costs and the cost of customer alternatives. The major factors influencing our business are the global economy and demand for steel. Our operations' high quality met coal is considered among the highest quality met coals in the world and is preferred as a base met coal in our customers' blends. Our marketing strategy is to focus on international markets mostly in Europe and South America where we have a shipping time and distance advantage and where our met coal is in demand.

We focus on long-term customer relationships where we have a competitive advantage. We sell most of our met coal under fixed supply contracts primarily with indexed pricing terms and volume terms of one to three years. Some of our sales of met coal can, however, occur in the spot market as dictated by available supply and market demand. Our business is not substantially dependent on any contract, such as a contract to sell the major part of our products or other agreement to use a patent, formula, trade secret, process or trade name upon which our business depends to a material extent. For more information regarding our customers, see Note 2 to our consolidated financial statements included elsewhere in this Annual Report.

We have an arrangement with Xcoal to serve as Xcoal's strategic partner for exports of LV HCC into certain markets. Xcoal has specialized marketing capabilities and deep technical expertise as the largest met coal marketer in the United States. Our arrangement with Xcoal is expected to expand the geographic reach of our customers through Xcoal's global presence. Xcoal has 20 offices worldwide, including in Brussels, the UAE, Singapore, Beijing, Shanghai, Seoul, Mumbai, and Rio de Janeiro. We expect to be able to leverage Xcoal's more than 30 year history selling coal to key European and Asian steel

customers to further improve the selling prices of our met coal relative to the global Platts Index. The increase in our sales to Asia in the current year was driven by Xcoal sales into China.

Trade Names, Trademarks and Patents

As part of the acquisition of certain assets of Walter Energy, we acquired all intellectual property, including copyrights, patents, trademarks, trade names and trade secrets, owned by Walter Energy and its subsidiaries and used or held for use in the business or our assets. Promptly following the closing of the acquisition, Walter Energy, was required to discontinue the use of its name (and any other trade names or "d/b/a" names utilized by its subsidiaries) and may not subsequently change its name to or otherwise use or employ any name which includes the words "Walter." We do not believe that any one such trademark is material to our individual segments or to the business as a whole.

Competition

Substantially all of our met coal sales are exported. Our major competitors are businesses that sell into our core business areas of Europe, South America and Asia. We primarily compete with producers of premium met coal from Australia, Canada, Russia, Mozambique and the United States. The principal factors on which we compete are met coal prices at the port of delivery, coal quality and characteristics, customer relationships and the reliability of supply. The demand for our met coal is significantly dependent on the general global economy and the worldwide demand for steel. Although there are significant challenges in the current economy, we believe that we have competitive strengths in our business areas that provide us with distinct advantages.

Suppliers

Supplies used in our business include petroleum-based fuels, explosives, tires, conveyance structure, ventilation supplies, lubricants and other raw materials as well as spare parts and other consumables used in the mining process. We use third-party suppliers for a significant portion of our equipment rebuilds and repairs, drilling services and construction. We believe adequate substitute suppliers are available and we are not dependent on any one supplier; however, we procure some equipment from a concentrated group of suppliers, and obtaining this equipment often involves long lead times. Occasionally, demand for such equipment by mining companies can be high and some types of equipment may be in short supply. We continually seek to develop relationships with suppliers that focus on reducing our costs while improving quality and service.

Environmental Responsibility and Sustainability

The Company takes pride in its environmental record and strives to be an industry leader in environmental stewardship. The Company recently released its annual environmental, social and governance sustainability report that was prepared in accordance with the codified standards of the Sustainability Accounting Standards Board and highlights the Company's strong environmental record. We are partnering with a third-party consultant to develop a comprehensive ESG strategy that will be focused on the following, among others, materiality and risk assessment, creating and tracking measurable goals, GHG reduction, water usage reduction and reporting standards. This comprehensive plan will be completed and made publicly available in 2022.

We continually invest in new technologies to lessen our environmental impact and to improve our efficiencies and productivity. Our executive leadership team is focused on establishing qualitative and quantitative goals that hold us accountable to our investors, employees, customers, community, as well as other stakeholders. For example, we are actively engaged in the EPA's voluntary programs to reduce and report GHG emissions and to improve estimates of national GHG emissions. With regard to the Company's water management efforts, we have a strong environmental compliance record with the EPA's National Pollutant Discharge Elimination System (NPDES) program, which addresses water pollution by regulating point sources that discharge pollutants into the waters of the United States. We also monitor adjacent streams and groundwater wells quarterly in order to determine if these water supplies could potentially have been affected by mining operations. Waste water, or water used for mining or processing of coal, is stored in locations such as impoundment structures or clarifying or settling ponds. Additionally, the Company performs a minimum of at least one complete inspection of all tailing impoundments at intervals not to exceed seven calendar days as required by federal regulation, and all of the Company's tailing impoundments are classified as "low-hazard" structures. We continue to improve our land reclamation efforts, which has yielded success across all of our sites and facilities. We began an aggressive reclamation campaign in 2017, which has successfully reclaimed

1,335 acres to date. Finally, the Company is highly proactive in planning all ongoing and future activities to minimize negative impacts to wildlife and their habitats by mining activities.

The Company has dedicated employees that oversee the Company's efforts with respect to various environmental issues, including our efforts with respect to the programs discussed above. Through their efforts, as well as oversight by our senior management and the Board, we continue to make significant progress in improving our environmental stewardship. The Environmental, Health & Safety Committee of the Board is tasked with assessing the effectiveness of the Company's environmental, health and safety policies, programs and initiatives, as well as reviewing and monitoring the Company's compliance with applicable environmental, health and safety laws, rules and regulations. This committee receives quarterly reports from Company management, during which the committee reviews and discusses the Company's various environmental, health and safety initiatives and any issues related to these areas.

The safety of our employees is a core value for us. Our health and safety policies and programs are the cornerstone of our operating philosophy and are integrated into all of our daily operations and activities. Our continued emphasis on enhancing our safety performance has resulted in total reportable incident rates at Mine No. 4 and Mine No. 7, based on Mine, Safety and Health Administration ("MSHA") criteria, which are lower than the national total reportable incidence rate for all underground coal mines in the United States. This record reflects our effectiveness in protecting our employees. In 2018, the Company hired a new Vice President of Safety, who is responsible for developing and overseeing health and safety programs at the Company's mines, and he regularly reports to the Environmental, Health & Safety Committee so that the Board is apprised of the Company's safety-related efforts and challenges.

Environmental and Regulatory Matters

Our businesses are subject to numerous federal, state and local laws and regulations with respect to matters such as permitting and licensing, employee health and safety, reclamation and restoration of property and protection of the environment. In the U.S., environmental laws and regulations include, but are not limited to, the federal Clean Air Act and its state and local counterparts with respect to air emissions; the Clean Water Act and its state counterparts with respect to water discharges and dredge and fill operations; the Resource Conservation and Recovery Act and its state counterparts with respect to solid and hazardous waste generation, treatment, storage and disposal, as well as the regulation of underground storage tanks; the Comprehensive Environmental Response, Compensation and Liability Act and its state counterparts with respect to releases, threatened releases and remediation of hazardous substances; the Endangered Species Act with respect to protection of threatened and endangered species; the National Environmental Policy Act with respect to the impacts of federal actions such as the issuance of permits and licenses; and the Surface Mining Control and Reclamation Act of 1977 and its state counterparts with respect to environmental protection and reclamation standards for mining activities. Compliance with these laws and regulations may be costly and time-consuming and may delay commencement, continuation or expansion of exploration or production at our operations. These laws are constantly evolving and may become more stringent. The ultimate impact of complying with existing laws and regulations is not always clearly known or determinable due in part to the fact that certain implementing regulations for these environmental laws have not yet been promulgated and in certain instances are undergoing revision or judicial review. These laws and regulations, particularly new legislative or administrative proposals (or judicial interpretations of existing laws and regulations) related to the protection of the environment, could result in substantially increased capital, operating and compliance costs and could have a material adverse effect on our operations and/or, along with analogous foreign laws and regulations, our customers' ability to use our products.

Due in part to the extensive and comprehensive regulatory requirements, along with changing interpretations of these requirements, violations occur from time to time in our industry and at our operations. Expenditures relating to environmental compliance are a major cost consideration for our operations and environmental compliance is a significant factor in mine design, both to meet regulatory requirements and to minimize long-term environmental liabilities. To the extent that these expenditures, as with all costs, are not ultimately reflected in the prices of our products and services, operating results will be reduced. We believe that our major North American competitors are confronted by substantially similar conditions and thus do not believe that our relative position with regard to such competitors is materially affected by the impact of environmental laws and regulations. However, the costs and operating restrictions necessary for compliance with environmental laws and regulations may have an adverse effect on our competitive position with regard to foreign producers and operators who may not be required to undertake equivalent costs in their operations. In addition, the specific impact on each competitor may vary depending on a number of factors, including the age and location of its operating facilities, applicable legislation and its production methods.

Permitting and Approvals

Numerous governmental permits and approvals are required for mining and natural gas operations. We are required to prepare and present to federal, state and local authorities data pertaining to the effect or impact that any proposed exploration project for production of coal or gas may have on the environment, the public and our employees. In addition, we must also submit a comprehensive plan for mining and reclamation upon the completion of mining operations. The requirements are costly and time-consuming and may delay commencement or continuation of exploration, production or expansion at our operations. Typically, we submit necessary mining permit applications several months, or even years, before we anticipate mining a new area.

Applications for permits and permit renewals at our mining and gas operations are subject to public comment and may be subject to litigation from third parties seeking to deny issuance of a permit or to overturn the applicable agency's grant of the permit application, which may also delay commencement, continuation or expansion of our mining and gas operations. Further, regulations provide that applications for certain permits or permit modifications in the U.S. can be delayed, refused or revoked if an officer, director or a stockholder with a 10% or greater interest in the entity is affiliated with or is in a position to control another entity that has outstanding permit violations or has had a permit revoked. Significant delays in obtaining, or denial of, permits could have a material adverse effect on our business.

Mine Safety and Health

The MSHA, under the Federal Mine Safety and Health Act of 1977 (the "Mine Act") and the Mine Improvement and New Emergency Response Act of 2006 (the "MINER Act"), as well as regulations adopted under these federal laws impose rigorous safety and health standards on mining operations. Such standards are comprehensive and affect numerous aspects of mining operations, including, but not limited to: training of mine personnel, mining procedures, ventilation, blasting, use of mining equipment, dust and noise control, communications and emergency response procedures. For instance, MSHA implemented a rule in August 2014 to reduce miners' exposure to respirable coal dust, which reduced respirable dust standards for certain occupants and miners and required certain monitoring of shift dust levels. In August 2016, Phase III of MSHA's respirable dust rule went into effect, further lowering the respirable dust standards. Separately, MSHA has implemented a rule imposing a requirement on certain continuous mining machines, requiring operators to provide proximity detection systems. MSHA monitors compliance with these laws and standards by regularly inspecting mining operations and taking enforcement actions where MSHA believes there to be non-compliance. These federal mine safety and health laws and regulations have a significant effect on our operating costs.

Workers' Compensation and Black Lung

We are insured for workers' compensation benefits for work related injuries that occur within our operations. Workers' compensation liabilities, including those related to claims incurred but not reported, are recorded principally using annual valuations based on discounted future expected payments using historical data of the operating subsidiary or combined insurance industry data when historical data is limited. Beginning on June 1, 2020, the Company has a deductible policy where the Company is responsible for the first \$1.0 million for each workers' compensation related claim from any of our employees.

In addition, certain of our subsidiaries are responsible for medical and disability benefits for black lung disease under the Federal Coal Mine Health and Safety Act of 1969, the Mine Act and the Black Lung Benefits Revenue Act of 1977 and the Black Lung Benefits Reform Act of 1977 (together, the "Black Lung Benefits Act"), each as amended, and are insured under a guaranteed cost insurance policy beginning on April 1, 2016 through May 31, 2018 for black lung claims of any of our employees. From June 1, 2018 to May 31, 2020, the Company had a deductible policy where the Company was responsible for the first \$0.5 million for each black lung claim from any of our employees. Beginning on June 1, 2020, the Company has a deductible policy where the Company is responsible for the first \$1.0 million for each black lung related claim from any of our employees.

We also assumed all of the black lung liabilities of Walter Energy and its U.S. subsidiaries. We are self-insured for these black lung liabilities and have posted \$17.0 million in surety bonds and \$8.5 million of collateral recognized as short term investments in addition to maintaining a black lung trust of \$2.6 million that was acquired from Walter Energy. We received a letter from the Department of Labor ("DOL") on February 21, 2020 under its new process for self-insurance renewals that would require us to increase the amount of collateral posted to \$39.8 million, but we have appealed such increase. We received another letter from the DOL on December 8, 2021 requesting additional information to support our appeal of the collateral requested by the DOL. Changes in the estimated claims to be paid or changes in the amount of collateral required by the DOL may have a greater impact on our profitability and cash flows in the future." Under the Black Lung Benefits Act, as amended, each coal mine operator must make payments to a trust fund for the payment of benefits and medical expenses to claimants who

last worked in the coal industry prior to January 1, 1970. The trust fund is funded by an excise tax on production; however, this excise tax does not apply to coal shipped outside the United States. Based on our limited sales of coal in the United States, we do not expect to incur a material expense related to this excise tax. However, the excise tax may result in a material expense to us in the future if our coal sales in the United States significantly increase. The Patient Protection and Affordable Care Act includes significant changes to the federal black lung program, including an automatic survivor benefit paid upon the death of a miner with an awarded black lung claim and the establishment of a rebuttable presumption with regard to pneumoconiosis among miners with 15 or more years of coal mine employment that are totally disabled by a respiratory condition. These changes could have a material impact on our costs expended in association with the federal black lung program. In addition to possibly incurring liability under federal statutes we may also be liable under state laws for black lung claims. For additional information, please see "Part I, Item 1A. Risk Factors—Risks Related to Our Business—We are responsible for medical and disability benefits for black lung disease under federal law."

Surface Mining Control and Reclamation Act

The Surface Mining Control and Reclamation Act of 1977 ("SMCRA") requires that comprehensive environmental protection and reclamation standards be met during the course of and following completion of mining activities. Permits for all mining operations must be obtained from the Federal Office of Surface Mining Reclamation and Enforcement ("OSM") or, where state regulatory agencies have adopted federally approved state programs under the SMCRA, the appropriate state regulatory authority. The Alabama Surface Mining Commission reviews and approves SMCRA permits in Alabama.

SMCRA permit provisions include requirements for coal prospecting, mine plan development, topsoil removal, storage and replacement, selective handling of overburden materials, mine pit backfilling and grading, subsidence control for underground mines, surface drainage control, mine drainage and mine discharge control, treatment and revegetation. These requirements seek to limit the adverse impacts of coal mining and more restrictive requirements may be adopted from time to time.

Before a SMCRA permit is issued, a mine operator must submit a bond or otherwise secure the performance of reclamation obligations. The Abandoned Mine Land Fund, which is part of SMCRA, imposes a general funding fee on all coal produced. The proceeds are used to reclaim mine lands closed or abandoned prior to 1977. On November 15, 2021, the Abandoned Mine Land Program was extended through September 2034.

We maintain extensive coal refuse areas and slurry impoundments at our mining complexes. Such areas and impoundments are subject to comprehensive regulation. Structural failure of an impoundment can result in damage to the environment and natural resources, such as bodies of water that the coal slurry reaches, as well as create liability for related personal injuries, property damages and injuries to wildlife. Some of our impoundments overlie mined out areas, which can pose a heightened risk of failure and the assessment of damages arising out of such failure. If one of our impoundments were to fail, we could be subject to substantial claims for the resulting environmental contamination and associated liability, as well as for related fines and penalties.

On December 12, 2008, the OSM finalized rulemaking regarding the interpretation of the stream buffer zone provisions of SMCRA, which confirmed that excess spoil from mining and refuse from coal preparation could be placed in permitted areas of a mine site that constitute waters of the U.S. The rule was subsequently vacated based, in part, upon the fact that the U.S. Fish & Wildlife Service was not consulted with respect to possible effects on endangered species under terms of the Endangered Species Act. On December 20, 2016, the OSM published a new, finalized "Stream Protection Rule," setting standards for "material damage to the hydrologic balance outside the permit area" that are applicable to surface and underground mining operations. However, on February 16, 2017, former President Trump signed a joint congressional resolution disapproving the Stream Protection Rule pursuant to the Congressional Review Act. Accordingly, the regulations in effect prior to the Stream Protection Rule apply, including OSM's 1983 rule, which requires coal companies to keep operations 100 feet from streams or otherwise minimize any damage. It remains unclear whether and how additional actions by the Biden Administration could further impact regulatory or enforcement activities pursuant to the SMCRA.

Drainage flowing from or caused by mining activities can be acidic with elevated levels of dissolved metals, a condition referred to as "acid mine drainage" ("AMD"). Treatment of AMD can be costly. Although we do not currently face material costs associated with AMD, there can be no assurance that we will not incur significant costs in the future.

Surety Bonds/Financial Assurance

We use surety bonds and letters of credit to provide financial assurance for certain transactions and business activities. Federal and state laws require us to obtain surety bonds or other acceptable security to secure payment of certain long-term

obligations including mine closure or reclamation costs and other miscellaneous obligations. The amount of security required to be obtained can change as the result of new federal or state laws, as well as changes to the factors used to calculate the bonding or security amounts.

Surety bond rates have increased in recent years and the market terms of such bonds have generally become less favorable. In addition, the number of companies willing to issue surety bonds has decreased. Bonding companies may also require posting of collateral, typically in the form of letters of credit to secure the surety bonds. Moreover, the changes in the market for coal used to generate electricity in recent years have led to bankruptcies involving prominent coal producers. Several of these companies relied on self-bonding to guarantee their responsibilities. In response to these bankruptcies, the OSM issued a Policy Advisory in August 2016 to state agencies that are authorized under the SMCRA to implement the act in their states, notifying those state agencies that the OSM would more closely review self-bonding arrangements. Certain states had previously announced or have since announced that they would either limit or no longer accept self-bonding to secure reclamation obligations under the state mining laws. Although the Policy Advisory was rescinded in October 2017, some states may be reluctant to approve self-bonding arrangements. This may lead to increased demand for other forms of financial assurance, which may strain capacity for those instruments and increase our costs of obtaining and maintaining the amounts of financial assurance needed for our operations. These actions, individually and collectively, may increase the amount of financial assurance needed and limit the types of acceptable instruments, straining the capacity of the surety markets to meet demand. This may increase the time required to obtain, and increase the cost of obtaining, the required financial assurances. Although Alabama's regulatory framework technically allows for self-bonding, as a practical matter, due to the onerous regulatory requirements for self-bonding, mining companies in Alabama utilize surety bonds, collateral bonds, or letters of credit to meet their financial assurance requirements. As of December 31, 2021, we had outstanding surety bonds with parties for post-mining reclamation at all of our mining operations totaling \$40.9 million, \$17.0 million for black lung liabilities and \$3.6 million for miscellaneous purposes.

Climate Change

Global climate change continues to attract considerable public and scientific attention, with widespread concern about the impacts of human activity, especially the emission of greenhouse gas ("GHG"), such as carbon dioxide and methane. Some of our operations, such as methane release resulting from met coal mining, directly emit GHGs. Further, the products that we produce result in the release of carbon dioxide into the atmosphere by end-users. Laws and regulations governing emissions of GHGs have been adopted by foreign governments, including the European Union and member countries, U.S. regulatory agencies, individual states in the U.S. and regional governmental authorities. While Congress has from time to time considered legislation to reduce emissions of GHGs, there has not been significant activity in the form of adopted legislation to reduce GHG emissions at the federal level in recent years. In the absence of such federal climate legislation, almost one-half of the states have taken legal measures to reduce emissions of GHGs primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. Further, numerous proposals have been made and are likely to continue to be made at the international, national, regional and state levels of government that are intended to limit emissions of GHGs by enforceable requirements and voluntary measures.

In December 2009, the EPA published findings that GHG emissions present an endangerment to public health and welfare because, according to the EPA, emissions of such gases contribute to warming of the earth's atmosphere and other climatic changes. The EPA's findings focus on six GHGs, including carbon dioxide and nitrous oxide (which are emitted from coal combustion) and methane (which is emitted from coal beds). The findings by the EPA allowed the agency to proceed with the adoption and implementation of regulations to restrict emissions of GHGs under existing provisions of the federal Clean Air Act, including rules that regulate emissions of GHGs from motor vehicles and certain large stationary sources such as power plants or industrial facilities. In May 2010, the EPA adopted regulations that, among other things, established Prevention of Significant Deterioration ("PSD") and Title V permit reviews for certain large stationary sources, such as coal-fueled power plants, that are potential major sources of GHG emissions. The so-called Tailoring Rule established new GHG emissions thresholds that determine when stationary sources must obtain permits under the PSD and Title V programs of the Clean Air Act. On June 23, 2014, the Supreme Court held that stationary sources could not become subject to PSD or Title V permitting solely by reason of their GHG emissions. The Court ruled, however, that the EPA may require installation of best available control technology for GHG emissions at sources otherwise subject to the PSD or Title V programs. On August 26, 2016, the EPA proposed changes needed to bring EPA's air permitting regulations in line with Supreme Court and D.C. Circuit decisions on greenhouse gas permitting. The proposed rule was published in the Federal Register on October 3, 2016 and the public comment period closed on December 16, 2016. It is unclear when a final rule will be issued and/or whether and how additional actions by the Biden Administration could impact further regulatory developments in this area.

In June 2010, Earthjustice petitioned the EPA to make a finding that emissions from coal mines may reasonably be anticipated to endanger public health and welfare, and to list them as a stationary source subject to further regulation of

emissions. On April 30, 2013, the EPA denied the petition. Judicial challenges seeking to force the EPA to list coal mines as stationary sources have likewise been unsuccessful to date. If the EPA were to make an endangerment finding in the future, we may have to further reduce our methane emissions, install additional air pollution controls, pay certain taxes or fees for our emissions, incur costs to purchase credits that permit us to continue operations as they now exist at our underground coal mines or perhaps curtail coal production.

In addition, in August 2015, the EPA announced three separate, but related, actions to address carbon dioxide pollution from power plants, including final Carbon Pollution Standards for new, modified and reconstructed power plants, a final Clean Power Plan to cut carbon dioxide pollution from existing power plants, and a proposed federal plan to implement the Clean Power Plan emission guidelines. However, on March 28, 2017, the Trump Administration issued an executive order directing the EPA to review all three actions and, if appropriate, initiate a rulemaking to rescind or revise the rules consistent with the stated policy of promoting clean and safe development of the nation's energy resources, while at the same time avoiding regulatory burdens that unnecessarily encumber energy production. Accordingly, on July 8, 2019, the EPA published a final replacement rule that would "reduce the compliance burden" of the Clean Power Plan. On January 19, 2021, the D.C. Circuit Court of Appeal vacated the replacement rule and remanded the rulemaking to the EPA for further proceedings. On February 12, 2021, the EPA clarified that states are not required to take any actions to develop or submit plans under the Clean Power Plan or the now-vacated replacement rule. The EPA is working on new rules to limit carbon emissions from power plants, which, depending on the requirements, could have a material adverse impact on the demand for thermal coal nationally. While the above power plant rules do not affect our marketing of met coal, the continued regulatory focus could lead to future GHG regulations for the mining industry and its steelmaking customers, which ultimately could make it more difficult or costly for us to conduct our operations or adversely affect demand for our products. Notably, in October 2021, the Supreme Court agreed to hear a case addressing the scope of the EPA's authority to regulate GHGs; oral arguments are scheduled for February 28, 2022. The Supreme Court's ruling in this case could have a substantial impact on the EPA's ability to regulate GHG emissions.

Demand for met coal and natural gas also may be impacted by international efforts to reduce GHG emissions. In December 2015, the United States joined the international community at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France. The text of the Paris Agreement calls for nations to undertake "ambitious efforts" to hold the increase in the global average temperature to well below 2° C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5° C above pre-industrial levels; reach global peaking of GHG emissions as soon as possible; and take action to conserve and enhance sinks and reservoirs of GHGs, among other requirements. The Paris Agreement went into effect on November 4, 2016. The Paris Agreement establishes a framework for the parties to cooperate and report actions to reduce GHG emissions. Although the United States withdrew from the Paris Agreement, effective November 4, 2020, President Biden issued an executive order on January 20, 2021 to rejoin the Paris Agreement, which took effect on February 19, 2021. On April 21, 2021, the United States announced that it was setting an economy-wide target of reducing its GHG emissions by 50-52 percent below 2005 levels in 2030. In November 2021, in connection with the 26th session of the Conference of Parties in Glasgow, Scotland, the United States and other world leaders made further commitments to reduce GHGs, including reducing global methane emissions by at least 30% by 2030 and ending the international public finance of new unabated coal power generation abroad by the end of 2021. The resulting Glasgow Climate Pact calls upon the parties to "accelerate efforts towards the phase-down of unabated coal power and phase-out inefficient fossil fuel subsidies." Furthermore, many state and local leaders have stated their intent to intensify efforts to support the international commitments. It is possible that the Paris Agreement and subsequent domestic and international regulations will have adverse effects on the market for met coal, natural gas, and other fossil fuel products.

Methane must be expelled from our underground coal mines for mining safety reasons. Our gas operations extract methane from our underground met coal mines prior to mining. With the exception of some methane that is vented into the atmosphere when the met coal is mined, much of the methane is captured and sold into the natural gas market and used as fuel. If regulation of GHG emissions does not exempt the release of methane, we may have to curtail met coal production, pay certain taxes or fees for our emissions or incur costs to purchase credits that allow us to continue operations as they now exist at our underground met coal mines.

The existing laws and regulations or other current and future efforts to stabilize or reduce GHG emissions could adversely impact the demand for, price of and value of our products and reserves. As our operations also emit GHGs directly, current or future laws or regulations limiting GHG emissions could increase our own costs. Although the potential impacts on us of additional climate change regulation are difficult to reliably quantify, they could be material.

Finally, climate change may cause more extreme weather conditions such as more intense hurricanes, thunderstorms, tornadoes and snow or ice storms, as well as rising sea levels and increased volatility in seasonal temperatures. Extreme weather conditions can interfere with our services and increase our costs, and damage resulting from extreme weather may not be fully

insured. However, at this time, we are unable to determine the extent to which climate change may lead to increased storm or weather hazards affecting our operations.

Clean Air Act

The federal Clean Air Act and comparable state laws that regulate air emissions affect coal mining operations both directly and indirectly. Direct impacts on coal mining may occur through permitting requirements and/or emission control requirements relating to particulate matter, such as fugitive dust, or fine particulate matter measuring 2.5 micrometers in diameter or smaller. The Clean Air Act indirectly affects our mining operations by extensively regulating the air emissions of sulfur dioxide, nitrogen oxides, mercury, ozone and other compounds emitted by steel manufacturers, coke ovens and coal-fired utilities. As described above, existing and proposed regulations also subject GHG emissions to regulation under the Clean Air Act.

Clean Water Act

The federal CWA and corresponding state and local laws and regulations affect our operations by restricting the discharge of pollutants, including dredged and fill materials, into waters of the United States. CWA requirements that may directly or indirectly affect our operations include the following:

- *Water Discharge.* The CWA and corresponding state laws affect our operations by imposing restrictions on discharges of wastewater into creeks and streams. These restrictions, more often than not, require us to pre-treat the wastewater prior to discharging it. Permits requiring regular monitoring and compliance with effluent limitations and reporting requirements govern the discharge of pollutants into regulated waters. Our mining operations maintain water discharge permits as required under the National Pollutant Discharge Elimination System program of the CWA. We believe that we have obtained all permits required under the CWA and corresponding state laws and are in substantial compliance with such permits. However, new requirements under the CWA and corresponding state laws may cause us to incur significant additional costs that could adversely affect our operating results. We are in material compliance with our current permits; however, there can be no guarantee that we will be able to meet new or future standards with respect to our permit applications.
- *Dredge and Fill Permits.* Many mining activities, such as the development of refuse impoundments, fresh water impoundments, refuse fills, and other similar structures, may result in impacts to waters of the United States, including wetlands, streams and, in certain instances, man-made conveyances that have a hydrologic connection to such streams or wetlands. Under the CWA, coal companies are required to obtain a Section 404 permit from the U.S. Army Corps of Engineers ("USACE") prior to conducting such mining activities. The USACE is authorized to issue general "nationwide" permits for specific categories of activities that are similar in nature and that are determined to have minimal adverse effects on the environment. Permits issued pursuant to Nationwide Permit 21 generally authorize the disposal of dredged and fill material from surface coal mining activities into waters of the United States, subject to certain restrictions. The USACE may also issue individual permits for mining activities that do not qualify for Nationwide Permit 21.

Recent regulatory actions and court decisions have created some uncertainty over the scope of CWA jurisdiction. On June 29, 2015, the EPA and the USACE jointly promulgated final rules redefining the scope of waters protected under the CWA, revising regulations that had been in place for more than 25 years. The new rules could expand the scope of CWA jurisdiction, making more waters subject to the CWA's permitting and other requirements in the case of discharges. However, on October 22, 2019, the agencies published a final rule to repeal the 2015 rules and then, on April 21, 2020, the EPA and the USACE published a final rule replacing the 2015 rule, and significantly reducing the waters subject to federal regulation under the Clean Water Act. On August 30, 2021, a federal court struck down the replacement rule and, on December 7, 2021, the EPA and the USACE published a proposed rule that would return to a pre-2015 definition of "waters of the United States" while the agencies continue to consult with stakeholders in both the implementation of the rules and the future regulatory actions. Additionally, on January 24, 2022, the Supreme Court agreed to hear a case addressing the proper test for determining whether wetlands are "waters of the United States." This case would provide much needed clarification, as confusion over the scope of CWA jurisdiction has led to significant permitting delays, litigation, and uncertainty in the mining industry.

Resource Conservation and Recovery Act

The Resource Conservation and Recovery Act ("RCRA") and corresponding state laws establish standards for the management of solid and hazardous wastes generated at our various facilities. Besides affecting current waste disposal practices, RCRA also addresses the environmental effects of certain past hazardous waste treatment, storage and disposal

practices. In addition, RCRA also requires certain of our facilities to evaluate and respond to any past release, or threatened release, of hazardous waste that may pose a risk to human health or the environment.

RCRA may affect coal mining operations by establishing requirements for the proper management, handling, transportation and disposal of solid and hazardous wastes. Currently, certain coal mine wastes, such as earth and rock covering a mineral deposit (commonly referred to as overburden) and coal cleaning wastes, are exempted from hazardous waste management under RCRA. Any change or reclassification of this exemption could significantly increase our coal mining costs.

Comprehensive Environmental Response, Compensation and Liability Act

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "Superfund") and similar state laws affect our met coal mining operations by, among other things, imposing investigation and cleanup requirements for threatened or actual releases of hazardous substances. Under CERCLA, joint and several liability may be imposed on operators, generators, site owners, lessees and others regardless of fault or the legality of the original activity that caused or resulted in the release of the hazardous substances. Although the EPA excludes most wastes generated by coal mining and processing operations from the hazardous waste laws, the universe of materials and substances governed by CERCLA is broader than "hazardous waste" and as such even non-hazardous wastes can, in certain circumstances, contain hazardous substances, which if released into the environment are governed by CERCLA. Alabama's version of CERCLA mirrors the federal version with the important difference that there is no joint and several liability. Liability is consistent with one's contribution to the contamination. In addition, the disposal, release or spilling of some products used by coal companies in operation, such as chemicals, could trigger the liability provisions of CERCLA or similar state laws. Thus, we may be subject to liability under CERCLA and similar state laws for properties that (1) we currently own, lease or operate, (2) we, our predecessors, or former subsidiaries have previously owned, leased or operated, (3) sites to which we, our predecessors or former subsidiaries, sent waste materials, and (4) sites at which hazardous substances from our facilities' operations have otherwise come to be located.

Endangered Species Act and Similar Laws

The federal Endangered Species Act and other related federal and state statutes, such as the federal Bald and Golden Eagle Protection Act, protect species threatened or endangered with possible extinction. Protection of threatened, endangered and other special status species may have the effect of prohibiting or delaying us from obtaining mining permits and may include restrictions on our activities in areas containing the affected species. Also, the designation of previously unidentified threatened, endangered or special status species in areas where we operate could cause us to incur additional costs or become subject to operating delays, restrictions or bans.

Seasonality

Our primary business is not materially impacted by seasonal fluctuations. Demand for met coal is generally more heavily influenced by other factors such as the global economy, demand for steel, interest rates and commodity prices.

Human Capital

As of December 31, 2021, we had 704 employees, of whom 287 were hourly employees and 417 were salaried employees.

The Company prioritizes employee safety, wellbeing, personal and professional development, and diversity and inclusion. At the direction of our Standing Committees of our Board of Directors, our human resource department is responsible for developing and executing our human capital strategy. This includes the attraction, acquisition, development and engagement of talent to deliver on our strategy and the design of employee compensation, incentive, welfare and benefits programs. We focus on the following factors in order to implement and develop our human capital strategy:

- Safety of Our Employees
- Evaluation of Employee Performance, Training and Talent Development
- Employee Health and Welfare
- Diversity and Inclusion

Safety of Our Employees

We incorporate safety principles into every aspect of our business. We are proud of our safety record, which includes a safety incident rate that has consistently been over 30% better than the U.S. industry rate and an incident severity measure that is consistently less than half the national average. To achieve such results, we have established a culture of awareness and incident prevention through numerous safety initiatives including, among others:

- 100% compliance with required annual MSHA safety training;
- Beginning all meetings with a safety share;
- Our "Stop and Correct Authority" that we have granted all employees, contractors, and visitors, we encourage anyone who observes unsafe acts or conditions to take corrective actions; and
- Our Safety ACTION training program, with monthly trainings scheduled specific to the tasks that each individual is asked to perform.

Evaluation of Employee Performance, Training and Talent Development

We strive to recruit, hire and retain a talented and diverse team of people. Our employees are supported with training and development opportunities to pursue their career paths and to ensure compliance with our policies.

Our training program incorporates industry best practices and includes the following for new employees, among others: code of business conduct and ethics training, driving policy, employee handbook, safety policy and work rules. We also require the following annual trainings on certain topics among others: Anti-Corruption and Anti-Bribery, cybersecurity, diversity and harassment, employee hazard, surface retraining, underground retraining and discipline specific retraining.

We are committed to developing and retaining our workforce. Our employees make us who we are, and we offer tools to identify, grow and nurture our talent including:

- Future Leaders Development Program
- Annual Supervisor and Development Training
- Employee Education Assistance
- Annual Performance Evaluations

Employee Health and Welfare

Our compensation and benefits teams aim to develop and implement policies and programs that support our business goals, maintain competitiveness, promote shared fiscal responsibility among the Company and our employees, strategically align talent within our organization and reward performance, while also managing the costs of such policies and programs. We provide our employees with competitive fixed and/or variable pay, and for eligible employees we currently provide access to medical, dental and life insurance benefits, disability coverage, 401(k) plan and employee assistance programs, among other benefits.

Collective Bargaining Agreement

Our Collective Bargaining Agreement ("CBA") with the UMWA expired on April 1, 2021, and the UMWA initiated a strike. We continue to negotiate in good faith with the UMWA, and we remain committed to pursuing resolution. For more labor related information go to <https://warriormetcoalfacts.com>.

Available Information

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. Our filings with the SEC are also available to the public from commercial document retrieval services and at the SEC's website at <http://www.sec.gov>.

Our common stock is listed and traded on the New York Stock Exchange under the symbol "HCC." Our reports, proxy statements and other information filed with the SEC can also be inspected and copied at the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

We also make available on our website (<http://www.warriormetcoal.com>) all of the documents (including any amendments thereto) that we file or furnish with the SEC, free of charge, as soon as reasonably practicable after we electronically file such material with the SEC. Our Code of Business Conduct and Ethics, Corporate Governance Guidelines and the charters of our audit committee, compensation committee, nominating and corporate governance committee and environmental, health & safety committee are also available on our website and in print free of charge to any stockholder who requests them. Requests should be sent by mail to our corporate secretary at our executive office at 16243 Highway 216, Brookwood, Alabama 35444. Information contained on our website is not incorporated by reference into this Annual Report. We intend to disclose on our website any amendments or waivers to our Code of Business Conduct and Ethics that are required to be disclosed pursuant to Item 5.05 of Form 8-K.

Item 1A. Risk Factors

Our business involves substantial risks. Any of the risk factors described below or elsewhere in this Annual Report could significantly and adversely affect our business prospects, financial condition and results of operations. The risks described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem to be immaterial may also adversely affect us.

Summary of Risk Factors

The following is a summary of some of the risks and uncertainties that could materially adversely affect our business, financial condition and results of operations. You should read this summary together with the more detailed description of each risk factor contained below.

Risks Related to Our Business

- Global pandemics, such as the COVID-19 pandemic, may occur which could adversely affect our business, financial condition and results of operations;
- Deterioration in global economic conditions may adversely affect our business, results of operations and cash flows and if we fail to implement our business strategies successfully, our financial performance could be harmed;
- We may be unsuccessful or delayed in developing Blue Creek, which could significantly affect our operations and/or limit our long-term growth;
- If transportation for our met coal is disrupted, unavailable or more expensive for our customers, our ability to sell met coal could suffer;
- Work stoppages, labor shortages and other labor relations matters may harm our business. Union-represented labor creates an increased risk of work stoppages and higher labor costs;
- Significant competition, as well as changes in foreign markets or economies, could harm our sales, profitability and cash flows;
- Our sales in foreign jurisdictions are subject to risks and uncertainties, such as new tariffs and other trade measures, which could adversely affect our results of operations, financial position and cash flows;

Risks Related to Our Industry

- Our business may suffer from a substantial or extended decline in met coal pricing and demand or other factors beyond our control, which could negatively affect our operating results and cash flows;
- Substantially all of our revenues are derived from the sale of met coal. This lack of diversification of our business could adversely affect our financial condition, results of operations and cash flows;
- Met coal mining involves many hazards and operating risks, and is dependent upon many factors and conditions beyond our control, which may cause our profitability and financial position to decline;
- Negative views with respect to environmental and social matters and related governance considerations could harm the perception of our Company by certain investors and financial institutions, including banks and insurance companies, adversely affecting our ability to obtain financing and insurance coverage, among others;

- Our inability to develop met coal reserves in an economically feasible manner or our inability to acquire additional met coal reserves that are economically recoverable may adversely affect our business;
- Any significant downtime of our major pieces of mining equipment could impair our ability to supply met coal to our customers and materially and adversely affect our results of operations and cash flows;
- We may not recover our investments in our mining, exploration and other assets, which may require us to recognize impairment charges related to those assets;

Risks Related to Regulatory Compliance

- We are responsible for medical and disability benefits for black lung disease under federal law. Changes in the estimated claims to be paid or changes in the amount of collateral required may affect our operating results and cash flows;
- Extensive federal and state environmental, health and safety laws and regulations impose significant costs on our operations and future regulations could increase these costs, limit our ability to produce or adversely affect our ability to meet our customers' demands;
- Failure to obtain or renew surety bonds on acceptable terms could affect our ability to secure reclamation and coal lease obligations and, therefore, our ability to mine or lease met coal;
- We have reclamation and mine closing obligations. If the assumptions underlying our accruals are inaccurate, we could be required to expand greater amounts than anticipated;

Risks Related to our Financial Results and Finances

- Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations and dividend policy, limit our ability to react to changes in the economy or our industry and prevent us from making debt service payments on the Notes;
- We may be unable to generate sufficient taxable income from future operations, which may limit or eliminate our ability to utilize our significant tax NOLs or our deferred tax assets;
- The transition from LIBOR to SOFR may affect our financial results;

Risks Related to the Ownership of our Common Stock

- The market price of our common stock may fluctuate significantly and investors in our common stock could incur substantial losses;
- Any declaration and payment of future dividends to holders of our common stock may be limited by restrictive covenant of our ABL Facility and the indenture governing the Notes, and will be on the sole discretion of the Board and will also depend on many factors;
- Our common stock is subject to the 382 Transfer Restrictions (as defined below) under our certificate of incorporation and the Rights Agreement which are intended to prevent a Section 382 "ownership change," which if not complied with, could result in the forfeiture of such stock and related dividends or substantial dilution of the stock ownership, respectively; and
- Delaware law and our charter documents may impede or discourage a takeover or change of control, which could adversely affect the price of our common stock.

Risks Related to Our Business

Our activities may be adversely affected by global pandemics, including the global outbreak of the novel coronavirus (COVID-19), which may prevent us from meeting our targeted production levels and/or executing our planned development initiatives (including, but not limited to, the development of Blue Creek), negatively impact our customers' demand for met coal and their ability to honor or renew contracts, adversely affect the health and welfare of Company personnel or prevent our vendors and contractors from performing normal and contracted activities.

The outbreak of COVID-19, which was first detected in Wuhan, China in December 2019 and declared a pandemic by the World Health Organization in March 2020, could have a material and adverse effect on our business, financial condition and results of operations. The outbreak has resulted, and may continue to result, in disruptions to economic and industrial activity worldwide. Though the global impact of COVID-19 is rapidly evolving and remains highly uncertain, the outbreak may ultimately cause a significant decline in global steel production and, in turn, reduce demand for met coal. We are highly dependent on the global steel industry. Our sales are primarily derived from coal shipments to customers located in regions that are, or may become, heavily affected by the COVID-19 outbreak, particularly Asia and Europe. Not only is steel production in these regions at risk of decline, but we may also face additional challenges in the event that transportation restrictions are put in place that affect our ability to deliver coal to our customers in these regions. These factors may influence our customers' ability to honor or renew their contracts.

In addition to the potential impact on global met coal demand, COVID-19 or any other global pandemic may result in disruptions or restrictions on our employees' ability to operate our coal mines in the ordinary course of business, which would restrict our production capacity. Similarly, we cannot predict how, if at all, the outbreak will affect our suppliers' ability to provide the mining materials and equipment we require. If our production capacity or our ability to meet our supply needs is affected, our business and our financial results could be materially and adversely affected. Finally, the COVID-19 pandemic has substantially affected national and international financial markets, which could affect our ability to obtain financing for our business and/or pursue our planned development projects, including the development of our Blue Creek mine. The extent to which COVID-19 or any other global pandemic will impact our business and our financial results will depend on future developments, which are highly uncertain and cannot be predicted. Such developments may include the geographic spread of the virus, the severity of the disease, the duration of the outbreak, the actions that may be taken by various governmental authorities in response to the outbreak and the impact on the U.S. or global economy.

Deterioration in global economic conditions as they relate to the steelmaking industry, as well as generally unfavorable global economic, financial and business conditions, may adversely affect our business, results of operations and cash flows.

Demand for met coal depends on domestic and foreign steel demand. As a result, if economic conditions in the global steelmaking industry deteriorate as they have in past years, the demand for met coal may decrease. In addition, the global financial markets have been experiencing volatility and disruption over the last several years and, more recently, due to the COVID-19 pandemic. These markets have experienced, among other things, volatility in security prices, commodities and currencies, diminished liquidity and credit availability, rating downgrades and declining valuations of certain investments. Weaknesses in global economic conditions have had an adverse effect and could have a material adverse effect on the demand for our met coal and, in turn, on our sales, pricing and profitability.

In addition, future governmental policy changes in foreign countries may be detrimental to the global coal market. For example, the Chinese government has from time to time implemented regulations and promulgated new laws or restrictions, such as the unofficial ban on Australian coal in November 2020, on their domestic coal industry, sometimes with little advance notice, which has impacted worldwide coal demand, supply and prices. The ban on Australian coal has significantly impacted the global met coal market in recent years. During the past several years, the Chinese government has initiated a number of anti-smog measures aimed at reducing hazardous air emissions through temporary production capacity restrictions with the steel, coal and coal-fired power sectors. It is possible that policy changes from foreign countries may be detrimental to the global coal markets and, thus, impact our business, financial condition or results of operations.

If met coal prices drop to or below levels experienced in 2015 and the first half of 2016 for a prolonged period or if there are further downturns in economic conditions, particularly in developing countries such as China and India, our business, financial condition or results of operations could be adversely affected. While we are focused on cost control and operational efficiencies, there can be no assurance that these actions, or any others we may take, will be sufficient in response to challenging economic and financial conditions. In addition, the current level of met coal prices may not be sustainable.

We sell most of our met coal under fixed supply contracts primarily with indexed pricing terms that vary and volume terms of one to three years and are therefore exposed to commodity price risk on our sales.

Sales commitments in the met coal market are typically not long-term in nature and are generally no longer than one to three years in duration. Globally the market is evolving to shorter term pricing. Many of our met coal supply agreements are

priced on the basis of a variety of indices, where prices are determined on or before shipment by averaging the leading spot indexes reported in the market. As a result, our sales are subject to fluctuations in market pricing and we are not protected from oversupply or market conditions where we cannot sell our coal at economic prices. To limit this exposure, and where we can, we have, and will continue to, incorporate economic hardship clauses in our sales contracts. However, there can be no assurances we will be able to mitigate such conditions as they arise. Met coal has been an extremely volatile commodity over the past ten years and prices may become volatile again in the future given the rapid increase of the last few years and the sharp decline in the second half of 2019. Any sustained failure to be able to market our coal during such periods would have a material adverse effect on our business, results of operations, cash flows and ability to pay dividends to our stockholders.

The failure of our customers to honor or renew contracts could adversely affect our business.

A significant portion of the sales of our met coal is to customers with whom we have had a relationship for a long period of time. Typically, our customer contracts are for terms of one to three years or are evergreen with respect to contracted volumes. The success of our business depends on our ability to retain our current customers, renew our existing customer contracts and solicit new customers. Our ability to do so generally depends on a variety of factors, including the quality and price of our products, our ability to market these products effectively, our ability to deliver on a timely basis and the level of competition that we face. If our customers do not honor contract commitments, or if they terminate agreements or exercise force majeure provisions allowing for the temporary suspension of performance during specified events beyond the parties' control, such as the COVID-19 pandemic, and we are unable to replace the contract, our revenues will be materially and adversely affected. Changes in the met coal industry may cause some of our customers not to renew, extend or enter into new met coal supply agreements or to enter into agreements to purchase fewer metric tons of met coal or on different terms than in the past.

Our ability to collect payments from our customers could be impaired and, as a result, our financial position could be materially and adversely affected if their creditworthiness deteriorates, if they declare bankruptcy, or if they fail to honor their contracts with us.

Our ability to receive payment for met coal sold and delivered depends on the continued creditworthiness and financial stability of our customers. A significant number of our customers are affected by the COVID-19 pandemic, which may result in a deterioration of their financial stability and, in some cases, a bankruptcy. If we determine that a customer is not creditworthy or if a customer declares bankruptcy, we may not be required to deliver met coal sold under the customer's sales contract. If this occurs, we may decide to sell the customer's met coal on the spot market, which may be at prices lower than the contracted price, or we may be unable to sell the met coal at all. In addition, if customers refuse to accept shipments of our met coal for which they have an existing contractual obligation, our revenues will decrease and we may have to reduce production at our mines until our customers' contractual obligations are honored. Further, competition with other met coal suppliers could cause us to extend credit to customers on terms that could increase the risk of payment default. Our inability to collect payment from counterparties to our sales contracts may materially adversely affect our business, financial condition, results of operations and cash flows.

A significant reduction of, or loss of, purchases by our largest customers could materially adversely affect our profitability.

For the year ended December 31, 2021, we derived approximately 84.6% of our total sales revenues from our five largest customers. There are inherent risks whenever a significant percentage of total revenues are concentrated with a limited number of customers, and it is not possible for us to predict the future level of demand for our met coal that will be generated by our largest customers. We expect to renew, extend or enter into new supply agreements with these and other customers; however, we may be unsuccessful in obtaining such agreements with these customers and these customers may discontinue purchasing met coal from us, reduce the quantity of met coal that they have historically purchased from us or pressure us to reduce the prices that we charge for our met coal due to market, economic or competitive conditions, including effects from the COVID-19 pandemic. If any of our major customers were to significantly reduce the quantities of met coal they purchase from us and we are unable to replace these customers with new customers (or we fail to obtain new, additional customers), or if we are otherwise unable to sell met coal to those customers on terms as favorable to us as the terms under our current agreements, our profitability could suffer significantly.

If we fail to implement our business strategies successfully, our financial performance could be harmed.

Our future financial performance and success are dependent in large part upon our ability to successfully implement our business strategies. We may not be able to implement our business strategies successfully or achieve the anticipated benefits. If we are unable to do so, our long-term growth, profitability and ability to service any debt we incur in the future may be materially adversely affected. Even if we are able to implement some or all of the key elements of our business plan successfully, our operating results may not improve to the extent we anticipate, or at all. Implementation of our business strategies, including the development of Blue Creek, could also be affected by a number of factors beyond our control, such as

global economic conditions (including effects of the COVID-19 pandemic), met coal prices, domestic and foreign steel demand, and environmental, health and safety laws and regulations.

A key element of our business strategy involves increasing production at our existing mines and developing Blue Creek recoverable reserves in a cost-efficient manner. As we expand our business activities, there will be additional demands on our financial, technical, operational and management resources. These aspects of our strategy are subject to numerous risks and uncertainties, including:

- an inability to retain or hire experienced crews and other personnel and other labor relations matters;
- a lack of customer demand for our mined met coal;
- an inability to secure necessary equipment, raw materials or engineering in a timely manner to successfully execute our expansion plans;
- unanticipated delays that could limit or defer the production or expansion of our mining activities and jeopardize our long term relationships with our existing customers and adversely affect our ability to obtain new customers for our mined met coal; and
- a lack of available cash or access to sufficient debt or equity financing for investment in our expansion.

We may be unsuccessful or delayed in developing Blue Creek, which could significantly affect our operations and/or limit our long-term growth.

The development of Blue Creek will require substantial capital expenditures that we may not recover. In addition, during our development of Blue Creek we will face numerous financial, regulatory, environmental, political and legal uncertainties that are beyond our control and that may cause unforeseen delays in, or unexpectedly increase the costs associated with, the completion of Blue Creek. Accordingly, we may not be able to complete the development of Blue Creek on schedule, at the budgeted cost or at all, and any such delays or increased costs could have a material adverse effect on our financial condition, results of operations or cash flows. We initially delayed the development of the Blue Creek project until at least July 1, 2020 and have now further delayed the development of that project. Due to the ongoing uncertainty related to the COVID-19 pandemic, the Chinese ban on Australian coal and our CBA contract negotiations with the UMWA, we incurred minimal spend on the development of Blue Creek in 2021. Our planned development of Blue Creek involves numerous risks, including, but not limited to, the following:

- uncertainties in the national and worldwide economy and the price of met coal;
- our ability to obtain additional debt and/or equity financing to fund the development, permitting, construction and mining activities of Blue Creek on terms that are acceptable to us, or at all;
- difficulties or delays in securing federally owned mineral leases within the mine plan;
- the diversion of management's attention from our existing mining operations;
- our ability to obtain favorable tax or other incentives;
- potential opposition from non-governmental organizations, local groups, or local residents;
- the fact that our development, construction, ramp-up and operating costs may be higher than our estimates and further increase our planned capital expenditure and liquidity requirements;
- shortages of construction materials and equipment or delays in the delivery of such materials and equipment;
- unanticipated facility or equipment malfunctions or breakdowns;
- delays from unexpected adverse geological and/or weather conditions, accidents, and other factors beyond our control, including the COVID-19 pandemic;

- failure to obtain, or delays in obtaining, all necessary governmental and third-party rights-of-way, easements, permits, licenses and approvals;
- local infrastructure conditions and other logistical challenges;
- the possibility that we may have insufficient expertise to engage in such development activity profitably or without incurring inappropriate amounts of risks;
- the fact that the coal reserves at Blue Creek may not be as economically recoverable as planned;
- difficulties in integrating Blue Creek with our existing mining operations and failure to achieve any estimated economies of scale; and
- our ability to hire qualified construction and other personnel.

We cannot assure you that we will be able to overcome these risks or successfully develop Blue Creek. If we are unable to complete, or are substantially delayed in completing, the development of Blue Creek, our business, financial condition, results of operations, cash flows and ability to pay dividends to our stockholders could be adversely affected. Furthermore, even if Blue Creek is successfully developed, constructed, and placed into operation, we cannot assure you that it will operate at a profit sufficient to recover our total investment. In addition, if its development is successful, the operation of Blue Creek would exacerbate our existing mining and operation risks discussed elsewhere in this Report, including, but not limited to, risks related to increasing the concentration of our mining operations in Alabama, hazards and operating risks, transportation risks, liability risks and regulatory risks. See “Risks Related to Our Business-All of our mining operations are located in Alabama, making us vulnerable to risks associated with having our production concentrated in one geographic area.” “Met coal mining involves many hazards and operating risks, and is dependent upon many factors and conditions beyond our control, which may cause our profitability and financial position to decline.” “If transportation for our met coal is disrupted, unavailable or more expensive for our customers, our ability to sell met coal could suffer.” “Our business is subject to inherent risks, some for which we maintain third party insurance. We may incur losses and be subject to liability claims that could have a material adverse effect on our financial condition, results of operations or cash flows” and “Our mines are subject to stringent federal and state safety regulations that increase our cost of doing business at active operations and may place restrictions on our methods of operation. In addition, federal, state or local regulatory agencies have the authority to order certain of our mines to be temporarily or permanently closed under certain circumstances, which could materially and adversely affect our ability to meet our customers’ demands.”

We may be unsuccessful in integrating the operations of any future acquisitions, including acquisitions involving new lines of business, with our existing operations, and in realizing all or any part of the anticipated benefits of any such acquisitions.

From time to time, we may evaluate and acquire assets and businesses that we believe complement our existing assets and business. The assets and businesses we acquire may be dissimilar from our existing lines of business. Acquisitions may require substantial capital or the incurrence of substantial indebtedness. Our capitalization and results of operations may change significantly as a result of future acquisitions. Acquisitions and business expansions involve numerous risks, including the following:

- difficulties in the integration of the assets and operations of the acquired businesses;
- inefficiencies and difficulties that arise because of unfamiliarity with new assets and the businesses associated with them and new geographic areas;
- the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk; and
- the diversion of management’s attention from other operations.

Further, unexpected costs and challenges may arise whenever businesses with different operations or management are combined, and we may experience unanticipated delays in realizing the benefits of an acquisition. Entry into certain lines of business may subject us to new laws and regulations with which we are not familiar, and may lead to increased litigation and regulatory risk. Also, following an acquisition, we may discover previously unknown liabilities associated with the acquired business or assets for which we have no recourse under applicable indemnification provisions. If a new business generates

insufficient revenue or if we are unable to efficiently manage our expanded operations, our results of operations may be adversely affected.

If transportation for our met coal is disrupted, unavailable or more expensive for our customers, our ability to sell met coal could suffer.

Transportation costs represent a significant portion of the total cost of met coal to be delivered to our customers and, as a result, the cost of delivery is a factor in a customer's purchasing decision. Overall price increases in our transportation costs could make our met coal less competitive with the same or alternative products from competitors with lower transportation costs. We typically depend upon overland conveyor, trucks, rail or barges to transport our products. Disruption or delays of any of these transportation services due to weather related problems, which are variable and unpredictable, strikes or lock-outs, accidents, infrastructure damage, governmental regulation, third-party actions, lack of capacity or other events beyond our control, such as the COVID-19 pandemic, could impair our ability to supply our products to our customers and result in lost sales and reduced profitability. In addition, increases in transportation costs resulting from emission control requirements and fluctuations in the price of gasoline and diesel fuel, could make met coal produced in one region of the United States less competitive than met coal produced in other regions of the United States or abroad.

All of our met coal mines are served by only one rail carrier, which increases our vulnerability to these risks, although our access to barge transportation partially mitigates that risk. In addition, the majority of the met coal produced by our underground mining operations is sold to met coal customers who typically arrange and pay for transportation from the state-run docks at the Port of Mobile in Alabama to the point of use. As a result, disruption at the docks, port congestion and delayed met coal shipments may result in demurrage fees to us. If this disruption were to persist over an extended period of time, demurrage costs could significantly impact our profits. In addition, there are limited cost effective alternatives to the port. The cost of securing additional facilities and services of this nature could significantly increase transportation and other costs. An interruption of rail or port services could significantly limit our ability to operate and, to the extent that alternate sources of port and rail services are unavailable or not available on commercially reasonable terms, could increase transportation and port costs significantly. Further, delays of ocean vessels could affect our revenues, costs and relative competitiveness compared to the supply of met coal and other products from our competitors.

Our business is subject to the risk of increases or fluctuations in the cost, and delay in the delivery, of raw materials, mining equipment and purchased components.

Met coal mining consumes large quantities of commodities including steel, copper, rubber products, diesel and other liquid fuels, and requires the use of capital equipment. Some commodities, such as steel, are needed to comply with roof control plans required by regulation. The cost of roof bolts we use in our mining operations depends on the price of scrap steel. The prices we pay for commodities and capital equipment are strongly impacted by the global market. A rapid or significant increase in the costs of commodities or capital equipment we use in our operations could impact our mining operations costs because we may have a limited ability to negotiate lower prices and, in some cases, may not have a ready substitute.

We use equipment in our met coal mining and transportation operations such as continuous mining units, conveyors, shuttle cars, rail cars, locomotives, roof bolters, shearers and shields. Some equipment and materials are needed to comply with regulations, such as proximity detection devices on continuous mining machines. We procure some of this equipment from a concentrated group of suppliers, and obtaining this equipment often involves long lead times. Occasionally, demand for such equipment by mining companies can be high and some types of equipment may be in short supply. Delays in receiving or shortages of this equipment, as well as the raw materials used in the manufacturing of supplies and mining equipment, which, in some cases, do not have ready substitutes, or the cancellation of our supply contracts under which we obtain equipment and other consumables, could limit our ability to obtain these supplies or equipment. In addition, there continues to be consolidation in the supplier base providing mining materials and equipment, which has resulted in a limited number of suppliers for certain types of equipment and supplies. If any of our suppliers experiences an adverse event (including as a result of the COVID-19 pandemic), decides to cease producing products used by the mining industry, or decides to no longer do business with us, we may be unable to obtain sufficient equipment and raw materials in a timely manner or at a reasonable price to allow us to meet our production goals and our revenues may be materially adversely impacted.

We use considerable quantities of steel in the mining process. If the price of steel or other materials increases substantially or if the value of the U.S. dollar declines relative to foreign currencies with respect to certain imported supplies or other products, our operating expenses could increase. Any of the foregoing events could materially and adversely impact our business, financial condition, results of operations and cash flows.

Our business may require substantial ongoing capital expenditures, and we may not have access to the capital required to reach full productive capacity at our mines.

Maintaining and expanding mines and related infrastructure is capital intensive. Specifically, the exploration, permitting and development of met coal reserves, mining costs, the maintenance of machinery, facilities and equipment and compliance with applicable laws and regulations require ongoing capital expenditures. While a significant amount of the capital expenditures required at our mines has been spent, we must continue to invest capital to maintain our production. In addition, any decisions to increase production at our existing mines or the development of the high-quality met coal recoverable reserves at Blue Creek could also affect our capital needs or cause future capital expenditures to be higher than in the past and/or higher than our estimates. We cannot assure you that we will be able to maintain our production levels or generate sufficient cash flow, or that we will have access to sufficient financing to continue our production, exploration, permitting and development activities at or above our present levels and on our current or projected timelines, and we may be required to defer all or a portion of our capital expenditures. Our results of operations, business and financial condition may be materially adversely affected if we cannot make such capital expenditures.

To fund our capital expenditures, we will be required to use cash from our operations, incur debt or sell equity securities. Using cash from operations will reduce cash available for maintaining or increasing our operations activities. Our ability to obtain bank financing or our ability to access the capital markets for future equity or debt offerings, on the other hand, may be limited by our financial condition at the time of any such financing or offering and the covenants in our existing debt agreements, as well as by general economic conditions, contingencies and uncertainties that are beyond our control, such as the COVID-19 pandemic. If cash flow generated by our operations or available borrowings under our bank financing arrangements are insufficient to meet our capital requirements and we are unable to access the capital markets on acceptable terms or at all, we could be forced to curtail the expansion of our existing mines and the development of our properties, which, in turn, could lead to a decline in our production and could materially and adversely affect our business, financial condition and results of operations.

Work stoppages, such as the strike initiated by the UMWA in April 2021, labor shortages and other labor relations matters may harm our business. Union-represented labor creates an increased risk of work stoppages and higher labor costs.

If we fail to maintain satisfactory labor relations, disputes with the unionized portion of our workforce could affect us adversely. Union-represented labor creates an increased risk of work stoppages and higher labor costs. As of March 31, 2021, 66.8% of our employees were represented by the UMWA. In connection with the acquisition of certain assets of Walter Energy, we negotiated the CBA with the UMWA, which was ratified by the UMWA's members on February 16, 2016 and had a five-year term. The CBA contract with the UMWA expired on April 1, 2021, and the UMWA initiated a strike. While the Company has business continuity plans in place, the strike may still cause disruption to production and shipment activities and our operations and profitability could be adversely affected. In addition, future work stoppages, labor union issues or labor disruptions at our mining operations, as well as at the operations of key customers or service providers, could impede our ability to produce and deliver our products, to receive critical equipment and supplies or to collect payment. This may increase our costs or impede our ability to operate one or more of our operations.

We require a skilled workforce to run our business. If we cannot hire qualified people to meet replacement or expansion needs, we may not be able to achieve planned results.

Efficient met coal mining using modern techniques and equipment requires skilled laborers with mining experience and proficiency as well as qualified managers and supervisors. The demand for skilled employees sometimes causes a significant constriction of the labor supply resulting in higher labor costs. When met coal producers compete for skilled miners, recruiting challenges can occur and employee turnover rates can increase, which negatively affect operating efficiency and costs. If a shortage of skilled workers exists and we are unable to train or retain the necessary number of miners, it could adversely affect our productivity, costs and ability to expand production.

Significant competition, as well as changes in foreign markets or economies, could harm our sales, profitability and cash flows.

We compete with other producers primarily on the basis of price, met coal quality, transportation costs and reliability of delivery. The consolidation of the global met coal industry over the last several years has contributed to increased competition among met coal producers and we cannot assure you that the result of current or further consolidation will not adversely affect us. In addition, some of our global competitors have significantly greater financial resources and/or a broader portfolio of coals than we do, and in recent periods a number of our competitors idled production in light of lower met coal prices in 2015 and the first half of 2016. The production that was idled by our competitors may restart, and in some instances

has already restarted, and may affect domestic and foreign met coal supply into the seaborne market and associated prices and impact our ability to retain or attract met coal customers.

Further, potential changes to international trade agreements, trade concessions, foreign currency fluctuations or other political and economic arrangements may benefit met coal producers operating in countries other than the United States. We may be adversely impacted on the basis of price or other factors with companies that in the future may benefit from favorable foreign trade policies or other arrangements. In addition, increases in met coal prices could encourage existing producers to expand capacity or could encourage new producers to enter the market. Overcapacity and increased production within the met coal industry, both domestically and internationally, could materially reduce met coal demand and prices and therefore materially reduce our revenues and profitability. In addition, our ability to ship our met coal to international customers depends on port and transportation capacity. Increased competition within the domestic met coal industry for international sales could result in us not being able to obtain throughput capacity at port facilities, as well as transport capacity, could cause the rates for such services to increase to a point where it is not economically feasible to export our met coal.

The general economic conditions in foreign markets and changes in currency exchange rates are factors outside of our control that may affect international met coal prices. If our competitors' currencies decline against the U.S. dollar or against our customers' currencies, those competitors may be able to offer lower prices to our customers. Furthermore, if the currencies of our overseas customers were to significantly decline in value in comparison to the U.S. dollar, on which our sales contracts are based, those customers may seek decreased prices for the met coal that we sell to them. These factors, in addition to adversely affecting the competitiveness of our met coal in international markets, may also negatively impact our collection of trade receivables from our customers and could reduce our profitability or result in lower met coal sales.

Our sales in foreign jurisdictions are subject to risks and uncertainties that may have a negative impact on our profitability.

Substantially all of our met coal sales consist of sales to international customers and we expect that international sales will continue to account for a substantial portion of our revenue. A number of foreign countries in which we sell our met coal implicate additional risks and uncertainties due to the different economic, cultural and political environments. Such risks and uncertainties include, but are not limited to:

- longer sales-cycles and time to collection;
- tariffs and international trade barriers and export license requirements, including any that might result from the current global trade uncertainties;
- fewer or less certain legal protections for contract rights;
- different and changing legal and regulatory requirements;
- potential liability under the U.S. Foreign Corrupt Practices Act of 1977, as amended, or comparable foreign regulations;
- government currency controls;
- fluctuations in foreign currency exchange and interest rates; and
- political and economic instability, changes, hostilities and other disruptions (including as a result of the COVID-19 pandemic), as well as unexpected changes in diplomatic and trade relationships.

Negative developments in any of these factors in the foreign markets into which we sell our met coal could result in a reduction in demand for met coal, the cancellation or delay of orders already placed, difficulty in collecting receivables, higher costs of doing business and/or non-compliance with legal and regulatory requirements, each or any of which could materially adversely impact our cash flows, results of operations and profitability.

New tariffs and other trade measures could adversely affect our results of operations, financial position and cash flows.

New and existing tariffs as well as other trade measures that may be implemented by the U.S. or retaliatory trade measures or tariffs implemented by other countries could result in reduced economic activity, increased costs in operating our business, reduced demand and/or changes in purchasing behaviors for met coal, material changes in the pricing of met coal, limits on trade with the United States or other potentially adverse economic outcomes. While we have been successful at

managing the impacts of trade barriers on our business so far, we cannot predict future developments, and such existing or future tariffs could have a material adverse effect on our results of operations, financial position and cash flows.

We may be subject to litigation, the disposition of which could negatively affect our profitability and cash flow in a particular period, or have a material adverse effect on our business, financial condition and results of operations.

Our profitability or cash flow in a particular period could be affected by an adverse ruling in any litigation that may be filed against us in the future. In addition, such litigation could have a material adverse effect on our business, financial condition and results of operations. See "Part I, Item 3. Legal Proceedings."

Terrorist attacks and cyber-attacks or other security breaches may negatively affect our business, financial condition and results of operations and cash flows.

Our business is affected by general economic conditions, fluctuations in consumer confidence and spending, and market liquidity, all of which can decline as a result of numerous factors outside of our control, such as terrorist attacks and acts of war. Future terrorist attacks against U.S. targets, rumors or threats of war, actual conflicts involving the United States or its allies, or military or trade disruptions affecting our customers could cause delays or losses in transportation and deliveries of met coal to our customers, decreased sales of our met coal and extension of time for payment of accounts receivable from our customers. Strategic targets such as energy-related assets may be at greater risk of future terrorist attacks than other targets in the United States. It is possible that any, or a combination, of these occurrences could have a material adverse effect on our business, financial condition and results of operations.

In addition, we have become increasingly dependent upon digital technologies, including information systems, infrastructure and cloud applications and services, to operate our businesses, process and record financial and operating data, communicate with our employees and business partners, analyze seismic and drilling information, estimate quantities of met coal reserves, as well as other activities related to our businesses. As our dependence on digital technologies has increased, the risk of cyber incidents, including both deliberate attacks and unintentional events, also has increased. A cyber-attack may involve persons gaining unauthorized access to our digital systems for purposes of gathering, monitoring, releasing, misappropriating or corrupting proprietary or confidential information, or causing operational disruption.

To that end, we have implemented security protocols and systems with the intent of maintaining the physical security of our operations and protecting our and our counterparties' confidential information and information related to identifiable individuals against unauthorized access. Despite such efforts, we may be subject to security breaches, which could result in unauthorized access to our facilities or the information that we are trying to protect. Unauthorized physical access to one of our facilities or electronic access to our information systems could result in, among other things, unfavorable publicity, litigation by affected parties, damage to sources of competitive advantage, disruptions to our operations, loss of customers, financial obligations for damages related to the theft or misuse of such information and costs to remediate such security vulnerabilities, any of which could have a substantial impact on our results of operations, financial condition or cash flows. Our insurance may not protect us against such occurrences. While to date we have not experienced any material losses relating to cyber incidents, as cyber incidents continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents.

Our executive officers and other key personnel are important to our success and the loss of one or more of these individuals could harm our business.

Our executive officers and other key personnel have significant experience in the met coal or other commodity businesses and the loss of certain of these individuals could harm our business. Moreover, there may be a limited number of persons with the requisite experience and skills to serve in our senior management positions. Although we have been successful in attracting qualified individuals for key management and corporate positions in the past, there can be no assurance that we will continue to be successful in attracting and retaining a sufficient number of qualified personnel in the future or that we will be able to do so on acceptable terms. The loss of key management personnel could harm our ability to successfully manage our business functions, prevent us from executing our business strategy and have a material adverse effect on our results of operations and cash flows.

Risks Related to Our Industry

Our business may suffer as a result of a substantial or extended decline in met coal pricing or the failure of any recovery or stabilization of met coal prices to endure, as well as any substantial or extended decline in the demand for met coal and other factors beyond our control, which could negatively affect our operating results and cash flows.

Our profitability depends on the prices at which we sell our met coal, which are largely dependent on prevailing market prices. A substantial or extended decrease in met coal pricing or the failure of a price recovery or stabilization following such decrease will negatively affect our operating cash flows. We have experienced significant price fluctuations in our met coal business, and we expect that such fluctuations will continue. Demand for, and therefore the price of, met coal is driven by a variety of factors, including, but not limited to, the following:

- the domestic and foreign supply and demand for met coal;
- the quantity and quality of met coal available from competitors;
- the demand for and price of steel;
- adverse weather, climatic and other natural conditions, including natural disasters;
- domestic and foreign economic conditions, including slowdowns in domestic and foreign economies and financial markets;
- global and regional political events;
- domestic and foreign legislative, regulatory and judicial developments, environmental regulatory changes and changes in energy policy and energy conservation measures that could adversely affect the met coal industry;
- capacity, reliability, availability and cost of transportation and port facilities, and the proximity of available met coal to such transportation and port facilities; and
- other factors beyond our control, such as terrorism, war, and pandemics, including the COVID-19 pandemic.

The met coal industry also faces concerns with respect to oversupply from time to time, which could materially adversely affect our financial condition and results of operations. In addition, reductions in the demand for met coal caused by reduced steel production by our customers, increases in the use of substitutes for steel (such as aluminum, composites or plastics) or less expensive substitutes for met coal and the use of steelmaking technologies that use less or no met coal can significantly adversely affect our financial results and impede growth. Our natural gas business is also subject to adverse changes in pricing due to, among other factors, changes in demand and competition from alternative energy sources.

Our customers are continually evaluating alternative steel production technologies which may reduce demand for our product.

Our product is primarily used as HCC for blast furnace steel producers. High-quality HCC commands a significant price premium over other forms of coal because of its value in use in blast furnaces for steel production. High-quality HCC is a scarce commodity and has specific physical and chemical properties which are necessary for efficient blast furnace operation. Alternative technologies are continually being investigated and developed with a view to reducing production costs or for other reasons, such as minimizing environmental or social impact. If competitive technologies emerge or are increasingly utilized that use other materials in place of our product or that diminish the required amount of our product, such as electric arc furnaces or pulverized coal injection processes, demand and price for our met coal might fall. Many of these alternative technologies are designed to use lower quality coals or other sources of carbon instead of higher cost high-quality HCC. While conventional blast furnace technology has been the most economic large-scale steel production technology for a number of years, and while emergent technologies typically take many years to commercialize, there can be no assurance that over the longer term competitive technologies not reliant on HCC could emerge which could reduce demand and price premiums for HCC.

Substantially all of our revenues are derived from the sale of met coal. This lack of diversification of our business could adversely affect our financial condition, results of operations and cash flows.

We rely on the met coal production from our two active met coal mines for substantially all of our revenues. For the year ended December 31, 2021, revenues from the sale of met coal accounted for approximately 97.1% of our total revenues. As noted above, demand for met coal depends on domestic and foreign steel demand. At times, the pricing and availability of steel can be volatile due to numerous factors beyond our control. Recently, the COVID-19 pandemic has adversely affected the economies and financial markets of many countries, including those of our customers, which are primarily located in Europe,

South America and Asia. Any resulting economic downturn could adversely affect demand for our met coal and contribute to volatile supply and demand conditions affecting prices and volumes. In addition, the ability of our suppliers' and customers' employees to work may be significantly impacted by individuals contracting or being exposed to COVID-19, or as a result of control measures taken by us, other businesses and the government to curtail the spread of the virus, which may significantly affect the demand for met coal. When steel prices are lower, the prices that we charge steelmaking customers for our met coal may decline, which could adversely affect our financial condition, results of operations and cash flows. Since we are heavily dependent on the steelmaking industry, adverse economic conditions in this industry, even in the presence of otherwise favorable economic conditions in the broader coal industry, could have a significantly greater impact on our financial condition and results of operations than if our business were more diversified. In addition, our lack of diversification may make us more susceptible to such adverse economic conditions than our competitors with more diversified operations and/or asset portfolios, such as those that produce thermal coal in addition to met coal.

All of our mining operations are located in Alabama, making us vulnerable to risks associated with having our production concentrated in one geographic area.

All of our mining operations are geographically concentrated in Alabama. As a result of this concentration, we may be disproportionately exposed to the impact of delays or interruptions in production caused by significant governmental regulation, transportation capacity constraints, constraints on the availability of required equipment, facilities, personnel or services, curtailment of production, extreme weather conditions, natural disasters, pandemics (such as COVID-19) or interruption of transportation or other events that impact Alabama or its surrounding areas. If any of these factors were to impact Alabama more than other met coal producing regions, our business, financial condition, results of operations and cash flows will be adversely affected relative to other mining companies with operations in unaffected regions or that have a more geographically diversified asset portfolio.

Met coal mining involves many hazards and operating risks, and is dependent upon many factors and conditions beyond our control, which may cause our profitability and financial position to decline.

Our mining operations, including our preparation and transportation infrastructure, are subject to inherent hazards and operating risks that could disrupt operations, decrease production and increase the cost of mining for varying lengths of time. Specifically, underground mining and related processing activities present risks of injury to persons and damage to property and equipment. In addition, met coal mining is dependent upon a number of conditions beyond our control that can disrupt operations and/or affect our costs and production schedules at particular mines. These risks, hazards and conditions include, but are not limited to:

- variations in geological conditions, such as the thickness of the met coal seam and amount of rock embedded in the met coal deposit and variations in rock and other natural materials overlying the met coal deposit, that could affect the stability of the roof and the side walls of the mine;
- mining, process and equipment or mechanical failures, unexpected maintenance problems and delays in moving longwall equipment;
- the unavailability of raw materials, equipment (including heavy mobile equipment) or other critical supplies such as tires, explosives, fuel, lubricants and other consumables of the type, quantity and/or size needed to meet production expectations;
- adverse weather and natural disasters, such as heavy rains or snow, forest fires, flooding and other natural events, including seismic activities, ground failures, rock bursts or structural cave-ins or slides, affecting our operations or transportation to our customers;
- railroad delays or derailments;
- environmental hazards, such as subsidence and excess water ingress;
- delays and difficulties in acquiring, maintaining or renewing necessary permits or mining rights;
- availability of adequate skilled employees and other labor relations matters;
- security breaches or terroristic acts;

- unexpected mine accidents, including rock-falls and explosions caused by the ignition of met coal dust, natural gas or other explosive sources at our mine sites or fires caused by the spontaneous combustion of met coal or similar mining accidents;
- competition and/or conflicts with other natural resource extraction activities and production within our operating areas, such as natural gas extraction or oil and gas development; and
- other hazards that could also result in personal injury and loss of life, pollution and suspension of operations.

These risks and conditions could result in damage to or the destruction of our mineral properties, equipment or production facilities, personal injury or death, environmental damage, delays in mining, regulatory investigations, actions and penalties, repair and remediation costs, monetary losses and legal liability. In addition, a significant mine accident could potentially cause a suspension of operations or a complete mine shutdown. Our insurance coverage may not be available or sufficient to fully cover claims that may arise from these risks and conditions.

We have also seen adverse geological conditions in the mines, such as variations in met coal seam thickness, variations in the competency and make-up of the roof strata, fault-related discontinuities in the met coal seam and the potential for ingress of excessive amounts of natural gas or water. Such adverse conditions may increase our cost of sales and reduce our profitability, and may cause us to decide to close a mine. Any of these risks or conditions could have a negative impact on our financial condition, results of operations and cash flows.

In addition, if any of the foregoing changes, conditions or events occurs and is not excusable as a force majeure event, any resulting failure on our part to deliver met coal to the purchaser under our contracts could result in economic penalties, suspension or cancellation of shipments or ultimately termination of the agreement, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our business is subject to inherent risks, some for which we maintain third party insurance. We may incur losses and be subject to liability claims that could have a material adverse effect on our financial condition, results of operations or cash flows.

We maintain insurance policies that provide limited coverage for some, but not all, potential risks and liabilities associated with our business. The insurance that we maintain may contain certain deductible amounts and cover risks and liabilities typical for a coal mining business including, but not limited to, property, general liability and business interruption. Although we maintain insurance for a number of risks and hazards, we may not be insured or fully insured against the losses or liabilities that could arise from a significant accident in our coal operations. We may elect not to obtain insurance for any or all of these risks if we believe that the cost of available insurance is excessive relative to the risks presented. Moreover, a significant mine accident could potentially cause a mine shutdown. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition, results of operations and cash flows.

As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially, and in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. As a result, we may not be able to renew our existing insurance policies or procure other desirable insurance on commercially reasonable terms, if at all. In addition, certain environmental, contamination and pollution risks generally are not fully insurable. Even where insurance coverage applies, insurers may contest their obligations to make payments. Our financial condition, results of operations and cash flows could be materially and adversely affected by losses and liabilities from uninsured or under-insured events, as well as by delays in the payment of insurance proceeds, or the failure by insurers to make payments.

We also may incur costs and liabilities resulting from claims for damages to property or injury to persons arising from our operations. We must compensate employees for work-related injuries. If we do not make adequate provision for our workers' compensation and black lung liabilities, or we are pursued for applicable sanctions, costs and liabilities, our operations and profitability could be adversely affected. Certain of our subsidiaries are responsible for medical and disability benefits for black lung disease under federal law and are insured beginning April 1, 2016 for claims made by or on behalf of any of our employees. As a result of our limited operating history as a stand-alone company, the DOL required us to provide insurance coverage rather than be self-insured for these obligations.

The number and quality of viable financing alternatives available to us may be significantly impacted by unfavorable lending and investment policies by financial institutions associated with concerns about environmental impacts of carbon based fuels. Negative views with respect to environmental and social matters and related governance considerations could

result in a low Environmental, Social, and Corporate Governance ("ESG") or sustainability score and could harm the perception of our Company by certain investors or result in the exclusion of our securities from consideration by those investors. In addition, there are fewer insurance companies willing to provide line of business coverages related to ESG concerns which can result in higher company premiums and retained losses.

Global climate change continues to attract considerable public and scientific attention, with widespread concern about the impacts of human activity, especially the emission of GHGs, such as carbon dioxide and methane. Some of our operations, such as methane release resulting from met coal mining, directly emit GHGs.

Certain financial institutions, including banks and insurance companies, have taken actions to limit available financing, insurance and other services to entities that produce or use fossil fuels. Increasingly, the actions of such financial institutions and insurance companies are based upon non-standardized ESG or "sustainability" scores, ratings and benchmarking studies provided by various organizations that assess corporate governance related to environmental and social matters. Currently, there are no universal standards for such scores or ratings, but the importance of sustainability evaluations is becoming more broadly accepted by investors and stockholders. Further, there have been efforts in recent years by members of the general financial and investment communities, including investment advisors, sovereign wealth funds, public pension funds, universities and other institutional investors, to divest themselves and to promote the divestment of securities issued by companies involved in carbon based fuels or that have low ratings or scores in studies and assessments of the type noted above, including coal producers. These entities also have been pressuring lenders to limit financing available to such companies. Companies in the energy industry, and in particular those focused on coal, natural gas or petroleum extraction and refining, often perform less well under ESG assessments compared to companies in other industries. These may have adverse consequences including, but not limited to:

- restricting our ability to access capital and financial markets in the future;
- excluding our securities from the portfolios of certain investment funds and investors;
- reducing the demand and price for our equity securities;
- increasing the cost of borrowing;
- causing a decline in our credit ratings;
- reducing the availability, and/or increasing the cost of, third-party insurance;
- increasing our retention of risk through self-insurance
- making it more difficult to obtain surety bonds, letters of credit, bank guarantees or other financing; and
- limiting our flexibility in business development activities such as the development of Blue Creek, mergers, acquisitions or divestitures.

Defects in title of any real property or leasehold interests in our properties or associated met coal reserves could limit our ability to mine or develop these properties or result in significant unanticipated costs.

All of our mining operations are conducted on properties owned or leased by us. Our right to mine our met coal reserves may be materially adversely affected by defects in title or boundaries or if our property interests are subject to superior property rights of third parties. We do not have title insurance for any of our real property or leasehold interests and, title to most of our owned or leased properties and mineral rights is not usually verified until we make a commitment to mine a property, which may not occur until after we have obtained necessary permits and completed exploration of the property. Any challenge to our title or leasehold interests could delay the mining of the property, result in the loss of some or all of our interest in the property or met coal reserves and increase our costs. In order to conduct our mining operations on properties where these defects exist, we may incur unanticipated costs perfecting title. In addition, if we mine or conduct our operations on property that we do not own or lease, we could incur civil damages or liabilities for such mining operations and be subject to conversion, negligence, trespass, regulatory sanction and penalties. Some leases have minimum production requirements or require us to commence mining operations in a specified term to retain the lease. Failure to meet those requirements could result in losses of prepaid royalties and, in some rare cases, could result in a loss of the lease itself.

We face uncertainties in estimating our proven and probable met coal reserves, and inaccuracies in our estimates of our met coal reserves could result in decreased profitability from lower than expected revenues or higher than expected costs.

Our future performance depends on, among other things, the accuracy of our estimates of our proven and probable met coal reserves. Reserve estimates are based on a number of sources of information, including engineering, geological, mining and property control maps and data, our operational experience of historical production from similar areas with similar conditions and assumptions governing future pricing and operational costs. We update our estimates of the quantity and quality of proven and probable met coal reserves at least annually to reflect the production of met coal from the reserves, updated geological models and mining recovery data, the tonnage contained in new lease areas acquired and estimated costs of production and sales prices. There are numerous factors and assumptions inherent in estimating met coal quantities, qualities and costs to mine, including many factors beyond our control, such as the following:

- geological and mining conditions, including faults in the met coal seam;
- historical production from the area compared with production from other producing areas;
- the percentage of met coal ultimately recoverable;
- the assumed effects of regulations and taxes and other payments to governmental agencies;
- our ability to obtain, maintain and renew all required permits;
- future improvements in mining technology;
- assumptions concerning the timing of the development of the reserves; and
- assumptions concerning equipment and operational productivity, future met coal prices, operating costs, including those for critical supplies such as fuel, tires and explosives, capital expenditures and development and reclamation costs.

Each of these factors may vary considerably from the assumptions used in estimating the reserves. As a result, estimates of the quantities and qualities of economically recoverable met coal attributable to any particular group of properties, classifications of reserves based on risk of recovery, estimated cost of production, and estimates of future net cash flows expected from these properties as prepared by different engineers or by the same engineers at different times may vary materially due to changes in the above factors and assumptions. Actual production recovered from identified reserve areas and properties, and revenues and expenditures associated with our mining operations may vary materially from estimates. Any inaccuracy in our estimates related to our reserves could result in decreased profitability from lower than expected revenues and/or higher than expected costs.

Our inability to develop met coal reserves in an economically feasible manner or our inability to acquire additional met coal reserves that are economically recoverable may adversely affect our business.

Our long-term profitability depends in part on our ability to cost-effectively mine and process met coal reserves that possess the quality characteristics desired by our customers. As we mine, our met coal reserves decline. As a result, our future success depends upon our ability to develop or acquire additional met coal reserves that are economically recoverable to replace the reserves that we produce. Coal is economically recoverable when the price at which our met coal can be sold exceeds the costs and expenses of mining and selling such met coal. We may not be able to obtain adequate economically recoverable replacement reserves when we require them and, even if available, such reserves may not be at favorable prices or we may not be capable of mining those reserves at costs that are comparable to our existing met coal reserves. Our ability to develop or acquire met coal reserves in the future may also be limited by the availability of cash from our operations or financing under our existing or future financing arrangements, as well as certain restrictions under such arrangements. If we are unable to develop or acquire replacement reserves, our future production may decrease significantly as existing reserves are depleted and this may have a material adverse impact on our cash flows, financial position and results of operations.

Any significant downtime of our major pieces of mining equipment could impair our ability to supply met coal to our customers and materially and adversely affect our results of operations and cash flows.

We depend on several major pieces of mining equipment to produce and transport our met coal, including, but not limited to, longwall mining systems, continuous mining units, our preparation plant and blending facilities, and conveyors.

Obtaining or repairing these major pieces of mining equipment often involves long lead times. If any of these pieces of equipment or facilities suffer major damage or are destroyed by fire, abnormal wear, flooding, incorrect operation or otherwise, we may be unable to replace or repair them in a timely manner or at a reasonable cost, which would impact our ability to produce and transport met coal and materially and adversely affect our business, results of operations, financial condition and cash flows. Moreover, MSHA and other regulatory agencies sometimes make changes with regards to requirements for pieces of equipment. For example, in 2015, MSHA promulgated a new regulation requiring the implementation of proximity detection devices on all continuous mining machines. Such changes could cause delays if manufacturers and suppliers are unable to make the required changes in compliance with mandated deadlines.

If either our preparation plant or river barge load-out facilities, or those of a third party processing or loading our met coal, suffer extended downtime, including major damage, or are destroyed, our ability to process and deliver met coal to prospective customers would be materially impacted, which would materially adversely affect our business, results of operations, financial condition and cash flows.

We may not recover our investments in our mining, exploration and other assets, which may require us to recognize impairment charges related to those assets.

The value of our assets may be adversely affected by numerous uncertain factors, some of which are beyond our control, including unfavorable changes in the economic environments in which we operate, lower-than-expected coal pricing, technical and geological operating difficulties, an inability to economically extract our coal reserves and unanticipated increases in operating costs. These may cause us to fail to recover all or a portion of our investments in those assets and may trigger the recognition of impairment charges in the future, which could have a substantial impact on our results of operations.

Because of the volatile and cyclical nature of the U.S. and international coal markets, it is reasonably possible that our current estimates of projected future cash flows from our mining assets may change in the near term, which may result in the need for adjustments to the carrying value of our assets.

Risks Related to Regulatory Compliance

We are responsible for medical and disability benefits for black lung disease under federal law. We assumed certain historical self-insured black lung liabilities of Walter Energy and its subsidiaries incurred prior to April 1, 2016 in connection with the acquisition of certain assets of Walter Energy. We are self-insured for these black lung liabilities and have posted certain collateral with Department of Labor as described below. Changes in the estimated claims to be paid or changes in the amount of collateral required by the Department of Labor may have a greater impact on our profitability and cash flows in the future.

We are responsible for medical and disability benefits for black lung disease under the Federal Coal Mine Health and Safety Act of 1969, the Mine Act and the Black Lung Benefits Act, each as amended, and are self-insured for black lung related claims asserted by or on behalf of former employees of Walter Energy and its subsidiaries as assumed in the acquisition of certain assets of Walter Energy for the period prior to April 1, 2016. We perform an annual actuarial evaluation of the overall black lung liabilities as of each December 31st. The calculation is performed using assumptions regarding rates of successful claims, discount factors, benefit increases and mortality rates, among others. If the number of or severity of successful claims increases, or we are required to accrue or pay additional amounts because the successful claims prove to be more severe than our original assessment, our operating results and cash flows could be negatively impacted. Our self-insurance program for these legacy liabilities is unique to the industry and was specifically negotiated with the DOL requiring us to post \$17.0 million in surety bonds or Treasury bills as collateral in addition to maintaining a black lung trust of \$2.6 million that was acquired in the acquisition of certain assets of Walter Energy. We received a letter from the DOL on February 21, 2020 under its new process for self-insurance renewals that would require us to increase the amount of collateral posted to \$39.8 million, but we have appealed such increase. We received another letter from the DOL on December 8, 2021 requesting additional information to support our appeal of the collateral requested by the DOL. In the event that we are not successful with respect to such appeal, we will be required to post additional collateral. For additional information see "Part I, Item 1. Business-Environmental and Regulatory Matters-Workers' Compensation and Black Lung." Our estimated total black lung liabilities as of December 31, 2021 were \$37.1 million (net of the black lung trust). In future years, the DOL could require us to increase the amount of the collateral which could negatively impact our cash flows.

Our failure to obtain and renew permits necessary for our mining operations could negatively affect our business.

Mining companies must obtain numerous permits that impose strict regulations on various environmental and operational matters in connection with met coal mining. These include permits issued by various federal, state and local

agencies and regulatory bodies. The permitting rules, and the interpretations of these rules, are complex, change frequently and are often subject to discretionary interpretations by the regulators, all of which may make compliance more difficult or impractical, and may possibly preclude the continuance of ongoing operations or the development of future mining operations. The public, including non-governmental organizations, anti-mining groups and individuals, have certain statutory rights to comment upon and submit objections to requested permits and environmental impact statements prepared in connection with applicable regulatory processes, and otherwise engage in the permitting process, including bringing citizens' lawsuits to challenge the issuance of permits, the validity of environmental impact statements or performance of mining activities. In addition, due to the COVID-19 pandemic, there may be delays in obtaining permits from governmental agencies and regulatory bodies. Accordingly, required permits may not be issued or renewed in a timely fashion or at all, or permits issued or renewed may be conditioned in a manner that may restrict our ability to efficiently and economically conduct our mining activities, any of which would materially reduce our production, cash flow and profitability.

Extensive environmental, health and safety laws and regulations impose significant costs on our operations and future regulations could increase those costs, limit our ability to produce or adversely affect the demand for our products.

Our businesses are subject to numerous federal, state and local laws and regulations with respect to matters such as:

- permitting and licensing requirements;
- employee health and safety, including occupational and mine health and safety;
- workers' compensation;
- black lung disease;
- reclamation and restoration of property; and
- environmental laws and regulations, including those related to GHGs and climate change, air quality, water quality, stream and surface water quality and protection, management of materials generated by mining operations, the storage, treatment and disposal of wastes, protection of plant and wildlife such as endangered species, protection of wetlands and remediation of contaminated soil and groundwater.

In addition, the coal industry in the U.S. is affected by significant legislation mandating certain benefits for current and retired coal miners. Compliance with these requirements imposes significant costs on us and can result in reduced productivity. Moreover, the possibility exists that new health and safety legislation and/or regulations may be adopted and/or orders may be entered that may materially and adversely affect our mining operations. We must compensate employees for work-related injuries. If we do not make adequate provisions for our workers' compensation liabilities, it could harm our future operating results. In addition, the erosion through tort liability of the protections we are currently provided by workers' compensation laws could increase our liability for work-related injuries and materially and adversely affect our operating results.

Compliance with applicable federal, state and local laws and regulations may be costly and time-consuming and may delay commencement or interrupt continuation of exploration or production at one or more of our operations. These laws are constantly evolving and may become increasingly stringent. The ultimate impact of complying with existing laws and regulations is not always clearly known or determinable due in part to the fact that certain implementing regulations for these laws have not yet been promulgated and in certain instances are undergoing revision. These laws and regulations, particularly new legislative or administrative proposals (or judicial interpretations of existing laws and regulations), could result in substantially increased capital, operating and compliance costs and could have a material adverse effect on our operations and/or, along with analogous foreign laws and regulations, our customers' ability to use our products.

Due in part to the extensive and comprehensive regulatory requirements, along with changing interpretations of these requirements, violations of applicable federal, state and local laws and regulations occur from time to time in our industry and at our operations. Changes in the law may require an unprecedented compliance effort on our part, could divert management's attention, and may require significant expenditures. To the extent that these expenditures, as with all costs, are not ultimately reflected in the prices of our products and services, operating results will be detrimentally impacted. We believe that our major North American competitors are confronted by substantially similar conditions and thus do not believe that our relative position with regard to such competitors is materially affected by the impact of safety and environmental laws and regulations. However, the costs and operating restrictions necessary for compliance with safety and environmental laws and regulations, which is a major cost consideration for our operations, may have an adverse effect on our competitive position with regard to foreign producers and operators who may not be required to undertake equivalent costs in their operations. In addition, the

specific impact on each competitor may vary depending on a number of factors, including the age and location of its operating facilities, applicable state legislation and its production methods.

Our mines are subject to stringent federal and state safety regulations that increase our cost of doing business at active operations and may place restrictions on our methods of operation. In addition, federal, state or local regulatory agencies have the authority to order certain of our mines to be temporarily or permanently closed under certain circumstances, which could materially and adversely affect our ability to meet our customers' demands.

The Mine Act and the MINER Act impose stringent health and safety standards on mining operations. Regulations that have been adopted under the Mine Act and the MINER Act are comprehensive and affect numerous aspects of mining operations, including training of mining personnel, mining procedure, the equipment used in emergency procedures, and other matters. Alabama has a similar program for mine safety and health regulation and enforcement. The various requirements mandated by law or regulation can place restrictions on our methods of operations, and potentially lead to fees and civil penalties for the violation of such requirements, creating a significant effect on operating costs and productivity.

In addition, federal, state or local regulatory agencies have the authority under certain circumstances following significant health and safety incidents, such as fatalities, to order a mine to be temporarily or permanently closed. If this occurred, we may be required to incur capital expenditures to re-open the mine. In the event that these agencies order the closing of our mines, our met coal sales contracts generally permit us to issue force majeure notices, which suspend our obligations to deliver met coal under these contracts; however, our customers may challenge our issuances of force majeure notices. If these challenges are successful, we may have to purchase met coal from third-party sources, if available, to fulfill these obligations or incur capital expenditures to re-open the mines and/or negotiate settlements with the customers, which may include price reductions, the reduction of commitments, and the extension of time for delivery or terminate customers' contracts. Any of these actions could have a material adverse effect on our business and results of operations.

Increased focus by regulatory authorities on the effects of coal mining on the environment and recent regulatory developments related to coal mining operations, including the federal leasing program, could increase our costs to receive new permits to mine met coal, make it more difficult to comply with our existing permits to mine coal or to obtain federal land and mineral leases, or otherwise adversely affect us.

Regulatory agencies are increasingly focused on the effects of coal mining on the environment, particularly relating to water quality, which has resulted in more rigorous permitting requirements and enforcement efforts. See "Part I, Item 1. Business-Environmental and Regulatory Matters" for a detailed discussion of these regulations and programs.

The SMCRA requires that comprehensive environmental protection and reclamation standards be met during the course of and following completion of mining activities. Among other requirements, the SMCRA provides that the applicable regulatory authority may not issue a permit unless the operation has been designed to prevent material damage to the hydrologic balance outside the permit area. In 1983, the OSM issued rules providing that no land within 100 feet of a stream shall be disturbed by surface mining activities, unless specifically authorized by the regulatory authority. On December 20, 2016, the OSM published a new, finalized "Stream Protection Rule," setting standards for "material damage to the hydrologic balance outside the permit area" that are applicable to surface and underground mining operations. However, on February 16, 2017, former President Trump signed a joint congressional resolution disapproving the Stream Protection Rule pursuant to the Congressional Review Act. Accordingly, the regulations in effect prior to the Stream Protection Rule now apply, including OSM's 1983 rule. It remains unclear whether and how additional actions by the Biden Administration could further impact regulatory or enforcement activities pursuant to the SMCRA.

Section 404 of the Clean Water Act ("CWA") requires mining companies to obtain USACE permits to place material in streams for the purpose of creating slurry ponds, water impoundments, refuse areas, valley fills or other mining activities. As is the case with other met coal mining companies, our construction and mining activities require Section 404 permits. The issuance of permits to construct valley fills and refuse impoundments under Section 404 of the CWA has been the subject of many court cases and increased regulatory oversight, resulting in additional permitting requirements that are expected to delay or even prevent the opening of new mines. For example, in recent years, regulators have adopted more stringent water quality standards for materials such as selenium. We have begun to incorporate these new requirements into our current permit applications; however, there can be no guarantee that we will be able to meet these or any other new standards with respect to our permit applications.

Additionally, in January 2011, the EPA rescinded a federal CWA permit held by another coal mining company for a surface mine in Appalachia citing associated environmental damage and degradation. On April 23, 2013, the D.C. Circuit ruled that the EPA has the power under the CWA to retroactively veto a Section 404 dredge and fill permit "whenever" it makes a

determination about certain adverse effects, even years after the USACE has granted the permit to an applicant. On March 24, 2014, the U.S. Supreme Court denied petitions for review. Subsequently, on July 19, 2016, the D.C. Circuit affirmed the district court's further ruling that the EPA's decision to withdraw approval for disposal sites satisfied administrative requirements. The D.C. Circuit held that the EPA's ex post withdrawal was a product of its broad veto authority under the CWA, not a procedural defect. While our operations are not directly impacted by this ruling, it could be an indication that other surface mining water permits could be subject to more substantial review in the future.

Recent regulatory actions and court decisions have created some uncertainty over the scope of CWA jurisdiction. On June 29, 2015, in response to Supreme Court decisions discussing the scope of CWA jurisdiction, the EPA and the USACE jointly promulgated final rules redefining the scope of waters protected under the CWA, revising regulations that had been in place for more than 25 years. The new rules could expand the scope of CWA jurisdiction, making more waters subject to the CWA's permitting and other discharge requirements. However, on October 22, 2019, the agencies published a final rule to repeal the 2015 rules and then on April 21, 2020, the EPA and the USACE published a replacement rule that would have significantly reduced the scope of waters subject to federal regulation under the CWA. On August 30, 2021, a federal court struck down the replacement rule and, on December 7, 2021, the EPA and the USACE published a proposed rule that would return to a pre-2015 definition of "waters of the United States" while the agencies continue to consult with stakeholders in both the implementation of the rules and future regulatory actions. Additionally, on January 24, 2022, the Supreme Court agreed to hear a case addressing the proper test for determining whether wetlands are "waters of the United States." This case could provide much needed clarification, as confusion over the scope of CWA jurisdiction has led to significant permitting delays, litigation, and uncertainty in the mining industry.

It is unknown what future changes will be implemented to the permitting review and issuance process or to other aspects of mining operations, but increased regulatory focus, future laws and judicial decisions could materially and adversely affect all coal mining companies. In addition, the public, including non-governmental organizations, anti-mining groups and individuals, have certain statutory rights to comment upon and submit objections to requested permits and environmental impact statements prepared in connection with applicable regulatory processes, and otherwise engage in the permitting process, including bringing citizens' lawsuits to challenge the issuance of permits, the validity of environmental impact statements or performance of mining activities.

In each jurisdiction in which we operate, we could incur additional permitting and operating costs, may be unable to obtain new permits or maintain existing permits and could incur fines, penalties and other costs, any of which could materially adversely affect our business. If met coal mining methods are limited or prohibited, it could significantly increase our operational costs and make it more difficult to economically recover a significant portion of our reserves. In the event that we cannot increase the price we charge for met coal to cover the higher production costs without reducing customer demand for our met coal, there could be a material adverse effect on our financial condition and results of operations. In addition, increased public focus on the environmental, health and aesthetic impacts of coal mining could harm our reputation and reduce demand for met coal.

Regulation of air emissions, including GHG emissions, could increase our operating costs and impact the demand for, price of and value of our products.

The federal Clean Air Act and comparable state laws that regulate air emissions affect coal mining operations both directly and indirectly. Direct impacts on coal mining may occur through permitting requirements and/or emission control requirements relating to particulate matter, such as fugitive dust, or fine particulate matter measuring 2.5 micrometers in diameter or smaller. The Clean Air Act indirectly affects our mining operations by extensively regulating the air emissions of sulfur dioxide, nitrogen oxides, mercury, ozone and other compounds emitted by steel manufacturers, coke ovens and coal-fired utilities. Increased regulation of air emissions could increase our operating costs and impact the demand for, price of and value of our products.

Additionally, climate change continues to attract public and scientific attention, and increasing attention by government as well as private businesses is being paid to reducing GHG emissions. There are three primary sources of GHGs associated with the met coal industry. First, the end use of our met coal by our customers in steelmaking is a source of GHGs. Second, combustion of fuel by equipment used in met coal production and to transport our met coal to our customers is a source of GHGs. Third, met coal mining itself can release methane, which is considered to be a more potent GHG than CO₂, directly into the atmosphere. These emissions from met coal consumption, transportation and production are subject to pending and proposed regulation as part of initiatives to address global climate.

There are many legal and regulatory approaches currently in effect or being considered to address GHGs, including international treaty commitments and new foreign, federal and state legislation and regulations, that may impose carbon emissions taxes or fees, incentivize emission reductions, or establish a "cap and trade" program. In particular, at the

international level, in December 2015, the United States participated in the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change (“Conference of Parties”) in Paris, France. The resulting Paris Agreement calls for the parties to undertake “ambitious efforts” to limit the average global temperature, and to conserve and enhance sinks and reservoirs of GHG. The Paris Agreement went into effect on November 4, 2016. The Paris Agreement establishes a framework for the parties to cooperate and report actions to reduce GHG emissions. Although the United States withdrew from the Paris Agreement effective November 4, 2020, President Biden issued an Executive Order on January 20, 2021 to rejoin the Paris Agreement, which went into effect on February 19, 2021. On April 21, 2021, the United States announced that it was setting an economy-wide target of reducing its GHG emissions by 50-52 percent below 2005 levels in 2030. In November 2021, in connection with the 26th session of the Conference of Parties in Glasgow, Scotland, the United States and other world leaders made further commitments to reduce GHGs, including reducing global methane emissions by at least 30% by 2030 and ending the international public finance of new unabated coal power generation abroad by the end of 2021. The resulting Glasgow Climate Pact calls upon the parties to “accelerate efforts towards the phase-down of unabated coal power and phase-out inefficient fossil fuel subsidies.”

The existing laws and regulations or other current and future efforts to stabilize or reduce GHG emissions could adversely impact the demand for, price of and value of our products and reserves. As our operations also emit GHGs directly, current or future laws or regulations limiting GHG emissions could increase our own costs. For example, methane must be expelled from our underground met coal mines for mining safety reasons. Although our natural gas operations capture methane from our underground met coal mines, some methane is vented into the atmosphere when the met coal is mined. In June 2010, Earthjustice petitioned the EPA to make a finding that emissions from coal mines may reasonably be anticipated to endanger public health and welfare, and to list them as a stationary source subject to further regulation of emissions. On April 30, 2013, the EPA denied the petition. Judicial challenges seeking to force the EPA to list coal mines as stationary sources have likewise been unsuccessful to date. If the EPA were to make an endangerment finding in the future, we may have to further reduce our methane emissions, install additional air pollution controls, pay certain taxes or fees for our emissions, incur costs to purchase credits that permit us to continue operations as they now exist at our underground met coal mines or perhaps curtail met coal production. Although the potential impacts on us of additional climate change regulation are difficult to reliably quantify, they could be material.

In addition, there have also been efforts in recent years to influence the investment community, including investment advisors and certain sovereign wealth, pension and endowment funds promoting divestment of fossil fuel equities and pressuring lenders to limit funding to companies engaged in the extraction of fossil fuel reserves. Such environmental activism and initiatives aimed at limiting climate change and reducing air pollution could interfere with our business activities, operations and ability to access capital.

Increasing attention to climate change risk has also resulted in a recent trend of governmental investigations and private litigation by local and state government agencies as well as private plaintiffs in an effort to hold companies accountable for the effects of climate change. Claims have been made against certain companies alleging that GHG emissions constitute a public nuisance under federal and/or state common law. Private individuals or public entities may seek to enforce environmental laws and regulations against us and could allege personal injury, property damages or other liabilities. While we are not a party to any such litigation, we could be named in actions making similar allegations. An unfavorable ruling in any such case could significantly impact our operations and could have an adverse impact on our financial condition.

Further, climate change may cause more extreme weather conditions such as more intense hurricanes, thunderstorms, tornadoes and snow or ice storms, as well as rising sea levels and increased volatility in seasonal temperatures. Extreme weather conditions can interfere with our services and increase our costs, and damage resulting from extreme weather may not be fully insured. However, at this time, we are unable to determine the extent to which climate change may lead to increased storm or weather hazards affecting our operations.

President Biden's regulatory agenda, and a closely divided Congress, creates some regulatory uncertainty for the coal mining industry. Changes in mining or environmental laws could increase costs and harm our business, financial condition and results of operations.

President Biden's regulatory agenda, as well as a closely divided Congress, creates some regulatory uncertainty in the coal mining industry. President Biden has indicated that he is supportive of various programs and initiatives designed to, among other things, curtail climate change, clean up abandoned mines, and “green” the mining industry. In fact, during his first week in office, President Biden issued several executive orders to, among other things, make climate considerations an essential element of U.S. policy. However, he has also called for heavy investment in infrastructure projects, many of which require the use of steel. Indeed, on November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act, which invests billions of dollars in new funding to repair roads and bridges, expand and modernize rail service, and support other

infrastructure projects. It remains unclear what other actions President Biden will take to implement his policy initiatives, and what support he will have for any potential legislature from Congress. Further, it is uncertain to what extent any new mining or environmental laws or regulations, or any repeal of existing mining or environmental laws or regulations, may affect our coal mining operations. However, such actions could materially increase our costs or impair our ability to explore and develop other mining projects, which could materially harm our business, financial condition and results of operations.

Our operations may impact the environment or cause exposure to hazardous substances and our properties may have environmental contamination, which could result in material liabilities to us.

Our operations currently use hazardous materials from time to time. We could become subject to claims for toxic torts, natural resource damages and other damages as well as for the investigation and cleanup of soil, surface water, groundwater and other media. Such claims may arise, for example, out of conditions at sites that we currently own or operate, as well as at sites that we previously owned or operated, or may acquire. Our liability for such claims may be joint and several, so that we may be held responsible for more than our share of the contamination or other damages, or even for the entire amount of damages assessed.

We maintain extensive met coal refuse areas and slurry impoundments at our mining complexes. Such areas and impoundments are subject to comprehensive regulation. Slurry impoundments have been known to fail, releasing large volumes of met coal slurry into the surrounding environment. Structural failure of an impoundment can result in extensive damage to the environment and natural resources, such as bodies of water that the met coal slurry reaches, as well as create liability for related personal injuries, property damages and injuries to wildlife. Some of our impoundments overlie mined out areas, which can pose a heightened risk of failure and the assessment of damages arising out of such failure. If one of our impoundments were to fail, we could be subject to substantial claims for the resulting environmental contamination and associated liability, as well as for related fines and penalties.

Drainage flowing from or caused by mining activities can be acidic with elevated levels of dissolved metals, a condition referred to as AMD. Treatment of AMD can be costly. Although we do not currently face material costs associated with AMD, it is possible that we could incur significant costs in the future.

These and other similar unforeseen impacts that our operations may have on the environment, as well as exposures to hazardous substances or wastes associated with our operations, could result in costs and liabilities that could materially and adversely affect us. See also "Part I, Item 1. Business—Environmental and Regulatory Matters."

Failure to obtain or renew surety bonds on acceptable terms could affect our ability to secure reclamation and coal lease obligations and, therefore, our ability to mine or lease met coal.

Federal and state laws require us to obtain surety bonds or post other financial security to secure performance or payment of certain long-term obligations, such as mine closure or reclamation costs, federal and state workers' compensation and black lung benefits costs, coal leases and other obligations. The amount of security required to be obtained can change as the result of new federal or state laws, as well as changes to the factors used to calculate the bonding or security amounts. We may have difficulty procuring or maintaining our surety bonds. Our bond issuers may demand higher fees or additional collateral, including letters of credit or other terms less favorable to us upon those renewals. Because we are required by state and federal law to have these bonds or other acceptable security in place before mining can commence or continue, our failure to maintain surety bonds, letters of credit or other guarantees or security arrangements would materially and adversely affect our ability to mine or lease met coal. That failure could result from a variety of factors, including lack of availability, higher expense or unfavorable market terms, the exercise by third-party surety bond issuers of their right to refuse to renew the surety and restrictions on availability of collateral for current and future third-party surety bond issuers under the terms of our financing arrangements.

We have reclamation and mine closing obligations. If the assumptions underlying our accruals are inaccurate, we could be required to expend greater amounts than anticipated.

The SMCRA establishes operational, reclamation and closure standards for our mining operations. Alabama has a state law counterpart to SMCRA. We accrue for the costs of current mine disturbance and of final mine closure and reclamation, including the cost of treating mine water discharge where necessary. The amounts recorded are dependent upon a number of variables, including the estimated future closure costs, estimated proven reserves, assumptions involving profit margins, inflation rates and the assumed credit-adjusted risk-free interest rates. If these accruals are insufficient or our liability in a particular year is greater than currently anticipated, our future operating results could be materially affected.

Risks Related to our Financial Results and Finances

We have a substantial amount of indebtedness. Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations and dividend policy, limit our ability to react to changes in the economy or our industry and prevent us from making debt service payments on the Notes.

As of December 31, 2021, we had approximately \$391.9 million of outstanding indebtedness (consisting of \$350.0 million of Notes, net of \$10.2 million in unamortized debt discount and debt issuance costs and \$52.1 million of financing lease obligations), all of which are secured, and \$83.2 million of availability under our ABL Facility (subject to meeting the borrowing base and other conditions therein).

Our substantial indebtedness could have important consequences for us. For example, it could:

- restrict us from making strategic acquisitions, engaging in development activities, introducing new technologies or exploiting business opportunities;
- cause us to make non-strategic divestitures;
- require us to dedicate a substantial portion of our cash flow from operations to the repayment of our indebtedness, thereby reducing funds available to us for other purposes, including the payment of quarterly dividends or any special dividends, as well as engaging in any stock repurchases;
- limit our flexibility in planning for, or reacting to, changes in our operations or business;
- limit our ability to raise additional capital for working capital, capital expenditures, operations, debt service requirements, strategic initiatives or other purposes;
- limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow additional funds or dispose of assets;
- prevent us from raising the funds necessary to repurchase all of the Notes tendered to us upon the occurrence of certain changes of control, which failure to repurchase would constitute a default under the indenture governing the Notes;
- make it more difficult for us to satisfy our obligations with respect to our indebtedness, including the Notes, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the indenture governing the Notes and the agreements governing other indebtedness;
- make us more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- make us more vulnerable to downturns in our business or the economy; or
- expose us to the risk of increased interest rates, as certain of our borrowings, including borrowings under the ABL Facility, are at variable rates of interest and are based upon benchmarks that are subject to potential change or elimination, including as a result of the FCA Announcement (as defined below).

In addition, our ABL Facility and the indenture governing the Notes contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of substantially all of our indebtedness.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness that may not be successful.

Our ability to pay principal and interest on the Notes and the ABL Facility and to satisfy our other debt obligations will depend upon, among other things:

- our future financial and operating performance (including the realization of any cost savings described herein), which will be affected by prevailing economic, industry and competitive conditions and financial, business, legislative, regulatory and other factors, many of which are beyond our control; and

- our future ability to borrow under the ABL Facility, the availability of which depends on, among other things, our complying with the covenants in the ABL Facility.

We cannot assure you that our business will generate cash flow from operations, or that we will be able to draw under the ABL Facility or otherwise, in an amount sufficient to fund our liquidity needs, including the payment of principal and interest on the Notes.

If our cash flows and capital resources are insufficient to service our indebtedness, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness, including the Notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. In addition, the terms of existing or future debt agreements, including the ABL Facility and the indenture governing the Notes, may restrict us from adopting some of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions for fair market value or at all. Furthermore, any proceeds that we could realize from any such dispositions may not be adequate to meet our debt service obligations then due. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, could result in a material adverse effect on our business, results of operations and financial condition and could negatively impact our ability to satisfy our obligations under the Notes.

If we cannot make scheduled payments on our indebtedness, we will be in default, and holders of the Notes could declare all outstanding principal and interest to be due and payable, the lenders under the ABL Facility could terminate their commitments to loan money, our secured lenders (including the lenders under the ABL Facility and the holders of the Notes) could foreclose against the assets securing their loans and the Notes and we could be forced into bankruptcy or liquidation.

Despite our current indebtedness levels, we may still be able to incur substantially more debt, including secured indebtedness.

As of December 31, 2021, we had approximately \$391.9 million of total debt outstanding (consisting of \$350.0 million of Notes, net of \$10.2 million in unamortized debt discount and debt issuance costs, and \$52.1 million of financing lease obligations). Despite our current indebtedness, we may be able to incur substantial additional debt in the future, including secured indebtedness. As of December 31, 2021, the Company had no amounts drawn under the ABL Facility and there were \$9.4 million of letters of credit issued and outstanding under the ABL Facility. At December 31, 2021, the Company had \$83.2 million of availability under the ABL Facility (calculated net of \$9.4 million of letters of credit issued and outstanding at such time). Although covenants under the indenture governing the Notes and the ABL Facility will limit our ability to incur additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and, under certain circumstances, debt incurred in compliance with these restrictions could be substantial. Further, subsidiaries that we designate as unrestricted subsidiaries can incur unlimited additional indebtedness that is structurally senior to the Notes. In addition, the indenture governing the Notes and the ABL Facility will not limit us from incurring obligations that do not constitute indebtedness as defined therein.

If we incur any additional indebtedness secured by liens that rank equally with those securing the Notes, including any additional notes or term loan facilities, the holders of that indebtedness will be entitled to share ratably with the holders in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of our company. If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify. Additionally, we may recapitalize, incur additional indebtedness and take a number of other actions that could have the effect of diminishing our ability to make payments on the Notes when due.

Our debt agreements contain restrictions that will limit our flexibility in operating our business.

The ABL Facility and the indenture governing the Notes contain, and any other existing or future indebtedness of ours would likely contain, a number of covenants that will impose significant operating and financial restrictions on us, including restrictions on our and our subsidiaries ability to, among other things:

- incur additional debt, guarantee indebtedness or issue certain preferred shares;

- pay dividends on or make distributions in respect of, or repurchase or redeem, our capital stock or make other restricted payments;
- prepay, redeem or repurchase subordinated debt;
- make loans or certain investments;
- sell certain assets;
- grant or assume liens;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates;
- alter the businesses we conduct;
- enter into agreements restricting our subsidiaries' ability to pay dividends; and
- designate our subsidiaries as unrestricted subsidiaries.

As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

In addition, our ABL Facility requires us to maintain a minimum fixed charge coverage ratio at any time when the average availability is less than a certain amount at such time. In that event, we must satisfy a minimum fixed charge ratio of 1.0 to 1.0.

A failure to comply with the covenants under the ABL Facility or any of our other future indebtedness could result in an event of default, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. In the event of any such event of default, the lenders thereunder:

- will not be required to lend any additional amounts to us;
- could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable and terminate all commitments to extend further credit;
- could require us to apply all of our available cash to repay these borrowings; or
- could effectively prevent us from making debt service payments on the Notes (due to a cash sweep feature).

Such actions by the lenders under the ABL Facility could also cause cross defaults under our other indebtedness. If we were unable to repay those amounts, the lenders under the ABL Facility could proceed against the collateral granted to them to secure the ABL Facility. If any of our outstanding indebtedness under the ABL Facility or our other indebtedness, including the Notes, were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full.

The need to maintain capacity for required letters of credit could limit our ability to provide financial assurance for self-insured obligations and negatively impact our ability to fund future working capital, capital expenditure or other general corporate requirements.

Our ABL Facility includes, among other things, provisions that provide for the issuance of letters of credit. Obligations secured by letters of credit may increase in the future. If we do not maintain sufficient borrowing capacity under our ABL Facility, we may be unable to provide financial assurance for self-insured obligations and could negatively impact our ability to fund future working capital, capital expenditure or other general corporate requirements.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase.

Borrowings under our ABL Facility are at variable rates of interest and are based upon benchmarks that are subject to potential change or elimination, including as a result of the FCA Announcement (as defined below), and therefore expose us to

interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease.

The transition from LIBOR to SOFR may affect our financial results.

The United Kingdom Financial Conduct Authority ("FCA"), which regulates LIBOR, announced that the FCA would not compel banks to submit rates for the calculation of LIBOR after 2021 (the "FCA Announcement"). Following the FCA Announcement, the Alternative Reference Rates Committee (the "ARRC"), the working group backed by the United States Federal Reserve and tasked with recommending a replacement for U.S. dollar LIBOR, formally recommended the CME Group's forward-looking Secured Overnight Financing Rate ("SOFR") term rates ("SOFR Term Rate") for one-, three- and six-month tenors to replace U.S. dollar LIBOR as the successor benchmark rate, subject to the spread adjustment recommended by the ARRC. The transition from LIBOR to SOFR may result in financial market disruptions and increases in benchmark rates, resulting in increased financing costs to us, any of which could negatively impact the interest expenses associated with any future borrowings under the ABL Facility (which borrowings under the ABL Facility are based on SOFR as discussed under "Description of Other Indebtedness—Amendment and Restatement of ABL Facility"), and have an adverse effect on our business, results of operations, financial condition, and the market price of our common stock.

We may be unable to generate sufficient taxable income from future operations, or other circumstances could arise, which may limit or eliminate our ability to utilize our significant tax NOLs or our deferred tax assets.

In connection with the acquisition of certain assets of Walter Energy consummated on March 31, 2016, we acquired deferred tax assets primarily associated with NOLs attributable to Walter Energy's write-off of its investment in Walter Energy Canada Holdings, Inc. A valuation allowance was established on our opening balance sheet at April 1, 2016 because it was more likely than not that a portion of the acquired deferred tax assets would not be realized in the future. At December 31, 2017, we had a \$312.5 million valuation allowance established against our deferred income tax assets, which represented a full valuation allowance against our net deferred income tax assets. For 2017, we recorded a pre-tax profit of \$416.5 million; however, we remained in a three-year cumulative loss position, had limited operating results as a new Company and given the industry's recent history of significant losses concluded as of December 31, 2017 that another year of significant profitability was needed to support a release of the valuation allowance.

During 2018, we continued our trend of sustained profitability, recording a pre-tax profit of \$471.0 million for the year. During the fourth quarter of 2018, after considering all relevant factors, we concluded that our deferred income tax assets were more likely than not to be realized. In evaluating the likelihood of utilizing our net deferred tax assets, the significant relevant factors that we considered were: (1) our recent history of profitability; (2) growth in the U.S. and global economies; (3) estimate of future HCC prices; (4) we moved from a three-year cumulative loss position to a cumulative income position for the first time since we established the full valuation allowance; and (5) future impact of taxable temporary differences. Based on this evaluation, at December 31, 2018, we released our valuation allowance against our net deferred income tax assets, primarily resulting in the \$225.8 million benefit in our provision for income taxes. As of December 31, 2021, we have considered all positive and negative evidence and concluded that our deferred income tax assets associated with our federal NOLs and general business credit carryforwards remain more likely than not to be realized and a valuation allowance was not required.

On February 12, 2021, the Alabama Governor signed into law Alabama House Bill 170, now Act 2021-1 (the "Act"). The Act makes several changes to the state's business tax structure. Among the provisions of the Act, is the repeal of the so-called corporate income tax "throwback rule." That rule required all sales originating in Alabama and delivered to a jurisdiction where the seller was not subject to tax, to be included in the seller's Alabama income tax base. Thus, prior to repeal of the throwback rule, we had to rely on our Alabama NOL carryforwards to shelter taxes imposed under such throwback rule. As a result of the now repealed throwback rule, effective January 1, 2021, all such sales should now be excluded from Alabama taxable income without the need to utilize Alabama NOLs. As a result of the repeal of the throwback rule, in the first quarter of 2021, we remeasured its Alabama deferred income tax assets and liabilities and recorded a non-cash income tax benefit of \$22.9 million. Additionally, we determined that it is more likely than not that we would have sufficient taxable income to utilize all of our Alabama deferred income tax assets prior to expiration. Therefore, we established a non-cash valuation allowance of \$46.0 million against such deferred income tax assets.

Certain factors could change or circumstances could arise that could further limit or eliminate the amount of the available NOLs to the Company, such as an ownership change, an adjustment by a tax authority or changes in state and federal tax legislation. Also, certain circumstances, including our failing to generate sufficient future taxable income from operations, could limit our ability to fully utilize our deferred tax assets. Under the Internal Revenue Code of 1986, as amended (the "Code"), a company is generally allowed a deduction for NOLs against its federal taxable income. At December 31, 2021, we

had federal and state NOLs of approximately \$722.3 million and \$992.6 million, respectively. In addition, we have approximately \$23.3 million of general business credit carryforwards. These NOLs and income tax credit carryforwards collectively represent a deferred tax asset of approximately \$180.5 million, net of the valuation allowance.

Our NOLs are subject to adjustment on audit by the Internal Revenue Service (the "IRS") and state authorities. The IRS has not audited any of the tax returns for any of the years in which the losses giving rise to the NOLs were generated. Were the IRS to challenge the size or availability of our NOLs and prevail in such challenge, all or a portion of our NOLs, or our ability to utilize our NOLs to offset any future taxable income, may be impaired, which could have a significant negative impact on our financial condition, results of operations and cash flows.

A company's ability to deduct its NOLs and utilize certain other available tax attributes can be substantially constrained under the general annual limitation rules of Section 382 of the Code if it undergoes an "ownership change" as defined in Section 382 or if similar provisions of state law apply. We experienced an ownership change in connection with the acquisition of certain assets of Walter Energy and as such, the limitations under Section 382 would generally apply unless an exception to such rule applies. An exception to the limitation rules of Section 382 is applicable to certain companies under the jurisdiction of a bankruptcy court. Due to certain uncertainties as to whether such exception applies to us, we filed a request for a private letter ruling from the IRS on these points.

On September 18, 2017, the IRS issued to us a private letter ruling, which favorably resolved these uncertainties. Based on such private letter ruling, we believe that there is no current limitation under Section 382 on the utilization of our NOLs to shield our income from federal taxation. The private letter ruling was issued based on, among other things, certain facts and assumptions, as well as certain representations, statements and undertakings provided to the IRS by us. If any of these material facts, assumptions, representations, statements or undertakings are, or become, incorrect, inaccurate or incomplete, the private letter ruling may be invalidated and our ability to rely on the conclusions reached therein could be jeopardized.

While we do not believe an ownership change has occurred since April 1, 2016, because the rules under Section 382 are highly complex and actions of our stockholders which are beyond our control or knowledge could impact whether an ownership change has occurred, we cannot give you any assurance that another Section 382 ownership change has not occurred or will not occur in the future. As a result of our qualifying for the aforementioned exception, were we to have undergone a subsequent ownership change prior to April 1, 2018, our NOLs would effectively be reduced to zero. An ownership change after such date would severely limit our ability to utilize our NOLs and other tax attributes.

Certain transactions, including public offerings by us or our stockholders and redemptions may cause us to undergo an "owner shift" which by itself or when aggregated with other owner shifts that we have undergone or will undergo could cause us to experience an ownership change. Our certificate of incorporation contains transfer restrictions (the "382 Transfer Restrictions") to minimize the likelihood of an ownership change. See "-Risks Related to the Ownership of Our Common Stock-Our common stock is subject to the 382 Transfer Restrictions under our certificate of incorporation and the Rights Agreement which are intended to prevent a Section 382 "ownership change," which if not complied with, could result in the forfeiture of such stock and related distributions or substantial dilution of the stock ownership, respectively. Accordingly, this may impact the market price of our common stock and discourage third parties from seeking strategic transactions with us that could be beneficial to our stockholders." The 382 Transfer Restrictions were originally set to expire in April 2020. Pursuant to the amendment to the certificate of incorporation approved by the Company's stockholders at the Company's Annual Meeting of Stockholders held on April 23, 2019, the Company effected a three-year extension of the Transfer Restrictions, which became effective on March 18, 2020 upon the filing of a certificate of amendment setting forth such amendment with the Secretary of State of the State of Delaware. In addition, on February 14, 2020, we adopted an NOLs rights agreement (the "Rights Agreement") to supplement the 382 Transfer Restrictions. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Rights Agreement." We may engage in transactions or approve waivers of the 382 Transfer Restrictions or the Rights Agreement that may cause an ownership shift. In doing so, we expect to first perform the calculations necessary to confirm that our ability to use our NOLs and other federal income tax attributes will not be affected or otherwise determine that such transactions or waivers are in our best interests. For example, under certain circumstances, the Board may determine it is in our best interest to exempt certain transactions from the operation of the 382 Transfer Restrictions and the Rights Agreement, if such transaction is determined not to be detrimental to the utilization of our NOLs or otherwise in our best interests. These calculations are complex and reflect certain necessary assumptions. Accordingly, it is possible that we could approve or engage in a transaction involving our common stock that causes an ownership change and impairs the use of our NOLs and other federal income tax attributes. For more information, see "-Risks Related to the Ownership of Our Common Stock-We could engage in or approve transactions involving our common stock that adversely affect significant stockholders and our other stockholders."

Risks Related to the Ownership of our Common Stock

The market price of our common stock may fluctuate significantly and investors in our common stock could incur substantial losses.

The market price of our common stock could fluctuate significantly due to a number of factors, including:

- our quarterly or annual earnings, or those of other companies in our industry;
- actual or anticipated fluctuations in our operating and financial results, including reserve estimates;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the public reaction to our press releases, our other public announcements and our filings with the SEC;
- announcements by us or our competitors of significant acquisitions, dispositions or innovations;
- changes in financial estimates and recommendations by securities analysts following our stock, or the failure of securities analysts to cover our common stock;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- declaration of bankruptcy by any of our customers or competitors;
- general economic conditions, overall market fluctuations, and changes in the price of met coal, steel or other commodities, including the impact of the COVID-19 pandemic on any of the foregoing;
- additions or departures of key management personnel;
- actions by our stockholders;
- the trading volume of our common stock;
- sales of our common stock by us or the perception that such sales may occur; and
- changes in business, legal or regulatory conditions, or other developments (including the COVID-19 pandemic) affecting participants in, and publicity regarding, the met coal mining business, the domestic steel industry or any of our significant customers.

In particular, the realization of any of the risks described in these “Risk Factors” could have a material and adverse impact on the market price of our common stock in the future and cause the price of our stock to decline. In addition, the stock market in general has experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock, regardless of our actual performance. In the past, following periods of volatility in the market price of a company’s securities, stockholders have often instituted securities class action litigation against the company. If we were to be involved in a class action lawsuit, it could divert the attention of senior management, and, if adversely determined, have a material adverse effect on our business, results of operations and financial condition.

If securities or industry analysts adversely change their recommendations regarding our stock or if our operating results do not meet their expectations, our stock price could decline.

The trading market for our common stock could be influenced by the research and reports that industry or securities analysts may publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading

volume to decline. Moreover, if one or more of the analysts who cover our company downgrade our stock or if our operating results do not meet their expectations, our stock price could decline.

Any declaration and payment of future dividends to holders of our common stock may be limited by restrictive covenants of our ABL Facility and the indenture governing the Notes, and will be at the sole discretion of the Board and will also depend on many factors.

Any declaration and payment of future dividends to holders of our common stock may be limited by restrictive covenants of our ABL Facility and the indenture governing the Notes, and will be at the sole discretion of the Board and will depend on many factors, including our financial condition, earnings, capital requirements, level of indebtedness, borrowing availability under our ABL Facility, statutory and contractual restrictions applying to the payment of dividends and other considerations that the Board deems relevant. The terms of our ABL Facility and the indenture governing the Notes may restrict our ability to pay cash dividends on our common stock. We are prohibited from paying any cash dividend on our common stock unless we satisfy certain conditions. Furthermore, we are permitted under the terms of our ABL Facility and the indenture governing the Notes to incur additional indebtedness, the terms of which may severely restrict or prohibit the payment of dividends and the associated debt service may impact our ability to satisfy the conditions for paying dividends under our ABL Facility and the indenture governing the Notes. The agreements governing our current and future indebtedness may not permit us to pay dividends on our common stock.

An investor's percentage ownership in us may be diluted by future issuances of capital stock or securities or instruments that are convertible into our capital stock, which could reduce its influence over matters on which stockholders vote.

The Board has the authority, without action or vote of our stockholders, to issue all or any part of our authorized but unissued shares of common stock, including shares issuable upon the exercise of options, shares that may be issued to satisfy our obligations under our incentive plans, shares of our authorized but unissued preferred stock and securities and instruments that are convertible into our common stock. Issuances of common stock or voting preferred stock would reduce an investor's influence over matters on which our stockholders vote and, in the case of issuances of preferred stock, likely would result in its interest in us being subject to the prior rights of holders of that preferred stock.

We may issue preferred stock whose terms could adversely affect the voting power or value of our common stock.

Our certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our common stock respecting dividends and distributions, as the Board may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. In addition, the issuance of such preferred stock could make it more difficult for a third party to acquire us. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the common stock. On February 14, 2020, the Company entered into the Rights Agreement. In connection with the adoption of the Rights Agreement, the Board approved a certificate of designations of Series A Junior Participating Preferred Stock designating 140,000 shares of preferred stock, which was filed on February 14, 2020 with the Secretary of State of the State of Delaware and became effective on such date. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Designation of Series A Junior Participating Preferred Stock."

Our common stock is subject to the 382 Transfer Restrictions under our certificate of incorporation and the Rights Agreement which are intended to prevent a Section 382 "ownership change," which if not complied with, could result in the forfeiture of such stock and related dividends or substantial dilution of the stock ownership, respectively. Accordingly, this may impact the market price of our common stock and discourage third parties from seeking strategic transactions with us that could be beneficial to our stockholders.

Our certificate of incorporation contains certain transfer restrictions on our shares, which we refer to as the "382 Transfer Restrictions." The 382 Transfer Restrictions are intended to prevent the likelihood that we will be deemed to have an "ownership change" within the meaning of Section 382 of the Code that could limit or eliminate our ability to utilize significant NOLs and other federal income tax attributes under and in accordance with the Code and regulations promulgated by the IRS.

In particular, without the approval of the Board, no person or group of persons treated as a single entity under Treasury Regulation Section 1.382-3 will be permitted to acquire, whether directly, indirectly or constructively, and whether in one

transaction or a series of related transactions, any of our common stock or any other instrument treated as stock for purposes of Section 382, to the extent that after giving effect to such purported acquisition (a) the purported acquirer, or any other person by reason of the purported acquirer's acquisition, would become a Substantial Holder (as defined below), or (b) the percentage of ownership of our common stock by a person that, prior to giving effect to the purported acquisition, is already a Substantial Holder would be increased. A "Substantial Holder" is a person that owns (as determined for purposes of Section 382 of the Code) at least 4.99% of the total value of our common stock, including any instrument treated as stock for purposes of Section 382 of the Code.

Furthermore, under our certificate of incorporation, the Board has the sole power to determine compliance with the 382 Transfer Restrictions and we cannot assure you that the Board will concur with any conclusions reached by any holder of our securities or their respective advisors, and/or approve or ratify any proposed acquisitions of our securities. If the Board determines that a Prohibited Transfer (as defined in our certificate of incorporation) has occurred, such Prohibited Transfer shall, to the fullest extent permitted by law, be void *ab initio* and have no legal effect, and upon written demand by us, the Purported Transferee (as defined in the certificate of incorporation) shall disgorge or cause to be disgorged our securities, together with any dividends or distributions received, with respect to such securities.

On February 14, 2020, we adopted the Rights Agreement to supplement the 382 Transfer Restrictions. In general terms, the Rights Agreement works by imposing a significant penalty upon any person or group that acquires 4.99% or more of the outstanding common stock or any existing stockholder who currently owns 5.00% or more of the common stock that acquires any additional shares of common stock (such person, group or existing stockholder, an "Acquiring Person") without the approval of the Board. Under the Rights Agreement, from and after February 28, 2020, each share of our common stock carries with it one preferred share purchase right until the earlier of the date when the preferred share purchase rights become exercisable or expire. The Rights Agreement also gives discretion to the Board to determine that someone is an Acquiring Person even if they do not own 4.99% or more of the outstanding common stock but do own 4.99% or more in value of the Company's outstanding stock, as determined pursuant to Section 382 of the Code and the regulations promulgated thereunder. In addition, the Board has established procedures to consider requests to exempt certain acquisitions of the Company's securities from the Rights Agreement if the Board determines that doing so would not limit or impair the availability of the NOLs or is otherwise in the best interests of the Company. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Rights Agreement.

The 382 Transfer Restrictions and the Rights Agreement may make our stock less attractive to large institutional holders and limit the price that investors might be willing to pay for shares of our common stock and otherwise have an adverse impact on the market for our common stock. In addition, these restrictions could discourage a third party from proposing a change of control or other strategic transaction concerning the Company or otherwise have the effect of delaying or preventing a change of control of the Company that other stockholders may view as beneficial. Because of the complexity of applying Section 382, and because the determination of ownership for purposes of Section 382 does not correspond to SEC beneficial ownership reporting on Schedules 13D and 13G, stockholders and potential acquirers of our securities should consult with their legal and tax advisors prior to making any acquisition of our securities that could implicate the 382 Transfer Restrictions.

We could engage in or approve transactions involving our common stock that adversely affect significant stockholders and our other stockholders.

Under the 382 Transfer Restrictions that are contained in our certificate of incorporation and the Rights Agreement, our 4.99% stockholders will effectively be required to seek the approval of, or a determination by, the Board before they engage in certain transactions involving our common stock. Furthermore, we could engage in or approve transactions involving our common stock that limit our ability to approve future transactions involving our common stock by our 4.99% stockholders without impairing the use of our federal income tax attributes. In addition, we could engage in or approve transactions involving our common stock that cause stockholders owning less than 4.99% to become 4.99% stockholders, resulting in those stockholders' having to either disgorge our securities, and any dividends or distributions related to such securities, in accordance with the 382 Transfer Restrictions or seek the approval of, or a determination by, the Board before they could engage in certain future transactions involving our common stock.

Provisions in our certificate of incorporation and bylaws and Delaware law, as well as the Rights Agreement, make it more difficult to effect a change in control of the Company, which could adversely affect the price of our common stock.

The existence of some provisions in our certificate of incorporation and bylaws and Delaware corporate law, as well as the Rights Agreement, could delay or prevent a change in control of our company, even if that change would be beneficial to

our stockholders. Our certificate of incorporation and bylaws contain provisions that may make acquiring control of our company difficult, including:

- the Board's ability to issue, from time to time, one or more series of preferred stock and, with respect to each such series, to fix the terms thereof by resolution;
- provisions relating to the appointment of directors upon an increase in the number of directors or vacancy on the Board;
- provisions requiring stockholders to hold at least a majority of our outstanding common stock in the aggregate to request special meetings;
- provisions that restrict transfers of our stock (including any other instruments treated as stock for purposes of Section 382) that could limit our ability to utilize NOLs;
- provisions that provide that the doctrine of "corporate opportunity" will not apply with respect to the Company, to any of our stockholders or directors, other than any stockholder or director that is an employee, consultant or officer of ours; and
- provisions that set forth advance notice procedures for stockholders' nominations of directors and proposals for consideration at meetings of stockholders.

In addition, we have elected to opt out of Section 203 of the Delaware General Corporation Law ("DGCL"), which, subject to some exceptions, prohibits business combinations between a Delaware corporation and an interested stockholder, which is generally defined as a stockholder who becomes a beneficial owner of 15% or more of a Delaware corporation's voting stock for a three-year period following the date that the stockholder became an interested stockholder.

These provisions also could discourage proxy contests and make it more difficult for you and other stockholders to elect directors and take other corporate actions. As a result, these provisions could make it more difficult for a third party to acquire us, even if doing so would benefit our stockholders, which may limit the price that investors are willing to pay in the future for shares of our common stock.

The related party transactions and corporate opportunities provisions in our certificate of incorporation permit us to enter into transactions in which one or more of our directors or officers may be a party to or may be interested in and could enable our non-employee directors or stockholders and their affiliates to benefit from corporate opportunities that might otherwise be available to us.

Subject to the limitations of applicable law, our certificate of incorporation, among other things:

- permits us to enter into contracts and transactions in which one or more of our officers or directors may be a party to or may be financially or otherwise interested in so long as such contract or transaction is approved by the Board in accordance with the DGCL;
- permits any of our stockholders or non-employee directors and their affiliates to engage in a corporate opportunity in the same or similar business activities or lines of business in which we engage or propose to engage, compete with us and to make investments in any kind of property in which we may make investments and will not be deemed to have (i) acted in a manner inconsistent with his or her fiduciary or other duties to us regarding the opportunity, (ii) acted in bad faith or in a manner inconsistent with our best interests or (iii) be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that they have engaged in such activities; and
- provides that if any of our stockholders, non-employee directors or their affiliates acquire knowledge of a potential business opportunity, transaction or other matter (other than one expressly offered to any non-employee director in writing solely in his or her capacity as our director), such stockholder, non-employee director or affiliate will have no duty to communicate or offer that opportunity to us, and will be permitted to pursue or acquire such opportunity or offer that opportunity to another person and will not be deemed to have (i) acted in a manner inconsistent with his or her fiduciary or other duties to us regarding the opportunity, (ii) acted in bad faith or in a manner inconsistent with our best interests or (iii) be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that they have pursued or acquired such opportunity or offered the opportunity to another person.

Our stockholders or their affiliates, or our non-employee directors, may become aware, from time to time, of certain business opportunities (such as acquisition opportunities) and may direct such opportunities to other businesses in which they have invested, in which case we may not become aware of or otherwise have the ability to pursue such opportunity. Further, such businesses may choose to compete with us for these opportunities, possibly causing these opportunities to not be available to us or causing them to be more expensive for us to pursue. As a result, our renouncing our interest and expectancy in any business opportunity that may be from time to time presented to our stockholders and their affiliates, or our non-employee directors, could adversely impact our business or prospects if attractive business opportunities are procured by such parties for their own benefit rather than for ours.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We operate two underground mines based in Alabama, Mine No. 4 and Mine No. 7 and own property in Alabama for the development of the Blue Creek mine. Mine No. 4 and Mine No. 7 are deep underground mines with a long history of operations as discussed in further detail below. Mine No. 4, Mine No. 7 and Blue Creek were considered material properties. Our mining operations also consist of other surface met and thermal coal mines, two of which are currently under lease to third parties and four of which are not operating.

Information concerning our mining properties in this Annual Report on Form 10-K has been prepared in accordance with the requirements of subpart 1300 of Regulation S-K, which first became applicable to us for the fiscal year ended December 31, 2021. These requirements differ significantly from the previously applicable disclosure requirements of SEC Industry Guide 7. Among other differences, subpart 1300 of Regulation S-K requires us to disclose our mineral resources, in addition to our mineral reserves, as of the end of the our most recently completed fiscal year both in the aggregate and for each of our individually material mining properties.

As used in this Annual Report on Form 10-K, the terms "mineral resource," "measured mineral resource," "indicated mineral resource," "inferred mineral resource," "mineral reserve," "proven mineral reserve" and "probable mineral reserve" are defined and used in accordance with subpart 1300 of Regulation S-K. Under subpart 1300 of Regulation S-K, mineral resources may not be classified as "mineral reserves" unless the determination has been made by a qualified person that the mineral resources can be the basis of an economically viable project. As such, you are cautioned that, except for that portion of mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic value. Likewise, you are cautioned not to assume that all or any part of measured and indicated mineral resources will ever be converted to mineral reserves.

Technical Report Summary

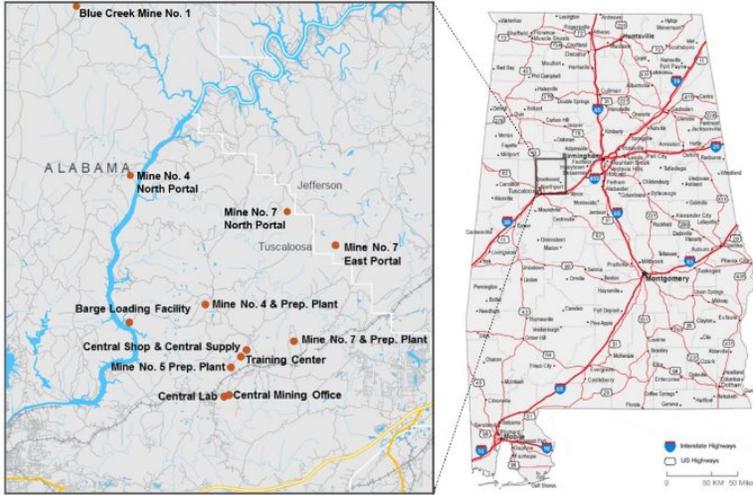
The information that follows relating to our individually material properties: Mine No. 4, Mine No. 7 and Blue Creek, is derived, for the most part, from, and in some instances is an extract from, the technical report summaries ("TRS") relating to such properties prepared in compliance with Item 601(b)(96) and subpart 1300 of Regulation S-K by Marshall Miller. Portions of the following information are based on assumptions, qualifications and procedures that are not fully described herein. Reference should be made to the full text of the TRSs, incorporated herein by reference and made a part of this Annual Report on Form 10-K.

Overview and Highlights

As of December 31, 2021, and under the SEC's new rules governing mineral reserves, specifically subpart 1300 of Regulation S-K under the Modernization of Property Disclosures for Mining Registrants, we had estimated reserves totaling 162.8 million metric tons and estimated mineral resources exclusive of reserves of 44.9 million metric tons. Mine No. 4 and Mine No. 7, our two operating mines, had approximately 90.2 million metric tons of recoverable reserves and our undeveloped

Blue Creek mine contained 63.3 million metric tons of recoverable reserves and 44.9 million metric tons of coal resources exclusive of reserves, which total 108.2 million metric tons.

The following map shows the major locations of our mining operations.



In addition to our underground and surface mines, we utilize a substantial amount of existing infrastructure which includes administration buildings, a central supply maintenance shop, a central supply warehouse, a training center, a central lab for coal quality testing, and a barge loading facility.

Our operations are located in Tuscaloosa County in central Alabama and our headquarters is in the town of Brookwood, Alabama. The nearest major population centers are Tuscaloosa, Alabama and Birmingham, Alabama. Infrastructure in the areas surrounding our operations are very diverse, well established and robust due to the large populations and current industrial activity in the surrounding metropolitan areas of Birmingham and Tuscaloosa. An international airport is located approximately 30 miles to the east of our operations. Access to all of our properties is via well maintained, paved, two-lane public roads with interstate access in close proximity. All of the primary infrastructure that our operations need to operate (power, water, transportation/roads) is available with reasonable access requirements. All of our operations receive power provided by Alabama Power Company. Our operations also are well serviced by major mining equipment manufacturers,

rebuild facilities, and mine supply vendors. Specialized mining service providers including slope, shaft, and preparation plant construction companies are located in the immediate area.

All of our operations were previously owned and controlled by Jim Walter Resources, a subsidiary of Walter Energy. In connection with the acquisition of certain assets of Walter Energy, we acquired the mineral rights for Mine No. 4, Mine No. 7, Blue Creek and the other surface properties in April 2016.

The following table provides the production (in thousands of metric tons) for our operating mines for each of the three years ended December 31, 2021, 2020 and 2019:

Location/Mine	Production		
	2021	2020	2019
Alabama:			
Warrior Met Coal Mining, LLC			
No. 4	736	1,956	2,015
No. 7	4,349	5,176	5,669
Total Alabama	5,085	7,132	7,684

All mining operations are subject to federal and state laws and must obtain permits to operate mines, coal preparation and related facilities, haul roads, and other incidental surface disturbances necessary for mining to occur. Permits generally require that the permittee post a performance bond in an amount established by the regulatory program to provide assurance that any disturbance or liability created during mining operations is properly restored to an approved post-mining land use and that all regulations and requirements of the permits are fully satisfied before the bond is returned to the permittee. Significant penalties exist for any permittee who fails to meet the obligations of the permits including cessation of mining operations, which can lead to potential forfeiture of the bond. We have obtained all mining and discharge permits to operate our mines and processing loadout or related facilities. As of December 31, 2021, we had outstanding surety bonds with parties for post-mining reclamation at all of our mining operations totaling \$40.9 million and \$3.6 million for miscellaneous purposes.

A substantial amount of the coal that the Company mines is produced from mineral reserves leased from third-party land owners. These leases convey mining rights to the Company in exchange for royalties to be paid to the land owner as either a fixed amount per ton or as a percentage of the sales price. Although coal leases have varying renewal terms and conditions,

they generally last for the economic life of the reserves. Coal royalty expense was \$65.4 million, \$49.5 million, \$87.3 million, for the years ended December 31, 2021, December 31, 2020, and December 31, 2019, respectively.

The following table provides the location and quality of our proven and probable mineral reserves as of December 31, 2021.

Summary of Mineral Reserves as of December 31, 2021 ⁽¹⁾ (in millions of metric tons) ⁽²⁾									
Location/Mine	Status of Operation ⁽⁴⁾	Mineral Reserves ⁽³⁾⁽⁵⁾					Quality (Air-Dried Basis)		
		Proven ⁽³⁾	Probable ⁽³⁾	Reserves ⁽³⁾	Owned	Leased	% Ash	% Sulfur	% VM
Alabama:									
No. 4	Production	38.4	1.0	39.4	—	39.4	10.2	0.8	31
No. 7	Production	39.6	11.1	50.7	—	50.7	10.2	0.7	22
Blue Creek	Development	41.5	21.8	63.3	10.7	52.6	10.2	0.7	32
Other ⁽⁶⁾	Various	9.3	—	9.3	9.3	—	7.7 - 20.5	.95 - 2.58	N/A
Total Alabama		128.9	33.9	162.8	20.1	142.7			
Total Warrior Met Coal		128.9	33.9	162.8	20.1	142.7			

(1) The price used and the time frame and point of reference used is discussed in the description of each mine below.

(2) 1 metric ton is equivalent to 1.102311 short tons.

(3) See a description of the material mineral reserve estimates for each mine below. Coal reserve tons were estimated at a 10% moisture and represent the saleable product from the property.

(4) Reserves are further categorized as Proven and Probable as defined by subpart 1300 of Regulation S-K under the Modernization of Property Disclosures for Mining Registrants. Proven reserves are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites of inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established. Probable reserves are reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than for proven reserves, is high enough to assume continuity between points of observation. The range of met coal sales prices used to assess our Mine No. 4 reserves were based on 96 percent of the premium low-vol forecast through 2030 and was held constant beyond that date and varies between \$153 to \$187 per metric ton. The range of met coal sales prices used to assess our Mine No. 7 reserves were based on 98 percent of the premium low-vol forecast through 2030 and was held constant beyond that date and varies between \$156 to \$181 per metric ton. The range of met coal sales prices used to assess our Blue Creek reserves were based on 95 percent of the Platts Index forecast through 2030 and was held constant beyond that date and varies between \$152 to \$185 per metric ton. The categories for proven and probable coal reserves are based on distances from valid points of measurement as determined by the qualified person for the area under consideration. For the Mine No. 7 estimate, measured resource, which may convert to a proven reserve, is based on a 0.25 mile radius from a valid point of observation. The distance between 0.25 and 0.75 of a mile radius was selected to define indicated resources. Mine No. 7 mineral reserves were estimated within an accuracy threshold of plus or minus 15 percent.

(5) The "Status of Operation" for each mine is classified as follows: Development - an established commercially mineable deposit (reserves) is being prepared for extraction but that is not yet in production. Production - the mine is actively operating. Various - consists of idle mines and mines that are actively operating under third party leases.

(6) Our mineral reserves are controlled either through direct ownership of the property or through third-party leases. Third-party leases have initial terms extending up to 30 years and generally provide for terms or renewals through the anticipated life of the associated mine. These renewals are conditioned upon the payment of minimum royalties. Under current mining plans, Mine No. 4 and Mine No. 7 will be mined out within the period of existing leases or within the time period of probable lease renewal periods. All mineral reserves reported are either 100% owned or controlled through lease agreements.

(7) Our other mines consist of other surface met and thermal coal mines, two of which are currently under lease to third parties and four of which are not operating. The proven and probable mineral reserves for these properties were prepared by McGehee Engineering Corporation.

The following table provides the location and quality of our measured, indicated and inferred mineral resources as of December 31, 2021.

Summary of Mineral Resources Exclusive of Reserves as of December 31, 2021⁽¹⁾
(in millions of metric tons)⁽²⁾

Location/Mine	Status of Operation ⁽³⁾	Demonstrated Coal Resources				Quality (Air-Dried Basis)		
		Measured	Indicated	Measured + Indicated	Inferred	% Ash	% Sulfur	% VM
Alabama:								
Blue Creek	Development	—	44.9	44.9	—	19.3	1.6	31
Total Alabama		—	44.9	44.9	—			
Total Warrior Met Coal		—	44.9	44.9	—			

(1) The price used and the time frame and point of reference used is discussed in the description of Blue Creek below.

(2) 1 metric ton is equivalent to 1.102311 short tons.

(3) The "Status of Operation" for each mine is classified as follows: Development - an established commercially mineable deposit (reserves) is being prepared for extraction but that is not yet in production.

Material Mining Properties

The information that follows relating to our individually material properties: Mine No. 4, Mine No. 7 and Blue Creek, is derived, for the most part, from, and in some instances is an extract from, the TRS relating to such properties prepared in compliance with Item 601(b)(96) and subpart 1300 of Regulation S-K by Marshall Miller. Portions of the following information are based on assumptions, qualifications and procedures that are not fully described herein. Reference should be made to the full text of the TRSs, incorporated herein by reference and made a part of this Annual Report on Form 10-K.

The following table provides a comparison of our material proven and probable mineral reserves as of December 31, 2021 and December 31, 2020:

Summary of Material Mineral Reserves as of December 31, 2021 as compared to December 31, 2020
(in thousands of metric tons)⁽¹⁾

Mine	As of December 31,		Change	
	2021	2020	Tons	%
No. 4				
<i>Material Reserves⁽²⁾</i>				
Proven ⁽³⁾	38.4	40.6	(2.2)	(5)%
Probable ⁽³⁾	1.0	0.1	0.9	900 %
Reserves ⁽²⁾	39.4	40.7	(1.3)	(3)%
No. 7				
<i>Material Reserves⁽²⁾</i>				
Proven ⁽³⁾	39.6	40.4	(0.8)	(2)%
Probable ⁽³⁾	11.1	16.4	(5.3)	(32)%
Reserves ⁽²⁾	50.7	56.8	(6.1)	(11)%
Blue Creek				
<i>Material Reserves⁽²⁾</i>				
Proven ⁽³⁾	41.5	64.3	(22.8)	(35)%
Probable ⁽³⁾	21.8	38.7	(16.9)	(44)%
Reserves ⁽²⁾	63.3	103.0	(39.7)	(39)%

(1) 1 metric ton is equivalent to 1.102311 short tons.

(2) See a description of the material mineral reserve estimates for each mine below. Coal reserve tons were estimated at a 10% moisture and represent the saleable product from the property.

(3) Reserves are further categorized as Proven and Probable as defined by subpart 1300 of Regulation S-K under the Modernization of Property Disclosures for Mining Registrants. Proven reserves are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites of inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established. Probable reserves are reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than for proven reserves, is high enough to assume continuity between points of observation.

The Mine No. 4 change in proven and probable mineral reserves and quality is primarily due to a more detailed analysis of yield estimates and incorporation of additional coal quality information as there was minimal production in 2021. The Mine No. 7 change in proven and probable mineral reserves and quality is primarily attributable to production, incorporation of additional exploration drilling and associate coal quality data that has increased the relative percentage of proven tons. The Blue Creek change in proven and probable mineral reserves and quality is primarily due to the new rules governing mineral reserves under subpart 1300 of Regulation S-K combined with a significant portion of tons formerly categorized as reserves being reclassified as a resource exclusive of reserve due to variations in coal quality.

The following table provides a comparison of our material mineral resources exclusive of reserves as of December 31, 2021 and December 31, 2020:

Summary of Material Mineral Resources as of December 31, 2021 as compared to December 31, 2020
(in thousands of metric tons)⁽¹⁾

Mine	As of December 31,		Change	
	2021	2020	Tons	%
Blue Creek				
<i>Mineral Resources</i>				
Measured	—	—	—	—%
Indicated	44,883	—	44,883	100 %
Measured + Indicated	44,883	—	44,883	100 %

(1) 1 metric ton is equivalent to 1.102311 short tons.

The Blue Creek change in coal resources exclusive of reserves and quality is primarily due to the new rules governing mineral reserves under subpart 1300 of Regulation S-K combined with a significant portion of tons formerly categorized as reserves being reclassified as a resource exclusive of reserves due to variations in coal quality.

Mine No. 4

Mine No. 4 was opened by Jim Walter Resources in 1974 and has been in operation since. In 2015, in connection with the Chapter 11 filing by Walter Energy, Mine No. 4 was idled. Upon our acquisition of Mine No. 4 in April 2016, the mine began production. The property has been extensively explored as early as 1916 and as recently as 2021 by subsurface drilling efforts carried out by numerous entities, the majority of which were completed prior to our acquisition of the assets including: by Tennessee Coal, Iron & Railroad Company, U.S. Steel, The Pittsburgh & Midway Coal Mining Company and Walter

Energy, Inc.. The majority of the drilling was accomplished by means of conventional core hole exploration and air rotary drilling with geophysical logging for coalbed methane wells.

The following shows the current property and facilities layout of Mine No 4.



Mine No 4 is located at approximately 87°19'32" latitude and 33°19'49"N longitude which is approximately 20 miles east of Tuscaloosa, Alabama and 30 miles southwest of Birmingham, Alabama. Access to Mine No. 4 is by State Route 59 (Lock 17 Road), a well maintained, paved, two-lane road with interstate access in close proximity to the south, and a short access road to the main entrance of the mine. All of the facilities are in close proximity to high quality, public roads and lie within 2 miles of each other. On site facilities include an administration building, maintenance shop, preparation plant and a stock yard. Mine No. 4 preparation plant services the mine via a skip system which transports extracted coal from an underground bunker to the surface facility. The Mine No. 4 preparation plant has a capacity to process 1,300 raw metric tons per hour.

Rail transportation for the mine sites is provided by CSX railroad and river transportation is available on the Black Warrior River. The rail line and Black Warrior River serves as the primary means of transportation of coal from the mine.

Mine No. 4 is a longwall operation that uses a longwall shearing machine for the extraction of coal at the production face. A chain conveyor is used to remove coal from the longwall face for discharge onto the conveyor belt which then ultimately delivers the coal to a skip system. Development for the longwall is conducted by the extraction of coal from the production faces using continuous miners and haulage using shuttle cars to a feeder-breaker located at the tail of the section conveyor belt. The feeder-breaker crushes large pieces of coal and rock and regulates coal feed onto the mine conveyor. Other

supplemental equipment is used in the production, development and maintenance of the mine such as roof-bolting machines, battery scoops, personnel carriers, supply vehicles, belts, high-voltage cables, transformers, etc.

Mine No. 4 has had multiple improvements to the infrastructure by adding new portal facilities in 2019 and 2021. These facilities have helped to decrease travel time to the active sections, as well as improving the safety of the miners by having shafts closer to the main work areas.

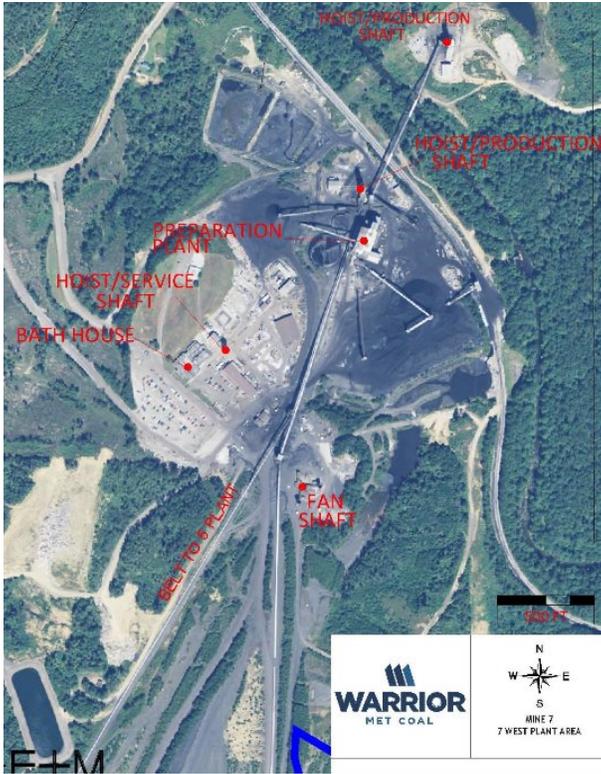
Currently the mine operates a single longwall with advanced features that improves horizon control, dust control, and the latest shield technology for partial automation. The mine routinely updates or rebuilds equipment and during this process, adds the latest safety or production features available. Mine No. 4 preparation plant has also routinely been upgraded with the latest technology. This preparation plant runs the most modern circuits, including an ultrafine coal recovery system. The preparation plant has had numerous upgrades since it's original construction, which has helped it to continue to capture a higher percentage of coal with each upgrade. Mine No. 4 preparation plant most recently completed a new fine coal recovery system in 2020, to further improve overall plant recovery. The net book value of property, plant and equipment associated with Mine No. 4 as of December 31, 2021, was \$136.7 million.

As of the filing of this annual report Mine No. 4 is currently active with two continuous mining sections and one longwall. No. 4, inclusive of depleted mine works and future reserve areas, is composed of approximately 46,000 total acres. Of the 46,000 acres, approximately 17,700 are associated with future mining areas. Future mining areas include approximately 14,900 acres of leased mineral holdings and approximately 2,800 acres of uncontrolled mineral holdings. Our controlled reserves are either through direct ownership of the property or through third-party leases. Third-party leases have initial terms extending up to 30 years and generally provide for terms or renewals through the anticipated life of the associated mine. These renewals are conditioned upon the payment of minimum royalties. Under current mining plans, assigned reserves reported will be mined out within the period of existing leases or within the time period of probable lease renewal periods. All recoverable reserves reported are either 100% owned or controlled through lease agreements. There are no significant title encumbrances to the property.

Mine No. 7

Mine No. 7 was opened by Jim Walter Resources in 1974 and has been in operation since. In connection with the acquisition of certain assets of Walter Energy, we acquired the mineral rights for Mine No. 7 in April 2016. The property has been extensively explored as early 1916 and as recently as 2021 by subsurface drilling efforts carried out by numerous entities, the majority of which were completed prior to our acquisition of the assets including: U.S. Steel, Tennessee Coal, Iron & Railroad Company and Walter Energy. The majority of the drilling was accomplished by means of conventional core hole exploration and air rotary drilling with geophysical logging for coalbed methane wells.

The following shows the current property and facilities layout of Mine No 7.



Mine 7 is located at approximately 87°14'46" longitude and 33°19'35"N latitude which is approximately 20 miles east of Tuscaloosa, Alabama and 30 miles southwest of Birmingham, Alabama. Access to Mine No. 7 is by Hannah Creek road, a well maintained, paved, two-lane road with interstate access in close proximity to the south via Lock 17 road. All of the facilities are in close proximity to high quality, public roads. On site facilities include an administration building, maintenance shop, preparation plant and a stock yard. Mine No. 7 preparation plant services the mine via skip system which transports extracted coal from an underground bunker to the surface facility. Mine No. 7 also uses the No. 5 preparation plant via an

overland conveyor. The Mine No. 7 preparation plant has a capacity to process 1,260 raw metric tons per hour and the Mine No. 5 preparation plant has the capacity to process 900 raw metric tons per hour.

Rail transportation for the mine sites is provided by CSX railroad and river transportation is available on the Black Warrior River. The rail line and Black Warrior River serve as the primary means of transportation of coal from the preparation plants.

Mine No. 7 is a longwall operation that uses a longwall shearing machine for the extraction of coal at the production face. A chain conveyor is used to remove coal from the longwall face for discharge onto the conveyor belt which then ultimately delivers the coal to a skip system. Development for the longwall is conducted by the extraction of coal from the production faces using continuous miners and haulage using shuttle cars to a feeder-breaker located at the tail of the section conveyor belt. The feeder-breaker crushes large pieces of coal and rock and regulates coal feed onto the mine conveyor. Other supplemental equipment is used in the production, development and maintenance of the mine such as roof-bolting machines, battery scoops, personnel carriers, supply vehicles, belts, high-voltage cables, transformers, etc.

Mine No. 7 has had multiple improvements to the infrastructure by adding new portal facilities in 2009 and 2018, among others. These facilities have helped to decrease travel time to the active sections, as well as improving the safety of the miners by having shafts closer to the main work areas. Currently the mine operates two longwalls with advanced features that improve horizon control, face alignment, dust controls, and the latest shield technology for partial automation. The mine routinely updates or rebuilds equipment and during this process, adds the latest safety or production features available.

Mine No. 7 and Mine No. 5 preparation plants also are routinely upgraded with the latest technology. These preparation plants run the most modern circuits, including ultrafine coal recovery systems. Both preparation plants have had numerous upgrades since their construction, which has helped them to continue to capture a higher percentage of coal with each upgrade. Mine No. 7 most recently completed a new fine coal recovery system, with another system also currently under construction, at the same plant, to further improve overall plant recovery. The net book value of property, plant and equipment associated with Mine No. 7 as of December 31, 2021, was \$326.5 million.

As of the filing of this annual report Mine No. 7 is currently active with two longwall sections and five continuous mining sections. Mine No. 7, inclusive of depleted mine works and future reserve areas, is composed of approximately 43,000 total acres. Of the 43,000 acres, approximately 20,300 are associated with future mining areas. Future mining areas include approximately 19,600 acres of leased mineral holdings and approximately 700 acres of uncontrolled mineral holdings. Our controlled reserves are either through direct ownership of the property or through third-party leases. Third-party leases have initial terms extending up to 30 years and generally provide for terms or renewals through the anticipated life of the associated mine. These renewals are conditioned upon the payment of minimum royalties. Under current mining plans, assigned reserves reported will be mined out within the period of existing leases or within the time period of probable lease renewal periods. All recoverable reserves reported are either 100% owned or controlled through lease agreements. There are no significant title encumbrances to the property.

Blue Creek

We believe that Blue Creek represents one of the few remaining untapped reserves of premium High Vol A met coal in the United States and that it has the potential to provide us with meaningful growth. We believe that the combination of a low production cost and the high quality of the High Vol A met coal mined from Blue Creek, assuming we achieve our expected price realizations, will generate some of the highest met coal margins in the U.S., generate strong investment returns for us and achieve a rapid payback of our investment across a range of met coal price environments.

The development of Blue Creek is anticipated to take five to six years and was originally projected to have an estimated cost of approximately \$550 to \$650 million. These costs include, among others, costs to construct a preparation plant and coal handling facility, longwall and continuous miner equipment, belts and advancement material, outside facilities and related matters. Beyond the initial investment, additional capital will be required for sustaining production. This includes rebuilds and replacement of equipment, mine development and multiple bleeder, intake and return shafts. These amounts could be higher now with the passage of time, inflation and labor shortages in the general economy. The Blue Creek mine will be a similar operation to our currently active operations, Mine No. 4 and Mine No. 7.

The mine property is located approximately 87°26'35" latitude and 33°35'21"N longitude. Access to the Blue Creek property is by State Route 69, a well maintained, paved, two-lane road with interstate access in close proximity to both the north and south. The current mine plan allows for three continuous mining sections and a longwall unit to mine simultaneously through the initial stages of mine development. We believe we will have the ability to add a second longwall subsequent to

finalization of development. The project includes surface facilities to be constructed at multiple locations in close proximity. Rail transportation for the proposed mine site is a major rail line and river transportation is available on the Black Warrior River.

We currently control approximately 17,000 total acres of mining rights associated with the Blue Creek project, approximately 88% of which is leased from various entities and individuals. We have plans to continue to acquire additional leases, which are primarily from private entities and individuals as well as federally owned coal via the Bureau of Land Management. Our controlled reserves are either through direct ownership of the property or through third-party leases. Third-party leases have initial terms extending up to 30 years and generally provide for terms or renewals through the anticipated life of the associated mine. These renewals are conditioned upon the payment of minimum royalties. Under current mining plans, assigned reserves reported will be mined out within the period of existing leases or within the time period of probable lease renewal periods. All recoverable reserves reported are either 100% owned or controlled through lease agreements. There are no significant title encumbrances to the property.

The Blue Creek property was formerly controlled by Jim Walter Resources, a subsidiary of Walter Energy. Walter Energy acquired the majority of its mineral rights for the Blue Creek property in 2010 through its purchase of Chevron Mining, Inc. In connection with the acquisition of certain assets of Walter Energy, we acquired the mineral rights for Blue Creek in April 2016. Since the acquisition, we have strategically purchased and leased mineral and surface rights to further assemble the project. The property has been extensively explored as early as 1957 by means of continuous coring and analytic testing, rotary drilling, ongoing drilling associated with coalbed methane production and by downhole geophysical logging methods. The property has been extensively explored by numerous entities, the majority of which were completed prior to our acquisition of the assets including: U.S. Steel, Tennessee Coal, Iron & Railroad Company, The Pittsburgh & Midway Coal Mining Company/Chevron and Walter Energy. We have performed ongoing exploration since acquiring the property and the data we have acquired is consistent with that of past drilling activities.

A life of mine plan was used by the TRS in developing the estimate of proven and probable reserves. The mine plan was generated based on previous mine plans, anticipated lease acquisitions, and operational criteria with modifications where necessary due to geologic mapping or other factors. Carlson Mining software was utilized to generate the life of mine plan. The range of met coal sales prices used to assess our reserves were based on 98 percent of the Platts Index forecast through 2030 and was held constant beyond that date and varies between \$147 to \$191 per metric ton. The categories for proven and probable coal reserves are based on distances from valid points of measurement as determined by the qualified person for the area under consideration. For the Blue Creek mine estimate, measured resources, which may convert to a proven reserve, is based on a 0.25 mile radius from a valid point of observation. The distance between 0.25 and 0.75 of a mile radius was selected to define indicated resources. Blue Creek mineral reserves were estimated within an accuracy threshold of plus or minus 15 percent.

Internal Controls and Material Assumptions

We maintain an internal staff of engineers and geoscience professionals who worked closely with our independent reserve engineers to ensure the integrity, accuracy and timeliness of the data used to calculate our estimated mineral reserves and resources. Our internal technical team members meet with our independent reserve engineers periodically to discuss the assumptions and methods used in the estimation process. We provide historical information to the independent reserve engineers for our properties, such as ownership interest, production, test data, commodity prices, coal quality and operating and development costs. The estimates of mineral reserves and resources may be materially affected if mining, quality, or infrastructure factors change from those currently anticipated.

These estimates are based on engineering, economic and geologic data, coal ownership information and current and proposed mine plans. Our proven and probable coal reserves are reported as mineral reserves, which is an estimate of tonnage and grade or quality of indicated and measured mineral resources that, in the opinion of the qualified person (as defined in the SEC rules), can be the basis of an economically viable project. More specifically, it is the economically mineable part of a measured or indicated mineral resource, which includes diluting materials and allowances for losses that may occur when the material is mined or extracted. These estimates are periodically updated to reflect past coal production, new drilling information and other geologic or mining data. Acquisitions or dispositions of coal properties will also change these estimates. Changes in mining methods may increase or decrease the recovery basis for a coal seam, as will changes in preparation plant processes.

Our reserve estimates are predicated on engineering, economic, and geological data assembled and analyzed by internal engineers, geologists and finance associates, as well as third-party consultants. We update our reserve estimates annually to reflect past coal production, new drilling information and other geological or mining data, and acquisitions or sales of coal properties.

Item 3. Legal Proceedings

We are involved in various legal proceedings occurring in the ordinary course of business. It is the opinion of management, after consultation with legal counsel, that these matters will not materially affect our consolidated financial position, results of operations or cash flows.

The Company is subject to a wide variety of laws and regulations concerning the protection of the environment, both with respect to the construction and operation of its plants, mines and other facilities and with respect to remediating environmental conditions that may exist at its own and other properties. See “Part I, Item 1. Business—Environmental and Regulatory Matters” for additional information. The Company believes that it is in substantial compliance with federal, state and local environmental laws and regulations. The Company accrues for environmental expenses resulting from existing conditions that relate to past operations when the costs are probable and can be reasonably estimated.

Item 4. Mine Safety Disclosures

The information concerning mine safety violations and other regulatory matters is filed as Exhibit 95 to this Annual Report pursuant to the requirements of Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104).

Part II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock began trading on the NYSE under the symbol "HCC" on April 13, 2017. Before then, there was no public market for our common stock.

Capital Allocation Policy

On May 17, 2017, the Board adopted a policy (the "Capital Allocation Policy") of paying a quarterly cash dividend of \$0.05 per share. The Capital Allocation Policy states the following: In addition to the regular quarterly dividend and to the extent that the Company generates excess cash that is beyond the then current requirements of the business, the Board may consider returning all or a portion of such excess cash to stockholders through a special dividend or implementation of a stock repurchase program. Any future dividends or stock repurchases will be at the discretion of the Board and subject to consideration of a number of factors, including business and market conditions, future financial performance and other strategic investment opportunities. We will also seek to optimize our capital structure to improve returns to stockholders while allowing flexibility for us to pursue very selective strategic growth opportunities that can provide compelling stockholder returns. Our ability to pay dividends on our common stock is limited by covenants in the ABL Facility and the indenture governing the Notes and may be further restricted by the terms of any future debt or preferred securities. See "Part I, Item 1A. Risk Factors—Risks Related to the Ownership of our Common Stock—Any declaration and payment of future dividends to holders of our common stock may be limited by restrictive covenants of our ABL Facility and the indenture governing the Notes, and will be at the sole discretion of the Board and will also depend on many factors" and "Part II, Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operation—Liquidity and Capital Resources—ABL Facility" and "—Senior Secured Notes."

Holders

As of February 18, 2022, we had approximately 407 holders of record of our common stock.

Equity Compensation Plans

The following table sets forth certain information relating to our equity compensation plans as of December 31, 2021:

	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants, and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights ⁽¹⁾	Number of Securities Remaining Available for Future Issuance
Equity compensation plans approved by security holders:			
2017 Equity Incentive Plan	841,559 ⁽²⁾	\$ —	4,740,814

(1) The weighted-average exercise price does not take into account restricted stock units or phantom units, which do not have an exercise price.

(2) The number of securities to be issued under our 2017 Equity Incentive Plan represents 828,402 unvested restricted stock units and 13,157 shares of common stock issuable upon settlement of vested restricted stock unit awards.

Stock Repurchases

There were no share repurchases of our common stock made during the quarter ended December 31, 2021.

Stock Performance Graph

The performance graph and the information contained in this section is not "soliciting material", is being "furnished" not "filed" with the SEC and is not to be incorporated by reference into any of our filings under the Securities Act or the Exchange Act whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing.

The following graph shows a comparison from April 13, 2017 (the date our common stock commenced trading on the NYSE) through December 31, 2021 of the cumulative total return for our common stock, the Russell 3000 Stock Index and a peer group comprised of Arch Resources, Inc. and Peabody Energy Corp ("Custom Composite Index"). The Custom Composite Index reflects publicly listed U.S. companies within the coal industry of similar size and product type. The graph assumes that \$100 was invested on April 13, 2017 in our common stock and each index and that all dividends were reinvested.

Note that historical stock price performance is not necessarily indicative of future stock price performance.



ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides a narrative of our results of operations and financial condition for the years ended December 31, 2021, December 31, 2020, and December 31, 2019. You should read the following discussion and analysis of our financial condition and results of operations together with our audited financial statements and related notes appearing elsewhere in this Annual Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in "Part I, Item 1A. Risk Factors," our actual results could differ materially from the results described in, or implied by, the forward-looking statements contained in the following discussion and analysis. Please see "Forward-Looking Statements."

For a discussion and analysis of our results of operations and financial condition for the year ended December 31, 2019, please refer to Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Overview

We are a U.S.-based, environmentally and socially minded supplier to the global steel industry. We are dedicated entirely to mining non-thermal met coal used as a critical component of steel production by metal manufacturers in Europe, South America and Asia. We are a large-scale, low-cost producer and exporter of premium met coal, also known as hard coking coal ("HCC"), operating highly-efficient longwall operations in our underground mines based in Alabama, Mine No. 4 and Mine No. 7.

As of December 31, 2021, Mine No. 4 and Mine No. 7, our two operating mines, had approximately 90.2 million metric tons of recoverable reserves and our undeveloped Blue Creek mine contained 63.3 million metric tons of recoverable reserves and 44.9 million metric tons of coal resources exclusive of reserves, which total 108.2 million metric tons. As a result of our high quality coal, our realized price has historically been in line with, or at a slight discount to, the Platts Index. Our HCC, mined from the Southern Appalachian portion of the Blue Creek coal seam, is characterized by low sulfur, low-to-medium ash, and LV to MV. These qualities make our coal ideally suited as a coking coal for the manufacture of steel.

We sell substantially all of our met coal production to steel producers. Met coal, which is converted to coke, is a critical input in the steel production process. Met coal is both consumed domestically in the countries where it is produced and exported by several of the largest producing countries, such as China, Australia, the United States, Canada and Russia. Therefore, demand for our coal will be highly correlated to conditions in the global steelmaking industry. The steelmaking industry's demand for met coal is affected by a number of factors, including the cyclical nature of that industry's business, technological developments in the steelmaking process and the availability of substitutes for steel such as aluminum, composites and plastics. A significant reduction in the demand for steel products would reduce the demand for met coal, which would have a material adverse effect upon our business. Similarly, if alternative ingredients are used in substitution for met coal in the integrated steel mill process, the demand for met coal would materially decrease, which could also materially adversely affect demand for our met coal.

COVID-19

The global steelmaking industry's demand for met coal is affected by pandemics, epidemics or other public health emergencies, such as the outbreak of the novel coronavirus ("COVID-19"), which was first reported in late 2019. In March 2020, the World Health Organization ("WHO") declared COVID-19 a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. In the two years since then, the pandemic has dramatically impacted the global health and economic environment, including millions of confirmed cases and deaths, business slowdowns or shutdowns, labor shortfalls, supply chain challenges, regulatory challenges, and market volatility. In addition, governments and central banks in several parts of the world have enacted fiscal and monetary stimulus measures to counteract the impacts of COVID-19.

Over the course of 2021, COVID-19 case rates and the health and economic impacts of the pandemic fluctuated dramatically in different communities in the U.S. and globally, particularly with the spread of new variants. We continued to see a prolonged impact on the economy, our industry, and our company, with increased challenges for customers and suppliers, labor shortages, supply chain challenges, and increasing inflation, among other impacts. We expect these and other impacts to continue and possibly worsen, depending on the future course of the pandemic and actions taken in connection with it.

We continue to closely monitor and address the pandemic and related developments, including the impact on our company, our employees, our customers, our suppliers and our communities. The Company has considered and continues to consider and be guided by health data and evolving guidance from the Centers for Disease Control and Prevention (CDC), in particular, as well as other health organizations globally, federal, state and local governmental authorities, and our customers, among others. We have taken, and continue to take, robust actions to help protect the health, safety and well-being of our employees, to support continued performance, to support our suppliers and local communities, and to continue to serve our customers. Our goals have been, and continue to be to lessen the potential adverse impacts, both health and economic, and to continue to position the Company for long-term success. As of the filing of this Form 10-K, the Company has not had to idle or temporarily idle its mines due to COVID-19.

Notwithstanding our continued operations, COVID-19 has had and may continue to have further negative impacts on our two operating mines, supply chain, transportation networks and customers, which may continue to compress our margins, and reduce demand for the met coal that we produce. The COVID-19 outbreak is a widespread public health crisis that is adversely affecting the economies and financial markets of many countries, including those of our customers, which are primarily located in Europe, South America and Asia. A prolonged economic downturn could adversely affect demand for our met coal and contribute to volatile supply and demand conditions affecting prices and volumes. The progression of COVID-19 could also negatively impact our business or results of operations through the temporary closure of one of our mines, customers or critical suppliers, or the McDuffie Coal Terminal at the Port of Mobile in Alabama, or a disruption to our rail and barge carriers, which would delay or prevent deliveries to our customers, among others.

In addition, the ability of our employees and our suppliers' and customers' employees to work may be significantly impacted by individuals contracting or being exposed to COVID-19, or as a result of the control measures noted above, which may significantly affect the demand for met coal. Our customers may be directly impacted by business curtailments or weak market conditions and may not be willing or able to fulfill their contractual obligations or open letters of credit. We may also experience delays in obtaining letters of credit or processing letter of credit payments due to the impacts of COVID-19 on foreign issuing and U.S. intermediary banks. Furthermore, the progression of, and global response to, the COVID-19 outbreak has begun to cause, and increases the risk of, further delays in construction activities and equipment deliveries related to our capital projects, including potential delays in obtaining permits from government agencies. The extent of such delays and other effects of COVID-19 on our capital projects, certain of which are outside of our control, is unknown, but they may impact or delay the timing of anticipated benefits of capital projects.

Collective Bargaining Agreement

Our CBA contract with the UMWA expired on April 1, 2021, and the UMWA initiated a strike which continues today. We continue to negotiate in good faith to reach a new union contract. During the strike, we continue to successfully execute our business continuity plans, allowing us to meet the needs of our valued customers. Due to the strike, we idled Mine No. 4 and scaled back operations at Mine No. 7. In connection with the idling of Mine No. 4 and reduced operations at Mine No. 7, we incurred idle mine expenses of \$33.9 million for the year ended December 31, 2021. These expenses are reported separately in the Statements of Operations and represent expenses incurred while the respective mine is idled or operating below normal capacity, such as electricity, insurance and maintenance labor. Due to the strike, we have also incurred approximately \$21.4 million of business interruption expenses for the year ended December 31, 2021. These expenses represent incremental expenses incurred as a direct result of the strike. These expenses are also presented separately in the Statements of Operations. Despite incurring costs associated with the strike, we have been able to manage our working capital and spending to deliver strong results in the current markets. We believe that we are well positioned to fulfill anticipated customer volume commitments for 2022. In the current environment and without a new contract, the Company believes that production and sales volume for 2022 could be between 5.0 million and 6.0 million metric tons. These volumes include the assumed restart of Mine 4 and continued lower production at Mine 7. Similarly, with a new contract, Warrior believes that production and sales volumes over a twelve-month period could ramp up to a run rate of approximately 7.0 million metric tons within three to four months. While we have business continuity plans in place, the strike may still cause disruption to production and shipping activities, and our plans may vary significantly from quarter to quarter in 2022.

Basis of Presentation

The consolidated financial statements included elsewhere in this Annual Report and the other financial information presented and discussed in this management's discussion and analysis includes the accounts of Warrior Met Coal, Inc. and its subsidiaries (the "Company").

How We Evaluate Our Operations

Our primary business, the mining and exporting of met coal for the steel industry, is conducted in one business segment: Mining. All other operations and results are reported under the "All Other" category as a reconciling item to consolidated amounts, which includes the business results from our sale of natural gas extracted as a byproduct from our underground coal mines and royalties from our leased properties. Our natural gas and royalty businesses do not meet the criteria in ASC 280, *Segment Reporting*, to be considered as operating or reportable segments.

Our management uses a variety of financial and operating metrics to analyze our performance. These metrics are significant factors in assessing our operating results and profitability and include: (i) Segment Adjusted EBITDA; (ii) sales volumes and average selling price, which drive coal sales revenue; (iii) cash cost of sales, a non-GAAP financial measure; and (iv) Adjusted EBITDA, a non-GAAP financial measure.

(in thousands)	For the years ended December 31,		
	2021	2020	2019
Segment Adjusted EBITDA	\$ 474,001	\$ 136,701	\$ 515,253
Metric tons sold	5,699	6,735	7,240
Metric tons produced	5,084	7,132	7,683
Gross price realization ⁽¹⁾	92 %	96 %	98 %
Average net selling price per metric ton	\$ 180.43	\$ 113.12	\$ 170.72
Cash cost of sales per metric ton	\$ 96.43	\$ 92.31	\$ 99.15
Adjusted EBITDA	\$ 457,008	\$ 108,276	\$ 485,693

⁽¹⁾ Gross price realization represents a volume weighted-average calculation of our daily realized price per ton based on gross sales, which excludes demurrage and other charges, as a percentage of the Platts Index.

Segment Adjusted EBITDA

We define Segment Adjusted EBITDA as net income (loss) adjusted for other revenues, cost of other revenues, depreciation and depletion, selling, general and administrative, and certain transactions or adjustments that the CEO, our Chief Operating Decision Maker does not consider for the purposes of making decisions to allocate resources among segments or assessing segment performance. Segment Adjusted EBITDA is used as a supplemental financial measure by management and by external users of our financial statements, such as investors, industry analysts, lenders and ratings agencies, to assess:

- our operating performance as compared to the operating performance of other companies in the coal industry, without regard to financing methods, historical cost basis or capital structure;
- the ability of our assets to generate sufficient cash flow to pay distributions;
- our ability to incur and service debt and fund capital expenditures; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities, such as Blue Creek.

Sales Volumes, Gross Price Realization and Average Net Selling Price

We evaluate our operations based on the volume of coal we can safely produce and sell in compliance with regulatory standards, and the prices we receive for our coal. Our sales volume and sales prices are largely dependent upon the terms of our coal sales contracts, for which prices generally are set on daily index averages or a quarterly basis. The volume of coal we sell is also a function of the pricing environment in the international met coal markets and the amounts of LV and MV coal that we sell. We evaluate the price we receive for our coal on two primary metrics: first, our gross price realization and second, our average net selling price per metric ton.

Our gross price realization represents a volume weighted-average calculation of our daily realized price per ton based on the blended gross sales of our LV and MV coal, excluding demurrage and quality specification adjustments, as a percentage of the Platts Index daily price. Our gross price realizations reflect the premiums and discounts we achieve on our LV and MV coal versus the Platts Index price because of the high quality premium products we sell into the export markets. In addition, the premiums and discounts in a quarter or year can be impacted by a rising or falling price environment.

On a quarterly basis, our blended gross selling price per metric ton may differ from the Platts Index price per metric ton, primarily due to our gross sales price per ton being based on a blended average of gross sales price on our LV and MV coals as compared to the Platts Index price and due to the fact that many of our met coal supply agreements are based on a variety of indices.

Our average net selling price per metric ton represents our coal net sales revenue divided by total metric tons of coal sold. In addition, our average net selling price per metric ton is net of the previously mentioned demurrage and quality specification adjustments.

Cash Cost of Sales

We evaluate our cash cost of sales on a cost per metric ton basis. Cash cost of sales is based on reported cost of sales and includes items such as freight, royalties, manpower, fuel and other similar production and sales cost items, and may be adjusted for other items that, pursuant to GAAP, are classified in the Statements of Operations as costs other than cost of sales, but relate directly to the costs incurred to produce met coal and sell it free-on-board at the Port of Mobile in Alabama. Our cash cost of sales per metric ton is calculated as cash cost of sales divided by the metric tons sold. Cash cost of sales is used as a supplemental financial measure by management and by external users of our financial statements, such as investors, industry analysts, lenders and ratings agencies, to assess:

- our operating performance as compared to the operating performance of other companies in the coal industry, without regard to financing methods, historical cost basis or capital structure; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities, such as Blue Creek.

We believe that this non-GAAP financial measure provides additional insight into our operating performance, and reflects how management analyzes our operating performance and compares that performance against other companies on a consistent basis for purposes of business decision making by excluding the impact of certain items that management does not believe are indicative of our core operating performance. We believe that cash costs of sales presents a useful measure of our controllable costs and our operational results by including all costs incurred to produce met coal and sell it free-on-board at the Port of Mobile in Alabama. Period-to-period comparisons of cash cost of sales are intended to help management identify and assess additional trends potentially impacting our Company that may not be shown solely by period-to-period comparisons of cost of sales. Cash cost of sales should not be considered an alternative to cost of sales or any other measure of financial performance or liquidity presented in accordance with GAAP. Cash cost of sales excludes some, but not all, items that affect cost of sales, and our presentation may vary from the presentations of other companies. As a result, cash cost of sales as presented below may not be comparable to similarly titled measures of other companies.

The following table presents a reconciliation of cash cost of sales to total cost of sales, the most directly comparable GAAP financial measure, on a historical basis for each of the periods indicated.

(in thousands)	For the years ended December 31,		
	2021	2020	2019
Cost of sales	\$ 554,282	\$ 625,170	\$ 720,745
Asset retirement obligation accretion and valuation adjustment	(2,802)	(1,702)	(1,519)
Stock compensation expense	(1,917)	(1,789)	(1,405)
Cash cost of sales	<u>\$ 549,563</u>	<u>\$ 621,679</u>	<u>\$ 717,821</u>

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) before net interest expense, income tax expense (benefit), depreciation and depletion, non-cash asset retirement obligation accretion and valuation adjustments, non-cash stock compensation expense, other non-cash accretion and valuation adjustments, non-cash mark-to-market loss on gas hedges, loss on early extinguishment of debt, business interruption expenses, idle mine expenses and other income and expenses. Adjusted EBITDA is used as a supplemental financial measure by management and by external users of our financial statements, such as investors, industry analysts, lenders and ratings agencies, to assess:

- our operating performance as compared to the operating performance of other companies in the coal industry, without regard to financing methods, historical cost basis or capital structure; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities, such as Blue Creek.

We believe that the presentation of Adjusted EBITDA in this Annual Report provides information useful to investors in assessing our financial condition and results of operations. The GAAP measure most directly comparable to Adjusted EBITDA is net income (loss). Adjusted EBITDA should not be considered an alternative to net income or loss or any other measure of financial performance or liquidity presented in accordance with GAAP. Adjustments excludes some, but not all, items that affect net income (loss) and our presentation of Adjusted EBITDA may vary from that presented by other companies.

The following table presents a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure, on a historical basis for each of the periods indicated.

(in thousands)	For the years ended December 31,		
	2021	2020	2019
Net income (loss)	\$ 150,881	\$ (35,761)	\$ 301,699
Interest expense, net	35,389	32,310	29,335
Income tax expense (benefit)	49,096	(20,144)	65,417
Depreciation and depletion	141,418	118,092	97,330
Asset retirement obligation accretion and valuation adjustment ⁽¹⁾	3,427	2,631	(7,891)
Stock compensation expense ⁽²⁾	9,370	7,602	5,820
Other non-cash accretion and valuation adjustments ⁽³⁾	1,881	6,014	7,042
Non-cash mark-to-market loss on gas hedges	1,595	—	—
Loss on early extinguishment of debt ⁽⁴⁾	9,678	—	9,756
Business interruption ⁽⁵⁾	21,372	—	—
Idle mine ⁽⁶⁾	33,899	—	—
Other income and expenses ⁽⁷⁾	(998)	(2,468)	(22,815)
Adjusted EBITDA	\$ 457,008	\$ 108,276	\$ 485,693

(1) Represents non-cash accretion expense and valuation adjustment associated with our asset retirement obligations (see Note 8 to our consolidated financial statements).

(2) Represents non-cash stock compensation expense associated with equity awards (see Note 12 to our consolidated financial statements).

(3) Represents non-cash accretion expense and valuation adjustment associated with our black lung obligations (see Note 10 to our consolidated financial statements).

(4) Represents a loss incurred in connection with the early extinguishment of debt (see Note 13 to our consolidated financial statements).

(5) Represents business interruption expenses associated with the UMWA strike.

(6) Represents idle mine expenses incurred in connection with the idling of Mine No. 4 and reduced operations at Mine No. 7.

(7) Represents proceeds received upon settlement of a lawsuit, COVID-19 pandemic related expenses and settlement proceeds received for the Shared Services Claim and Hybrid Debt Claim associated with the Walter Canada CCAA and other Walter Claims (each discussed below).

Results of Operations

Year Ended December 31, 2021 and 2020

The following table summarizes certain financial information relating to our operating results that have been derived from our audited financial statements for the year ended December 31, 2021 and 2020.

(in thousands)	For the years ended December 31,			
	2021	% of Total Revenues	2020	% of Total Revenues
Revenues:				
Sales	\$ 1,028,283	97.1 %	\$ 761,871	97.3 %
Other revenues	30,933	2.9 %	20,867	2.7 %
Total revenues	1,059,216	100.0 %	782,738	100.0 %
Costs and expenses:				
Cost of sales (exclusive of items shown separately below)	554,282	52.3 %	625,170	79.9 %
Cost of other revenues (exclusive of items shown separately below)	28,899	2.7 %	33,736	4.3 %
Depreciation and depletion	141,418	13.4 %	118,092	15.1 %
Selling, general and administrative	35,593	3.4 %	32,879	4.2 %
Business interruption	21,372	2.0 %	—	— %
Idle mine	33,899	3.2 %	—	— %
Total costs and expenses	815,463	77.0 %	809,877	103.5 %
Operating income (loss)	243,753	23.0 %	(27,139)	(3.5)%
Interest expense, net	(35,389)	(3.3)%	(32,310)	(4.1)%
Loss on early extinguishment of debt	(9,678)	(0.9)%	—	— %
Other income	1,291	0.1 %	3,544	0.5 %
Income (loss) before income tax expense (benefit)	199,977	18.9 %	(55,905)	(7.1)%
Income tax expense (benefit)	49,096	4.6 %	(20,144)	(2.6)%
Net income (loss)	\$ 150,881	14.2 %	(35,761)	(4.6)%

Sales, production and cost of sales components on a per unit basis for the year ended December 31, 2021 and 2020 were as follows:

Met Coal (metric tons in thousands)	For the years ended December 31,	
	2021	2020
Metric tons sold	5,699	6,735
Metric tons produced	5,084	7,132
Gross price realization	92 %	96 %
Average net selling price per metric ton	\$ 180.43	\$ 113.12
Cash cost of sales per metric ton	\$ 96.43	\$ 92.31

The year ended December 31, 2021 was a challenging year. Despite the ongoing challenges posed by COVID-19 and the UMWA strike, we are pleased with our performance in 2021.

The following list highlights our key accomplishments for the year ended December 31, 2021:

- we achieved an annual sales volume of 5.7 million metric tons and production volume of 5.1 million metric tons;
- we achieved net income of \$150.9 million, or \$2.93 per diluted share;
- we delivered positive cash flows from operations of \$351.5 million and positive free cash flow of \$280.2 million while continuing to invest \$71.4 million in property, plant and equipment and mine development;
- we maintained a strong balance sheet with total liquidity of \$479.0 million, consisting of cash and cash equivalents of \$395.8 million and \$83.2 million available under our ABL Facility;
- we achieved a record total reportable incidence rate of 1.25, which is considerably lower than the national total reportable incidence rate for all underground coal mines in the United States of 4.89 for the nine months ended September 30, 2021 (represents the latest data available);
- we successfully refinanced our senior notes and amended our ABL Facility strengthening our balance sheet and financial position for long term success; and
- we demonstrated an ongoing commitment to returning capital to our stockholders, paying our regular \$0.05 per share quarterly dividends.

Sales were \$1.0 billion for the year ended December 31, 2021, compared to \$761.9 million for the year ended December 31, 2020. The \$266.4 million increase in revenues was primarily driven by a \$383.6 million increase related to a \$67.31 increase in the average selling price per metric ton of met coal offset partially by a \$117.2 million decrease due to a 1.0 million metric ton decrease in met coal sales volume.

Other revenues for the year ended December 31, 2021 were \$30.9 million compared to \$20.9 million for the year ended December 31, 2020. Other revenues are comprised of revenue derived from our natural gas operations, as well as earned royalty revenue. The \$10.1 million increase in other revenues is primarily due to an average increase in natural gas prices of approximately 90% offset partially by a loss of \$1.6 million on our natural gas hedges.

Cost of sales (exclusive of items shown separately below) was \$554.3 million, or 52.3% of total revenues for the year ended December 31, 2021, compared to \$625.2 million, or 79.9% of total revenues for the year ended December 31, 2020. The \$70.9 million decrease in cost of sales was primarily driven by a \$95.6 million decrease due to a 1.0 million metric ton decrease in met coal sales volumes offset partially by a \$23.5 million increase due to a \$4.12 per metric ton increase in the average cash cost of sales per metric ton. The increase in average cash cost of sales per metric ton is primarily due to our variable cost structure in our labor, royalties and logistics contracts that vary in response to changes in met coal prices.

Cost of other revenues was \$28.9 million for the year ended December 31, 2021, compared to \$33.7 million for the year ended December 31, 2020. The \$4.8 million decrease is primarily due to a net change of \$4.3 million in our black lung obligation valuation adjustment recorded annually in the fourth quarter primarily attributable to changes in discount rates and claims history.

Depreciation and depletion was \$141.4 million, or 13.4% of total revenues, for the year ended December 31, 2021, compared to \$118.1 million, or 15.1% of total revenues for the year ended December 31, 2020. The increase in depreciation expense is primarily driven by the immediate recognition of \$20.7 million in depreciation expense that would normally be capitalized into coal inventory when produced but was not due to the idled status of Mine No. 4 combined with a 0.7 million metric ton drawdown in our ending coal inventory balances as depreciation and depletion is first capitalized into coal inventory and relieved when tons are sold.

Selling, general and administrative expenses were \$35.6 million, or 3.4% of total revenues, for the year ended December 31, 2021 compared to \$32.9 million, or 4.2% of total revenues for the year ended December 31, 2020. The \$2.7 million increase in selling, general and administrative expenses is primarily driven by an increase in employee related expenses and stock compensation expense due to the accelerated vesting of awards for certain individuals who have reached retirement eligibility offset partially by a decrease in other professional services.

Business interruption expenses were \$21.4 million for the year ended December 31, 2021. These expenses represent non-recurring expenses that are directly attributable to the ongoing UMWA strike for incremental safety and security, labor negotiations and other expenses.

Idle mine expenses were \$33.9 million for the year ended December 31, 2021. These expenses represent idle expenses incurred in connection with the idling of Mine No. 4 and reduced operations at Mine No. 7, such as electricity, insurance and maintenance labor.

Interest expense, net was \$35.4 million, or 3.3% of total revenues, for the year ended December 31, 2021, compared to \$32.3 million, or 4.1% of total revenues, for the year ended December 31, 2020. The \$3.1 million increase was primarily driven by an increase of \$1.8 million due to interest on new equipment financing leases, an increase of \$0.8 million in interest on our senior notes due to the timing of the issuance of the New Notes (as defined below) and a decrease in interest income.

For the year ended December 31, 2021, we recognized a loss on early extinguishment of debt of \$9.7 million upon the extinguishment of \$343.4 million of our Existing Notes (as defined below). The loss on early extinguishment of debt represents a premium paid to retire the debt, accelerated amortization of debt discount, net, and the write-off of Existing Notes debt issuance costs.

Other income was \$1.3 million, or 0.1% of total revenues, for the year ended December 31, 2021 compared to \$3.5 million or 0.5% of total revenues, for the year ended December 31, 2020. Other income for the year ended December 31, 2021, represents proceeds received in connection with the settlement of a lawsuit offset partially by COVID-19 pandemic related expenses.

In connection with our acquisition of certain core operating assets of Walter Energy, we acquired a receivable owed to Walter Energy by Walter Canada for certain shared services provided by Walter Energy to Walter Canada (the "Shared Services Claim") and a receivable for unpaid interest owed to Walter Energy from Walter Canada in respect of a promissory note (the "Hybrid Debt Claim"). Each of these claims were asserted by us in the Walter Canada CCAA proceedings. Walter Energy deemed these receivables to be uncollectible for the year ended December 31, 2015 and we did not assign any value to these receivables in acquisition accounting as collectability was deemed remote. In 2020, we received \$1.8 million in settlement proceeds for the Shared Services Claim and Hybrid Debt Claim which is reflected as other income in the Statements of Operations. The collectability of additional amounts, if any, related to the Shared Services Claim and Hybrid Debt Claim depends on the outcome of, and the timing of any resolution of, the Walter Canada CCAA proceedings and cannot be predicted with certainty.

During the fourth quarter of 2020, we received \$1.7 million in settlement proceeds related to other Walter Energy claims. As with the Walter Canada CCAA claims, we did not assign any value to these receivables in acquisition accounting as collectability was deemed remote.

For the year ended December 31, 2021, we recognized income tax expense of \$49.1 million or an effective tax rate of 24.6% primarily due to pre-tax income of \$200.0 million combined with the establishment of a non-cash state deferred income tax asset valuation allowance of \$46.0 million offset partially by an income tax benefit of \$22.4 million due to the remeasurement of state deferred income tax assets and liabilities, \$12.2 million of depletion and a \$4.7 million income tax benefit from the IRC Section 451 Marginal Well Credit. The Marginal Well Credit is a production-based tax credit that provides a credit for qualified natural gas production. The credit is phased out when natural gas prices exceed certain levels. For the year ended December 31, 2020, we recognized an income tax benefit of \$20.1 million or an effective tax rate of 36.0% primarily due to a loss recognized before income taxes and a \$4.0 million income tax benefit from the IRC Section 451 Marginal Well Credit.

At December 31, 2021, we had federal and state NOLs of approximately \$722.3 million and \$992.6 million, respectively. Accordingly, we expect to continue to utilize our federal NOLs and credit carryforwards, we believe we will not pay any cash federal income taxes for the next six to eight years based on our long-term forecast of met coal prices, sales volumes and performance. Our U.S. federal and state pre-tax net operating loss carryforwards do not begin to expire until 2034 and 2029, respectively. In addition, the Company has approximately \$23.3 million of general business credit carryforwards which begin to expire in December 31, 2027 and fully expire in December 31, 2041. See Note 7 of the Notes to the Financial Statements for more information.

Liquidity and Capital Resources

Overview

Our sources of cash have been coal and natural gas sales to customers, proceeds received from the Notes (as defined below) and access to our ABL Facility. Historically, our primary uses of cash have been for funding the operations of our coal and natural gas production operations, working capital, our capital expenditures, our reclamation obligations, payment of principal and interest on our Notes, professional fees and other non-recurring transaction expenses. In addition, we used available cash on hand to repurchase shares of common stock and to pay our quarterly and special dividends, each of which reduces or reduced cash and cash equivalents.

Going forward, we will use cash to fund debt service payments on our Notes, the ABL Facility and our other indebtedness, to fund operating activities, working capital, capital expenditures, and strategic investments, and, if declared, to pay our quarterly and/or special dividends. Our ability to fund our capital needs going forward will depend on our ongoing ability to generate cash from operations and borrowing availability under the ABL Facility, and, in the case of any future strategic investments, capital expenditures, or special dividends financed partially or wholly with debt financing, our ability to access the capital markets to raise additional capital.

Our ability to generate positive cash flow from operations in the future will be, at least in part, dependent on continued stable global economic conditions and a resolution of the CBA contract negotiations with the UMWA. There remains significant uncertainty as to the effects of new COVID-19 variants on the global economy, which in turn may, among other things, impact our ability to generate positive cash flows from operations, fund capital expenditure needs and successfully execute and fund key initiatives, such as the development of Blue Creek.

Our available liquidity as of December 31, 2021 was \$479.0 million, consisting of \$395.8 million of cash and cash equivalents and \$83.2 million of availability under our ABL Facility. As of December 31, 2021, no loans were outstanding under the ABL Facility and there were \$9.4 million of letters of credit issued and outstanding under the ABL Facility. On March 24, 2020, we borrowed \$70.0 million in a partial draw of the ABL Facility (the "ABL Draw") as a precautionary measure in order to increase our cash position and preserve financial flexibility in light of the uncertainty resulting from the COVID-19 outbreak. In June 2020, we reduced the outstanding principal amount of the ABL Draw by \$30.0 million and in the third quarter of 2021, we reduced the remaining \$40.0 million outstanding principal amount of the ABL Draw.

In the ordinary course of our business, we are required to provide surety bonds and letters of credit to provide financial assurance for certain transactions and business activities. Federal and state laws require us to obtain surety bonds or other acceptable security to secure payment of certain long-term obligations including mine closure or reclamation costs and other miscellaneous obligations. As of December 31, 2021, we had outstanding surety bonds and letters of credit with parties for post-mining reclamation at all of our mining operations totaling \$40.9 million, \$17.0 million as collateral for self-insured black lung related claims and \$3.6 million for miscellaneous purposes.

We believe that our future cash flows from operations, together with cash on our balance sheet and proceeds from the borrowings under our ABL Facility, will provide adequate resources to fund our debt service payments and planned operating and capital expenditure needs for at least the next twelve months and beyond. However, we will continue to assess our liquidity needs in light of the ongoing CBA contract negotiations with the UMWA and the ongoing impact of COVID-19.

The Company's principal contractual commitments include repayments of long-term debt and related interest, potential minimum throughput payments associated with our rail and port providers, asset retirement obligation payments, black lung obligation payments, payments on various coal and land leases, payments under financing lease obligations and payments associated with our natural gas swap contracts. Currently, there are no known trends or expected changes anticipated in future periods that would not be indicative of past results for our contractual commitments.

Refer to the respective notes to the financial statements for further information about our credit facilities and long-term debt (Note 13), commitments and contingencies (Note 16), asset retirement obligations (Note 8), black lung obligations (Note 10), lease payment obligations (Note 14), share repurchase programs (Note 17) and derivative instruments (Note 18).

If our cash flows from operations are less than we require, we may need to incur additional debt or issue additional equity. From time to time we may need to access the long-term and short-term capital markets to obtain financing. Our access to, and the availability of, financing on acceptable terms and conditions in the future will be affected by many factors, including: (i) our credit ratings, (ii) the liquidity of the overall capital markets, (iii) the current state of the global economy and

(iv) restrictions in our ABL Facility, the Indenture (as defined below), and any other existing or future debt agreements. There can be no assurance that we will have or continue to have access to the capital markets on terms acceptable to us or at all.

Statements of Cash Flows

Cash balances were \$395.8 million, \$211.9 million and \$193.4 million at December 31, 2021, December 31, 2020, and December 31, 2019, respectively.

The following table sets forth, a summary of the net cash provided by (used in) operating, investing and financing activities for the period (in thousands):

	For the years ended December 31,		
	2021	2020	2019
Net cash provided by operating activities	\$ 351,543	\$ 112,626	\$ 532,814
Net cash used in investing activities	(71,146)	(108,189)	(134,213)
Net cash (used in) provided by financing activities	(96,474)	14,096	(411,623)
Net increase (decrease) in cash and cash equivalents and restricted cash	\$ 183,923	\$ 18,533	\$ (13,022)

Operating Activities

Net cash flows from operating activities consist of net income (loss) adjusted for noncash items, such as depreciation and depletion of property, plant and equipment and mineral interests, deferred income tax expense (benefit), stock-based compensation, amortization of debt issuance costs and debt discount, net accretion expense and valuation adjustment associated with our asset retirement obligations, mark-to-market losses on gas hedges, loss on early extinguishment of debt and changes in net working capital. The timing between the conversion of our billed and unbilled receivables into cash from our customers, production and sale of coal inventory and disbursements to our vendors is the primary driver of changes in our working capital.

Net cash provided by operating activities was \$351.5 million for the year ended December 31, 2021, and was primarily attributed to net income of \$150.9 million adjusted for depreciation and depletion expense of \$141.4 million, deferred income tax expense of \$49.1 million, stock-based compensation expense of \$9.4 million, loss on early extinguishment of debt of \$9.7 million, accretion expense and valuation adjustment of asset retirement obligations of \$3.4 million, amortization of debt issuance costs and debt discount of \$1.7 million, mark-to-market loss on gas hedges of 1.6 million, an increase in other operating activities of \$5.7 million and an increase in net working capital of \$21.4 million. The increase in our working capital was primarily attributable to an increase in trade accounts receivable combined with a decrease in accounts payable and accrued expenses and other current liabilities offset partially by a decrease in inventories. The increase in trade accounts receivable is due to the timing of sales and a \$67.31 increase in the average selling price per metric ton. The decrease in inventories, accounts payable and accrued expenses and other current liabilities is due to lower production volumes with the idling of Mine No. 4 for much of the year combined with lower spending due to the ongoing UMWA strike.

Net cash provided by operating activities was \$112.6 million for the year ended December 31, 2020, and was primarily attributed to a net loss of \$35.8 million adjusted for depreciation and depletion expense of \$118.1 million, an increase in other operating activities of \$19.6 million, stock-based compensation expense of \$7.6 million, accretion expense of asset retirement obligations of \$3.0 million, amortization of debt issuance costs and debt discount of \$1.5 million and a decrease in net working capital of \$19.0 million, partially offset by a deferred income tax benefit of \$20.1 million and a change in the asset retirement obligation due to a change in estimate of \$0.4 million. The decrease in our working capital was primarily attributable to a decrease in income tax receivable and trade accounts receivable combined with an increase in accounts payable offset partially by an increase in inventories combined with a decrease in accrued expenses. The decrease in income tax receivable is due to the alternative minimum tax ("AMT") credit refund of \$24.3 million received during the third quarter of 2020. The decrease in trade accounts receivable and increase in inventories is due to a 0.5 million metric ton decrease in met coal sales volume. The increase in our accounts payable is primarily driven by the timing of payments.

Net cash provided by operating activities was \$532.8 million for the year ended December 31, 2019, and was primarily attributed to net income of \$301.7 million adjusted for depreciation and depletion expense of \$97.3 million, deferred income tax expense of \$68.5 million, an increase in other operating activities of \$26.1 million, loss on early extinguishment of debt of \$9.8

million, stock-based compensation expense of \$5.8 million, accretion expense of asset retirement obligations of \$3.2 million, amortization of debt issuance costs and debt discount of \$1.4 million, and a decrease in net working capital of \$30.2 million, partially offset by a change in asset retirement obligation due to a change in estimate of \$11.1 million. The decrease in our working capital was primarily attributable to a decrease in trade accounts receivable combined with a decrease in income tax receivable and an increase in inventories offset by accrued expenses and accounts payable due to decreased fourth quarter production and sales volume.

Investing Activities

Net cash used in investing activities was \$71.1 million for the year ended December 31, 2021, primarily comprised of \$57.9 million of purchases of property, plant and equipment and \$13.5 million of capitalized mine development costs associated with our Mine No. 4 development. We spent approximately \$45.2 million in sustaining capital and spent an additional \$12.7 million in other discretionary capital, which included primarily the service shaft construction and bathhouse at Mine No. 4.

Net cash used in investing activities was \$108.2 million for the year ended December 31, 2020, primarily comprised of \$87.5 million of purchases of property, plant and equipment and \$27.1 million of capitalized mine development costs associated with our Mine No. 4 development. We spent approximately \$60.0 million in sustaining capital and spent an additional \$28.0 million in other discretionary capital, which included primarily the service shaft construction and bathhouse at Mine No. 4. The cash capital expenditures exclude non-cash capital accruals and leases of approximately \$44.8 million. Net cash used in investing activities also includes \$8.5 million of purchases of short-term investments offset partially by \$14.7 million of sales of short-term investments and \$0.2 million of proceeds from sale of property, plant and equipment.

Net cash used in investing activities was \$134.2 million for the year ended December 31, 2019, primarily comprised of \$107.3 million of purchases of property, plant and equipment and \$23.4 million of capitalized mine development costs associated with our Mine 4 development. We spent approximately \$89.0 million in sustaining capital and spent an additional \$18.0 million in other discretionary capital, which included primarily the shaft construction at Mine No. 4. The cash capital expenditures exclude non-cash capital accruals and leases of approximately \$45.5 million. Net cash used in investing activities also includes \$24.2 million of purchases of short-term investments offset partially by \$17.5 million of sales of short-term investments and \$3.1 million of proceeds from sale of property, plant and equipment.

Financing Activities

Net cash used in financing activities was \$96.5 million for the year ended December 31, 2021, primarily due to the redemption of the Existing Notes of \$350.3 million, the repayment of the ABL Draw of \$40.0 million, principal repayments of financing lease obligations of \$29.0 million, payment of dividends of \$10.5 million and payment of debt issuance costs associated with the issuance of the New Notes and the amendment of the ABL Facility of \$11.4 million offset partially by \$347.7 million in proceeds received from the issuance of the New Notes.

Net cash provided by financing activities was \$14.1 million for the year ended December 31, 2020, primarily due to the proceeds received from the ABL Draw of \$70.0 million offset by the subsequent partial repayment of the ABL Draw in an amount equal to \$30.0 million, principal repayments of financing lease obligations of \$14.2 million and the payment of dividends of \$10.4 million.

Net cash used in financing activities was \$411.6 million for the year ended December 31, 2019, primarily due to the payment of regular quarterly dividends and the April 2019 Special Dividend totaling \$240.4 million in the aggregate, retirements of debt of \$140.3 million, repayments of financing lease obligations of \$17.3 million, and common shares repurchased of \$12.5 million.

Capital Allocation Policy

On May 17, 2017, the Board adopted the Capital Allocation Policy of paying a quarterly cash dividend of \$0.05 per share. The Capital Allocation Policy states the following: In addition to the regular quarterly dividend and to the extent that the Company generates excess cash that is beyond the then current requirements of the business, the Board may consider returning all or a portion of such excess cash to stockholders through a special dividend or implementation of a stock repurchase program. Any future dividends or stock repurchases will be at the discretion of the Board and subject to consideration of a number of factors, including business and market conditions, future financial performance and other strategic investment opportunities. The Company will also seek to optimize its capital structure to improve returns to stockholders while allowing

flexibility for the Company to pursue very selective strategic growth opportunities that can provide compelling stockholder returns.

As the Company continues to monitor its liquidity in light of the COVID-19 pandemic, the Chinese ban on Australian coal and our CBA contract negotiations with the UMWA, the Company may decide to suspend its Capital Allocation Policy in the future if the Board deems it to be necessary or appropriate.

The Company has paid a regular quarterly cash dividend of \$0.05 per share every quarter since the Board adopted the Capital Allocation Policy. As of December 31, 2021, the Company has paid \$49.9 million of regular quarterly cash dividends under the Capital Allocation Policy.

April 2019 Special Dividend

On April 23, 2019, the Board declared a special cash dividend of approximately \$230.0 million which was paid with cash on hand and was paid on May 14, 2019 to stockholders of record as of the close of business on May 6, 2019.

Stock Repurchase Program

On March 26, 2019, the Board approved the Company's second stock repurchase program (the "New Stock Repurchase Program") that authorizes repurchases of up to an aggregate of \$70.0 million of the Company's outstanding common stock. The Company fully exhausted its previous stock repurchase program (the "First Stock Repurchase Program") of \$40.0 million of its outstanding common stock. The New Stock Repurchase Program does not require the Company to repurchase a specific number of shares or have an expiration date. The New Stock Repurchase Program may be suspended or discontinued by the Board at any time without prior notice.

Under the New Stock Repurchase Program, we may repurchase shares of our common stock from time to time, in amounts, at prices and at such times as we deem appropriate, subject to market and industry conditions, share price, regulatory requirements and other considerations as determined from time to time by us. Our repurchases may be executed using open market purchases or privately negotiated transactions in accordance with applicable securities laws and regulations, including Rule 10b-18 of the Exchange Act and repurchases may be executed pursuant to Rule 10b5-1 under the Exchange Act. Repurchases will be subject to limitations in the ABL Facility and the Indenture. We intend to fund repurchases under the New Stock Repurchase Program from cash on hand and/or other sources of liquidity.

As of December 31, 2021, we have repurchased 500,000 shares for approximately \$10.6 million, leaving approximately \$58.8 million of share repurchases authorized under the New Stock Repurchase Program.

In light of the uncertainties resulting from COVID-19 and as a precautionary measure to preserve liquidity, the Company has temporarily suspended its New Stock Repurchase Program. The Company will continue to monitor its liquidity in light of the pandemic, the Chinese ban on Australian coal and our CBA contract negotiations with the UMWA and will consider when to reinstate the program.

ABL Facility

On April 1, 2016, we entered into the Asset-Based Revolving Credit Agreement with certain lenders and Citibank, N.A. (together with its affiliates, "Citibank"), as administrative agent and collateral agent, with an aggregate lender commitment of up to \$50.0 million, at any time outstanding, subject to borrowing base availability.

On October 15, 2018, we entered into an Amended and Restated Asset-Based Revolving Credit Agreement, by and among us and certain of our subsidiaries, as borrowers, the guarantors party thereto, the lenders from time to time party thereto and Citibank, as administrative agent, which amended and restated in its entirety the existing ABL Facility and, among other things (i) increased the aggregate commitments available to be borrowed under the ABL Facility to \$125.0 million, (ii) extended the maturity date of the Asset-Based Revolving Credit Agreement to October 15, 2023; (iii) decreased the applicable interest rate margins with respect to the loans and the applicable fees in connection with the issuance of letters of credit; and (iv) amended certain covenants and other terms and provisions.

On December 19, 2019, we entered into an Amendment No. 2 to the Amended and Restated Credit Agreement, which, among other things amended the definitions of Fixed Charges and Fixed Charge Coverage Ratio in the Amended and Restated Credit Agreement to generally conform to the corresponding definitions in the Indenture, solely for purposes of incurring

unsecured debt based on the Fixed Charge Coverage Ratio and added customary language in connection with the Qualified Financial Contract Stay Rules.

On July 20, 2020, we entered into an Amendment No. 3 to the Amended and Restated Credit Agreement, which among other things (i) clarified certain definitions related to the calculation of the borrowing base and (ii) decreased the aggregate commitments available to be borrowed under the ABL Facility to \$120.0 million on February 28, 2021.

On December 6, 2021, we entered into the Second Amended and Restated Asset-Based Revolving Credit Agreement (the "Second Amended and Restated Credit Agreement"), by and among us and certain of its subsidiaries, as borrowers, the guarantors party thereto, the lenders from time to time party thereto and Citibank, as administrative agent (in such capacity, the "Agent"), which amends and restates in its entirety the existing Amended and Restated Asset-Based Revolving Credit Agreement (as amended, the "ABL Facility"). The Second Amended and Restated Credit Agreement, among other things, (i) extended the maturity date of the ABL Facility to December 6, 2026; (ii) changed the calculation of the interest rate payable on borrowings from being based on LIBOR to be based on SOFR, with corresponding changes to the applicable interest rate margins with respect to such borrowings, (iii) amended certain definitions related to the calculation of the borrowing base; (iv) increased the commitments that may be used to issue letters of credit to \$65.0 million; and (v) amended certain baskets contained in the covenants to conform to the baskets contained in the Indenture. The Second Amended and Restated Credit Agreement also allows us to borrow up to \$132.0 million through October 14, 2023, decreasing to \$116.0 million through November 2026, subject to availability under the borrowing base and other conditions.

The amendment to the ABL Facility in December 2021 was considered to be a debt modification and resulted in incremental debt issuance costs of \$3.3 million which are reflected as deferred financing costs in other long-term assets on the Balance Sheet. These costs coupled with the \$1.7 million of deferred financing costs related to the existing ABL will be amortized to interest expense over the remaining term of the ABL Facility.

Under the ABL Facility, up to \$10.0 million of the commitments may be used to incur swingline loans from Citibank. As of December 31, 2021, no loans were outstanding under the ABL Facility and there were \$9.4 million of letters of credit issued and outstanding under the ABL Facility. At December 31, 2021, the Company had \$83.2 million of availability under the ABL Facility.

Revolving loan (and letter of credit) availability under the ABL Facility is subject to a borrowing base, which at any time is equal to the sum of certain eligible billed and unbilled accounts, certain eligible inventory, certain eligible supplies inventory and qualified cash, in each case, subject to specified advance rates. The borrowing base availability is subject to certain reserves, which may be established by the agent in its reasonable credit discretion. The reserves may include rent reserves, lower of cost or market reserve, port charges reserves and any other reserves that the Agent determines in its reasonable credit judgment to the extent such reserves relate to conditions that could reasonably be expected to have an adverse effect on the value of the collateral included in the borrowing base.

Subject to permitted exceptions, the obligations of the borrowers under the ABL Facility are guaranteed by each of our domestic subsidiaries and secured by (i) first-priority security interests in the ABL Priority Collateral (as defined in the indenture governing the Notes), which includes, among other things, certain accounts receivables, inventory and cash of ours and the guarantors, and (ii) second-priority security interests in the Notes Priority Collateral (as defined in the indenture governing the Notes), which includes, among other things, material mining properties, shares of capital stock of the guarantors, intellectual property, as extracted collateral (to the extent not constituting inventory), and certain fixed assets of ours and the guarantors.

Borrowings under the ABL Facility bear interest at a rate equal to either (i) SOFR, plus a credit adjustment spread, ranging currently from approximately 11 bps to 43 bps depending on the interest period selected by us, or (ii) an alternate base rate plus, in each case of the foregoing (i) and (ii), an applicable margin, which is determined based on the average availability of the commitments under the ABL Facility, ranging currently from 150 bps to 200 bps or 50 bps to 100 bps, respectively. In addition to paying interest on the outstanding borrowings under the ABL Facility, we are required to pay a fee in respect of unutilized commitments, which is based on the availability of the commitments under the ABL Facility, ranging from 25 bps to 37.5 bps. We are also required to pay a fee on amounts available to be drawn under outstanding letters of credit under the ABL Facility at a rate not in excess of 200 bps, and certain administrative fees.

We are able to voluntarily repay outstanding loans and reduce unused commitments, in each case, in whole or in part, at any time without premium or penalty. We are required to repay outstanding loans and cash collateralize letters of credit anytime the outstanding loans and letters of credit exceed the maximum availability then in effect. We are also required to use

net proceeds from certain significant asset sales to repay outstanding loans, but may re-borrow following such prepayments if the conditions to borrowings are met.

The ABL Facility contains customary covenants for asset-based credit agreements of this type, including among other things: (i) requirements to deliver financial statements, other reports and notices; (ii) restrictions on the existence or incurrence of certain indebtedness; (iii) restrictions on the existence or incurrence of certain liens; (iv) restrictions on making certain restricted payments; (v) restrictions on making certain investments; (vi) restrictions on certain mergers, consolidations and asset dispositions; (vii) restrictions on certain transactions with affiliates; and (viii) restrictions on modifications to certain indebtedness. Additionally, the ABL Facility contains a springing fixed charge coverage ratio of not less than 1.00 to 1.00, which ratio is tested if availability under the ABL Facility is less than a certain amount. As of December 31, 2021, we were not subject to this covenant. Subject to customary grace periods and notice requirements, the ABL Facility also contains customary events of default.

We were in compliance with all applicable covenants under the ABL Facility as of December 31, 2021.

Senior Secured Notes

On December 6, 2021, we issued \$350.0 million in aggregate principal amount of 7.875% senior secured notes due 2028 (the "Notes") at an initial price of 99.343% of their face amount. The Notes were issued to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and to certain non-U.S. persons in transactions outside the United States in accordance with Regulation S under the Securities Act. We used the net proceeds of the offering of the Notes, together with cash on hand, to fund the redemption of all of our outstanding 8.00% senior secured notes due 2024 (the "Existing Notes"), including payment of the redemption premium in connection with such redemption. As a result, we recognized a loss on early extinguishment of debt of \$9.7 million which represents the write-off of the previously capitalized Existing Notes debt issuance costs and debt discount, net, along with the redemption premium.

In connection with the issuance of the Notes, we incurred debt issuance costs of \$8.1 million for the year ended December 31, 2021, which consisted primarily of structuring fees and legal fees, and are included in long-term debt in the Balance Sheet.

The Notes will accrue interest at a rate of 7.875% per year from December 6, 2021. Interest on the Notes will be payable on June 1 and December 1 of each year, commencing on June 1, 2022. The Notes will mature on December 1, 2028.

At any time prior to December 1, 2024, we may redeem the Notes, in whole or in part, at a price equal to 100.00% of the principal amount of the Notes redeemed plus the Applicable Premium (as defined in the indenture governing the Notes) and accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. The Notes are redeemable at our option, in whole or in part, from time to time, on or after December 1, 2024, at redemption prices specified in the indenture governing the Notes, plus accrued and unpaid interest, if any, to, but excluding the redemption date. At any time on or prior to December 1, 2024, we may redeem up to 40% of the aggregate principal amount of the Notes with the proceeds of certain equity offerings, at a redemption price of 107.875% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to, but excluding the redemption date. We are also required to make offers to purchase the Notes (i) at a purchase price of 101.00% of the principal amount thereof in the event we experience specific kinds of change of control triggering events, (ii) at a purchase price of 103.00% of the principal amount thereof prior to making certain restricted payments, and (iii) at a purchase price of 100.00% of the principal amount thereof in the event we make certain asset sales or dispositions and do not reinvest the net proceeds therefrom or use such net proceeds to repay certain indebtedness, in each case, plus accrued and unpaid interest, if any, to, but excluding the date of purchase.

Offer to Purchase the Notes

On February 21, 2019, we commenced an offer to purchase (the "Restricted Payment Offer"), in cash, up to \$150.0 million principal amount of its outstanding Existing Notes, at a repurchase price of 103% of the aggregate principal amount of such Existing Notes, plus accrued and unpaid interest with respect to such Existing Notes to, but not including, the date of repurchase. Concurrently with, but separate from, the Restricted Payment Offer, we commenced a cash tender offer (the "Tender Offer" and, together with the Restricted Payment Offer, the "Offers") to purchase up to \$150.0 million principal amount of the Existing Notes at a repurchase price of 104.25% of the aggregate principal amount of such Existing Notes, plus accrued and unpaid interest to, but not including, the date of repurchase. In connection with the Offers, we extinguished \$140.3 million of the Existing Notes and recognized a loss on early extinguishment of debt of \$9.8 million during the year ended December 31, 2019.

Short-Term Investments

During the year ended December 31, 2021, we had \$17.0 million of surety bonds with \$8.5 million of collateral recognized as short term investments. These investments were posted as collateral for the self-insured black lung related claims asserted by or on behalf of former employees of Walter Energy and its subsidiaries, which were assumed in the acquisition of certain assets of Walter Energy and relate to periods prior to March 31, 2016.

Capital Expenditures

Our mining operations require investments to maintain, expand, upgrade or enhance our operations and to comply with environmental regulations. Maintaining and expanding mines and related infrastructure is capital intensive. Specifically, the exploration, permitting and development of met coal reserves, mining costs, the maintenance of machinery and equipment and compliance with applicable laws and regulations require ongoing capital expenditures. While a significant amount of the capital expenditures required at our mines has been spent, we must continue to invest capital to maintain our production. In addition, any decisions to increase production at our mines and the development of the high-quality met coal recoverable reserves at Blue Creek could also affect our capital needs or cause future capital expenditures to be higher than in the past and/or higher than our estimates.

To fund our capital expenditures, we may be required to use cash from our operations, incur debt or sell equity securities. Our ability to obtain bank financing or our ability to access the capital markets for future equity or debt offerings may be limited by our financial condition at the time of any such financing or offering and the covenants in our current or future debt agreements, as well as by general economic conditions, contingencies and uncertainties, including as a result of the COVID-19 pandemic that are beyond our control.

Our capital expenditures were \$57.9 million, \$87.5 million and \$107.3 million for the year ended December 31, 2021, December 31, 2020 and December 31, 2019 respectively. During 2021, we spent approximately \$45.2 million in sustaining capital and an additional \$12.7 million in other discretionary capital, which included primarily the service shaft construction and bathhouse at Mine No. 4. As a result of the UMW strike, we temporarily suspended work on the Mine No. 4 service shaft, bathhouse and mine development. Our deferred mine development costs were \$13.5 million, \$27.1 million and \$23.4 million for the years ended December 31, 2021, December 31, 2020 and December 31, 2019 respectively, and primarily relate to Mine No. 4. We evaluate our spending on an ongoing basis in connection with our mining plans and the prices of met coal taking into consideration the funding available to maintain our operations at optimal production levels.

Our capital spending is expected to range from \$95.0 million to \$105.0 million for the full year 2022, consisting of sustaining capital expenditures of approximately \$75.0 to \$80.0 million and discretionary capital expenditures of approximately \$20.0 to \$25.0 million for the 4 North portal construction. Our sustaining capital expenditures include expenditures related to longwall operations, continuous miners, new ventilation, and bleeder shafts.

Rights Agreement

On February 14, 2020, we adopted the Rights Agreement in an effort to prevent the imposition of significant limitations under Section 382 of the Code on our ability to utilize our current NOLs to reduce our future tax liabilities. The Company's stockholders ratified the Rights Agreement at the 2020 Annual Meeting of Stockholders.

The Rights Agreement is intended to supplement the 382 Transfer Restrictions and is designed to serve the interests of all stockholders by preserving the availability of our NOLs and is similar to plans adopted by other companies with significant NOLs.

Pursuant to the Rights Agreement, one preferred stock purchase right (a "Right" or the "Rights") was distributed to stockholders of the Company for each share of common stock of the Company outstanding as of the close of business on February 28, 2020. Initially, these Rights will not be exercisable and will trade with the shares of common stock. If the Rights become exercisable, each Right will initially entitle stockholders to buy one one-thousandth of a share of a newly created series of preferred stock designated as "Series A Junior Participating Preferred Stock" at an exercise price of \$31.00 per Right. While the Rights Agreement is in effect, any person or group that acquires beneficial ownership of 4.99% or more of the common stock or any existing stockholder who currently owns 5.00% or more of the common stock that acquires any additional shares of common stock (such person, group or existing stockholder, an "Acquiring Person") without approval from the Board would be subject to significant dilution in their ownership interest in the Company. In such an event, each Right will entitle its holder to buy, at the exercise price, common stock having a market value of two times the then current exercise price of the Right and

the Rights held by such Acquiring Person will become void. The Rights Agreement also gives discretion to the Board to determine that someone is an Acquiring Person even if they do not own 4.99% or more of the Common Stock but do own 4.99% or more in value of the outstanding stock, as determined pursuant to Section 382 of the Code and the regulations promulgated thereunder. In addition, the Board has established procedures to consider requests to exempt certain acquisitions of the Company's securities from the Rights Agreement if the Board determines that doing so would not limit or impair the availability of the NOLs or is otherwise in the best interests of the Company. The Board may redeem the Rights for \$0.01 per Right at any time before any person or group triggers the Rights Agreement. The distribution of the Rights is not a taxable event for stockholders of the Company and will not affect the Company's financial condition or results of operations (including earnings per share).

The Rights will expire on the earliest of (i) the close of business on February 14, 2023, (ii) the close of business on the first anniversary of the date of entry into the Rights Agreement, if stockholder approval of the Rights Agreement has not been received by or on such date, (iii) the time at which the Rights are redeemed as provided in the Rights Agreement, (iv) the time at which the Rights are exchanged as provided in the Rights Agreement, (v) the time at which the Board determines that the NOLs are fully utilized or no longer available under Section 382 of the Code, (vi) the effective date of the repeal of Section 382 of the Code if the Board determines that the Rights Agreement is no longer necessary or desirable for the preservation of NOLs, or (vii) the closing of any merger or other acquisition transaction involving the Company pursuant to an agreement of the type described in the Rights Agreement. Additional details about the Rights Agreement is contained in the Company's Current Report on Form 8-K filed with the SEC on February 14, 2020.

Designation of Series A Junior Participating Preferred Stock

In connection with the adoption of the Rights Agreement, the Board approved a certificate of designations of Series A Junior Participating Preferred Stock designating 140,000 shares of preferred stock, which was filed on February 14, 2020 with the Secretary of State of the State of Delaware and became effective on such date. Each one one-thousandth of a share of Series A Junior Participating Preferred Stock, if issued:

- will not be redeemable;
- will entitle the holder to quarterly dividend payments equal to the dividend paid on one share of common stock;
- will entitle the holder upon liquidation, dissolution or winding-up of the Company to receive the greater of (a) \$0.01 per one one-thousandth of a share of Series A Junior Participating Preferred Stock (plus any accrued but unpaid dividends) and (b) an amount equal to the payment made on one share of common stock;
- will have the same voting power as one share of common stock; and
- if shares of common stock are exchanged via merger, consolidation, or a similar transaction, will entitle the holder to a payment equal to the payment made on one share of Common Stock.

Blue Creek

We believe that Blue Creek represents one of the few remaining untapped reserves of premium High Vol A met coal in the United States and that it has the potential to provide us with meaningful growth. We believe that the combination of a low production cost and the high quality of the High Vol A met coal mined from Blue Creek, assuming we achieve our expected price realizations, will generate some of the highest met coal margins in the U.S., generate strong investment returns for us and achieve a rapid payback of our investment across a range of met coal price environments.

According to our third party reserve report, and under the SEC's new rules governing mineral reserves, specifically subpart 1300 of Regulation S-K under the Modernization of Property Disclosures for Mining Registrants, Blue Creek has 63.3 million metric tons of recoverable reserves and 44.9 million metric tons of coal resources exclusive of reserves, which total 108.2 million metric tons. We have the ability to acquire adjacent reserves that would increase total reserves to over 154 million metric tons. We expect that Blue Creek will have a mine life of approximately 50 years assuming a single longwall operation.

Our third-party reserve report also indicates that, once developed, Blue Creek will produce a premium High Vol A met coal that is characterized by low-sulfur and high CSR. High Vol A met coal has traditionally priced at a discount to the Australian Premium Low Vol and the U.S. Low Vol coals; however, in the last eighteen months, it has been priced at or slightly

above these coals. Warrior expects High Vol A coals will continue to become increasingly scarce as a result of Central Appalachian producers mining thinner and deeper reserves, which we expect will continue to support prices. This trend creates an opportunity for us to take advantage of favorable pricing dynamics driven by the declining supply of premium High Vol A met coal.

If we are able to successfully develop Blue Creek, we expect that it will be a transformational investment for us. We expect that the new single longwall mine at Blue Creek will have the capacity to produce an average of 3.9 million metric tons per annum of premium High Vol A met coal over the first ten years of production, thereby increasing our annual production capacity by 54%. This, in turn, would expand our product portfolio to our global customers by allowing us to offer three premium hard coking coals from a single port location. Given these factors, and assuming we achieve expected price realizations, we believe that we will achieve some of the highest premium met coal margins in the United States.

Due to the ongoing uncertainty related to the COVID-19 pandemic, the Chinese ban on Australian coal and our current CBA contract negotiations with the UMWA, we incurred minimal spend on the development of Blue Creek in 2021. We have delayed the development of the Blue Creek project, while we focus on preserving cash and liquidity.

Outlook

During the UMWA strike, the Company continues to successfully execute its business continuity plans, allowing it to meet the needs of its valued customers. Despite incurring costs associated with the strike, the Company has been able to manage its working capital and spending to deliver strong results in the current markets.

U.S. inflation hit its fastest pace in nearly four decades in 2021 as pandemic related supply and demand imbalances, along with stimulus intended to shore up the economy, pushed the consumer price index up to a 7% annual rate. We expect COVID-19 to continue to impact global supply markets and supply chains, resulting in shortages, extended lead times and increased inflation impacting our operations and profitability. We are applying a number of different strategies to mitigate the impact of these challenges on our operations, including placing purchase orders earlier, utilizing short term contracts and leveraging our supplier relationships. While inflation did not have a significant impact to our profitability in 2021, we do expect ongoing inflation to have a larger impact in 2022. In 2022, we expect inflation to have a larger negative impact on our profitability, as we expect increases in steel prices, freight rates, labor and other materials and supplies. These increases affect, among others, the costs of belt structure, roof bolts, cable, magnetite, rock dust and machinery and equipment purchases.

The Company believes that it is well positioned to fulfill anticipated customer volume commitments for 2022. In the current operating environment and without a new labor contract, the Company believes that production and sales volume for 2022 could be between 5.5 million and 6.5 million short tons. These volumes include the assumed restart of Mine 4 and continued lower production at Mine 7. While the Company has business continuity plans in place, the strike and COVID-19 may still cause disruption to production and shipment activities, and the plans may vary significantly from quarter to quarter for the full year of 2022. Similarly, with a new contract, Warrior believes that production and sales volume over a twelve-month period could ramp up to a run rate of approximately 7.5 million short tons within three to four months.

Critical Accounting Policies and Estimates

The financial statements are prepared in conformity with GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses in the period presented. Management evaluates these estimates and assumptions on an ongoing basis, using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from management's estimates.

We believe the following discussion addresses our most critical accounting estimates, which are those that are most important to the presentation of our financial condition and results of operations and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. These estimates are based upon management's historical experience and on various other assumptions that we believe reasonable under the circumstances. Changes in estimates used in these and other items could have a material impact on our financial statements. Our significant accounting policies are described in Note 2 to our financial statements included elsewhere in this Annual Report.

Coal Reserves

Our mineral reserves and resources estimates are calculated in accordance with subpart 1300 of Regulation S-K under the Modernization of Property Disclosures for Mining Registrants of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Our mineral reserves and resources are updated on an annual basis. There are numerous uncertainties inherent in estimating quantities and values of mineral reserves and resources, including many factors that are beyond our control. As a result, estimates of mineral reserves and resources are by their nature uncertain. Information about our reserves and resources consists of estimates based on engineering, economic and geological data assembled by our internal engineers and geologists or third-party consultants. A number of sources of information are used to determine accurate recoverable reserve and resource estimates including:

- geological conditions;
- historical production from the area compared with production from other producing areas;
- the assumed effects of regulations and taxes by governmental agencies;
- previously completed geological and reserve studies;
- assumptions governing future prices; and
- future operating costs.

Some of the factors and assumptions, which will change from time to time, that impact mineral reserve and resource estimates include, among other factors:

- mining activities;
- new engineering and geological data;
- acquisition or divestiture of reserve holdings; and
- modification of mining plans or mining methods.

Each of these factors may vary considerably from the assumptions used in estimating reserves and resources. For these reasons, estimates of economically recoverable quantities of coal attributable to a particular group of properties, and classifications of these reserves and resources based on risk of recovery and estimates of future net cash flows, may vary substantially. Actual production, revenues and expenditures with respect to reserves and resources will likely vary from estimates and these variances may be material. Variances could affect our projected future revenues and expenditures, as well as the valuation of coal reserves, resources and depletion rates. As of December 31, 2021, we had estimated reserves totaling 162.8 million metric tons and estimated mineral resources exclusive of reserves of 44.9 million metric tons

Asset Retirement Obligations

Our asset retirement obligations primarily consist of spending estimates to reclaim surface lands and supporting infrastructure at both surface and underground mines in accordance with applicable reclamation laws in the United States as defined by each mining permit. Significant reclamation activities include reclaiming refuse piles and slurry ponds, reclaiming the pit and support acreage at surface mines, and sealing portals at underground mines. Asset retirement obligations are determined for each mine using various estimates and assumptions, including estimates of disturbed acreage as determined from engineering data, estimates of future costs to reclaim the disturbed acreage and the timing of related cash flows, discounted using a credit-adjusted, risk-free rate. Our asset retirement obligations also include estimates to reclaim gas wells in accordance with the Oil and Gas Board of Alabama. On at least an annual basis, we review our entire asset retirement obligation liability and make necessary adjustments for permit changes, the anticipated timing of mine closures, and revisions to cost estimates and productivity assumptions to reflect current experience. As changes in estimates occur, the carrying amount of the obligation and asset are revised to reflect the new estimate after applying the appropriate credit-adjusted, risk-free discount rate. For sites where there is no asset, expense or income is recognized for changes in estimates. If our assumptions differ from actual experience, or if changes in the regulatory environment occur, our actual cash expenditures and costs that we incur could be materially different than currently estimated. At December 31, 2021, we had recorded asset retirement obligation liabilities of \$70.7 million, including \$5.1 million reported as a current liability.

Income Taxes

As a result of the acquisition of certain assets of Walter Energy, we have significant federal and state NOLs. The Company has federal NOL carryforwards of approximately \$722.3 million as of December 31, 2021, of which \$31.0 million are indefinite lived and the remainder expire predominantly in December 31, 2034 through December 31, 2036. The Company has state NOL carryforwards of approximately \$992.6 million, which expire predominantly in December 31, 2029 through December 31, 2031. In addition, the Company has approximately \$23.3 million of general business credits which begin to expire in December 31, 2027 and fully expire in December 31, 2041.

We believe the utilization of these NOLs, subject to certain limitations, will significantly reduce the amount of federal and state income taxes payable by us for the foreseeable future as compared to what we would have had to pay at the statutory rates without these NOL benefits. Under Section 382 of the Code, these NOLs could be subject to annual limitations, further limitations, or elimination, as described below, if we were to undergo a subsequent ownership change in the future. To the extent we have taxable income in the future and can utilize these NOL carryforwards, subject to certain limitations, to reduce taxable income, our cash taxes will be significantly reduced in those future years. Notwithstanding the above, even if all of our regular U.S. federal income tax liability for a given year is reduced to zero by virtue of utilizing our NOLs, we may still be subject to state, local or other non-federal income taxes. See "Part I, Item 1A. Risk Factors—Risks Related to Our Business—We may be unable to generate sufficient taxable income from future operations, or other circumstances could arise, which may limit or eliminate our ability to utilize our significant tax NOLs or maintain our deferred tax assets."

On September 18, 2017, the IRS issued to us a private letter ruling, which favorably resolved certain questions about our ability to qualify for an exception to the annual limitations under Section 382 of the Code on the utilization of NOLs to reduce taxable income. Based on such private letter ruling, we believe that there is no limitation on the utilization of our NOLs to shield our income from federal taxation. The private letter ruling was issued based on, among other things, certain facts and assumptions, as well as certain representations, statements and undertakings provided to the IRS by us. If any of these facts, assumptions, representations, statements or undertakings are, or become, incorrect, inaccurate or incomplete, the private letter ruling may be invalid and the conclusions reached therein could be jeopardized. If we were to undergo a subsequent ownership change, our ability to utilize our NOLs and other tax attributes could be subject to severe limitations.

GAAP requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. Deferred tax assets are required to be reduced by a valuation allowance if it is "more likely than not" that some portion or the entire deferred tax asset will not be realized. In our evaluation of the need for a valuation allowance on our deferred tax assets, we consider, among other things, all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, the overall business environment, our historical financial results, our industry's historically cyclical financial results, our cumulative three-year income or loss position and potential current and future tax planning strategies.

At December 31, 2017, we had a valuation allowance established against our deferred income tax assets, which represented a full valuation allowance against our net deferred income tax assets. As of December 31, 2018, after considering all relevant factors, we concluded that our deferred income tax assets were more likely than not to be realized and released our valuation allowance against our net deferred income tax assets resulting in a \$225.8 million income tax benefit.

On February 12, 2021, the Alabama Governor signed into law Alabama House Bill 170, now Act 2021-1 (the "Act"). The Act makes several changes to the state's business tax structure. Among the provisions of the Act, is the repeal of the so-called corporate income tax "throwback rule." That rule required all sales originating in Alabama and delivered to a jurisdiction where the seller was not subject to tax, to be included in the seller's Alabama income tax base. Thus, prior to repeal of the throwback rule, we had to rely on its Alabama NOL carryforwards to shelter taxes imposed under such throwback rule. As a result of the now repealed throwback rule, effective January 1, 2021, all such sales should now be excluded from Alabama taxable income without the need to utilize Alabama NOLs. As a result of the repeal of the throwback rule, we remeasured our Alabama deferred income tax assets and liabilities and recorded a non-cash income tax benefit of \$22.4 million. Additionally, we determined that it is not more likely than not that we would have sufficient taxable income to utilize all of our Alabama deferred income tax assets prior to expiration. Therefore, we established a non-cash valuation allowance of \$46.0 million against such deferred income tax assets.

As of December 31, 2021, we considered all positive and negative evidence and concluded that our federal deferred income tax assets remain more likely than not to be realized and a valuation allowance was not required. Certain factors, could change or circumstances could arise that could further limit or eliminate the amount of the available NOLs to us, such as an ownership change or an adjustment by a tax authority. Also, certain circumstances, such as the COVID-19 pandemic, the Chinese ban on Australian coal, the ongoing UMWA strike and the unknown duration and overall impact on our operations,

including our failing to generate sufficient future taxable income from operations, could limit our ability to fully utilize our deferred tax assets before expiration.

Recently Adopted Accounting Standards

See Note 2 of our consolidated financial statements for disclosures related to new accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Commodity Price Risk

We are exposed to commodity price risk on sales of coal. We sell most of our met coal under contracts primarily with pricing terms of three months and volume terms of one to three years. Sales commitments in the met coal market are typically not long-term in nature, and we are, therefore, subject to fluctuations in market pricing.

We enter into natural gas swap contracts to hedge the exposure to variability in expected future cash flows associated with the fluctuations in the price of natural gas related to our forecasted sales. As of December 31, 2021, we had natural gas swap contracts outstanding with notional amounts totaling 6,100,000 metric million British thermal units maturing in 2022. Our natural gas swap contracts economically hedge certain risk but are not designated as hedges for financial reporting purposes. All changes in the fair value of these derivative instruments are recorded as other revenues in the Statements of Operations. All of our derivative instruments were entered into for hedging purposes rather than speculative trading.

We have exposure to price risk for supplies that are used directly or indirectly in the normal course of production, such as diesel fuel, steel, explosives and other items. We manage our risk for these items through strategic sourcing contracts in normal quantities with our suppliers. We historically have not entered into any derivative commodity instruments to manage the exposure to changing price risk for supplies.

Credit Risk

Financial instruments that potentially subject us to a concentration of credit risk consist principally of trade receivables. We provide our products to customers based on an evaluation of the financial condition of our customers. In some instances, we require letters of credit, cash collateral or prepayments from our customers on or before shipment to mitigate the risk of loss. Exposure to losses on receivables is principally dependent on each customer's financial condition. We monitor the exposure to credit losses and maintain allowances for anticipated losses. For the years ended December 31, 2021 and 2020 we did not have any allowances for credit losses associated with our trade accounts receivables.

Interest Rate Risk

Our Notes have a fixed rate of interest of 7.875% per annum and are payable semi-annually in arrears on June 1 and December 1 of each year.

Our ABL Facility bears an interest rate equal to SOFR, plus a credit adjustment spread, ranging currently from 11 bps to 43 bps, or an alternate base rate plus an applicable margin, which is determined based on the average availability of the commitments under the ABL Facility, ranging currently from 150 bps to 200 bps or 50 bps to 100 bps, respectively. Any debt that we incur under the ABL Facility will expose us to interest rate risk. If interest rates increase significantly in the future, our exposure to interest rate risk will increase. As of December 31, 2021, assuming we had \$132.0 million outstanding under our ABL Facility, a 100 basis point increase or decrease in interest rates would increase or decrease our annual interest expense under the ABL Facility by approximately \$1.3 million.

Impact of Inflation

COVID-19 continues to impact global supply markets and supply chains, resulting in shortages, extended lead times and increased inflation impacting our operations and profitability. We are applying a number of different strategies to mitigate the impact of these challenges on our operations, including extending our demand planning, placing purchase orders earlier, utilizing short term contracts and leveraging our supplier relationships. While inflation may impact our revenues and cost of sales, we believe the effects of inflation, if any, on our results of operations and financial condition have not been significant. However, there can be no assurance that our results of operations and financial condition will not be materially impacted by inflation in the future.

Except for the change in our long-term debt from a fixed rate obligation to include a variable rate obligation discussed above and the broader negative effects of the COVID-19 pandemic on the global economy and major financial markets, there have been no other material changes to our exposure from market risks.

Item 8. Financial Statements and Supplementary Data

The information required by this item appears beginning on page F-1 following the signature pages of this Annual Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures**Disclosure Controls and Procedures**

As required by Rule 13a-15(b) under the Exchange Act, our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) under the Exchange Act) as of December 31, 2021. Based on the evaluation of our disclosure controls and procedures as of December 31, 2021, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2021, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities and Exchange Act of 1934, as amended). Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, our management used the criteria established in Internal Control - Integrated Framework (2013) issued by the COSO. Our management has concluded that, as of December 31, 2021, our internal control over financial reporting is effective based on this assessment and these criteria.

Our independent registered public accounting firm, Ernst & Young LLP (PCAOB ID: 0042), has audited the effectiveness of our internal control over financial reporting, as stated in their attestation report included in this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding our Code of Business Conduct and Ethics and Corporate Governance Guidelines for our principal executive officer and principal financial and accounting officer are described in "Item 1. Business" in this Annual Report. Pursuant to paragraph 3 of General Instruction G to Form 10-K, we incorporate by reference into this Item 10 the information to be disclosed in our definitive proxy statement, which is to be filed pursuant to Regulation 14A with the SEC within 120 days after the close of the year ended December 31, 2021.

Item 11. Executive Compensation

Pursuant to paragraph 3 of General Instruction G to Form 10-K, we incorporate by reference into this Item 11 the information to be disclosed in our definitive proxy statement, which is to be filed pursuant to Regulation 14A with the SEC within 120 days after the close of the year ended December 31, 2021.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The equity compensation plan information as required by Item 201(d) of Regulation S-K is included in Part II, Item 5 of this Annual Report. Pursuant to paragraph 3 of General Instruction G to Form 10-K, we incorporate by reference into this Item 12 all other information to be disclosed in our definitive proxy statement, which is to be filed pursuant to Regulation 14A with the SEC within 120 days after the close of the year ended December 31, 2021.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Pursuant to paragraph 3 of General Instruction G to Form 10-K, we incorporate by reference into this Item 13 the information to be disclosed in our definitive proxy statement, which is to be filed pursuant to Regulation 14A with the SEC within 120 days after the close of the year ended December 31, 2021.

Item 14. Principal Accounting Fees and Services

Pursuant to paragraph 3 of General Instruction G to Form 10-K, we incorporate by reference into this Item 14 the information to be disclosed in our definitive proxy statement, which is to be filed pursuant to Regulation 14A with the SEC within 120 days after the close of the year ended December 31, 2021.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) Financial Statements

Our consolidated financial statements are included in this Annual Report beginning on page F-1.

(a) (2) Financial Statement Schedules

All schedules have been omitted because they are either not applicable, not required or the information called for therein appears in the consolidated financial statements or notes thereto.

(a) (3) Exhibits

Exhibit Number	Description
2.1#	Amended and Restated Asset Purchase Agreement, dated as of March 31, 2016, by and among Warrior Met Coal, LLC and the other purchasers party thereto, as buyers, and Walter Energy, Inc. and certain subsidiaries of Walter Energy, Inc., as sellers (incorporated by reference to Exhibit 2.1 to the Registrant's Registration Statement on Form S-1 (File No. 333-216499) filed with the Commission on March 7, 2017).
2.2	Form of Certificate of Conversion of Warrior Met Coal, LLC (incorporated by reference to Exhibit 2.2 to the Registrant's Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-216499) filed with the Commission on April 3, 2017).
3.1	Certificate of Incorporation of Warrior Met Coal, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-8 (File No. 333-217389) filed with the Commission on April 19, 2017).
3.2	Certificate of Amendment of the Certificate of Incorporation of Warrior Met Coal, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-38061) filed with the Commission on March 20, 2020).
3.3	Bylaws of Warrior Met Coal, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form S-8 (File No. 333-217389) filed with the Commission on April 19, 2017).
3.4	Certificate of Designations of Series A Junior Participating Preferred Stock of Warrior Met Coal, Inc., as filed with the Secretary of State of the State of Delaware on February 14, 2020 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-38061) filed with the Commission on February 14, 2020).
4.1	Indenture, dated as of December 6, 2021, by and among Warrior Met Coal, Inc. the Subsidiary Guarantors party thereto from time to time and Wilmington Trust, National Association, as trustee and as priority lien collateral trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-38061) filed with the Commission on December 7, 2021).
4.2	Specimen Certificate for shares of common stock, par value \$0.01 per share, of the Company (incorporated by reference to Exhibit 4.1 to the Registrant's Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-216499) filed with the Commission on April 3, 2017).
4.3	Rights Agreement, dated as of February 14, 2020, between Warrior Met Coal, Inc. and Computershare Trust Company, N.A., as rights agent (including the form of Certificate of Designations of Series A Junior Participating Preferred Stock attached thereto as Exhibit A, the form of Right Certificate attached thereto as Exhibit B and the Summary of Rights to Purchase Preferred Shares attached thereto as Exhibit C (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-38061) filed with the Commission on February 14, 2020)).
4.4	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.6 to the Registrant's Annual Report on Form 10-K (File No. 001-38061) filed with the Commission on February 19, 2020).

10.1#	Second Amended and Restated Asset-Based Revolving Credit Agreement, dated as of December 6, 2021, by and among Warrior Met Coal, Inc. and certain of its subsidiaries, as borrower, the guarantors party thereto, the lenders party thereto and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-38061) filed with the Commission on December 7, 2021).
10.2*	Intercreditor Agreement, dated as of December 6, 2021, among Citibank, N.A., initial ABL agent, Wilmington Trust, National Association, initial term agent and initial term representative, and each additional term agent and additional term representative from time to time party thereto.
10.3	Registration Rights Agreement, dated as of April 19, 2017, among Warrior Met Coal, Inc. and certain of its equity holders party thereto (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-38061) filed with the Commission on August 3, 2017).
10.4†	Warrior Met Coal, Inc. 2017 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-38061) filed with the Commission on April 19, 2017).
10.5†	Warrior Met Coal, LLC 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.11 to the Registrant's Amendment No. 1 to the Registration Statement on Form S-1 (File No. 333-216499) filed with the Commission on March 27, 2017).
10.6†	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-38061) filed with the Commission on April 19, 2017).
10.7†	Employment Agreement, dated March 31, 2016 by and between Warrior Met Coal, LLC and Walter J. Scheller, III (incorporated by reference to Exhibit 10.7 to the Registrant's Registration Statement on Form S-1 (File No. 333-216499) filed with the Commission on March 7, 2017).
10.8†	Employment Agreement, dated March 31, 2016 by and between Warrior Met Coal, LLC and Jack K. Richardson (incorporated by reference to Exhibit 10.9 to the Registrant's Registration Statement on Form S-1 (File No. 333-216499) filed with the Commission on March 7, 2017).
10.9†	Employment Agreement, dated January 1, 2017, by and between Warrior Met Coal, LLC and Dale W. Boyles (incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-1 (File No. 333-216499) filed with the Commission on March 7, 2017).
10.10†	Employment Agreement, dated March 31, 2016, by and between Warrior Met Coal, LLC and Kelli K. Gant (incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K (File No. 001-38061) filed with the Commission on February 14, 2018).
10.11†	Employment Agreement, dated March 31, 2016, by and between Warrior Met Coal, LLC and Brian M. Chopin (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K (File No. 001-38061) filed with the Commission on February 19, 2020.)
10.12†	Employment Agreement, dated March, by and between Warrior Met Coal, Inc. and Charles Lussier (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-38061) filed with the Commission on April 29, 2020.)
10.13†	Form of Warrior Met Coal, Inc. 2017 Equity Incentive Plan Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-38061) filed with the Commission on June 5, 2017).
10.14†	Restricted Unit Award Agreement, dated March 31, 2016, by and between Warrior Met Coal, LLC and Walter J. Scheller, III (incorporated by reference to Exhibit 10.13 to the Registrant's Amendment No. 3 to the Registration Statement on Form S-1 (File No. 333-216499) filed with the Commission April 10, 2017).
10.15†	Restricted Unit Award Agreement, dated April 20, 2016, by and between Warrior Met Coal, LLC and Jack K. Richardson (incorporated by reference to Exhibit 10.15 to the Registrant's Amendment No. 3 to the Registration Statement on Form S-1 (File No. 333-216499) filed with the Commission on April 10, 2017).
10.16†	Restricted Unit Award Agreement, dated January 1, 2017, by and between Warrior Met Coal, LLC and Dale W. Boyles (incorporated by reference to Exhibit 10.16 to the Registrant's Amendment No. 3 to the Registration Statement on Form S-1 (File No. 333-216499) filed with the Commission on April 10, 2017).
10.17†	Restricted Unit Award Agreement, dated March 31, 2016, by and between Warrior Met Coal, LLC and Stephen D. Williams (incorporated by reference to Exhibit 10.17 to the Registrant's Amendment No. 3 to the Registration Statement on Form S-1 (File No. 333-216499) filed with the Commission on April 10, 2017).

10.18 †	Restricted Unit Award Agreement, dated February 24, 2017, by and between Warrior Met Coal, LLC and Stephen D. Williams (incorporated by reference to Exhibit 10.18 to the Registrant's Amendment No. 3 to the Registration Statement on Form S-1 (File No. 333-216499) filed with the Commission on April 10, 2017).
10.19 †	Phantom Unit Award Agreement, dated March 31, 2016, by and between Warrior Met Coal, LLC and Stephen D. Williams (incorporated by reference to Exhibit 10.19 to the Registrant's Amendment No. 3 to the Registration Statement on Form S-1 (File No. 333-216499) filed with the Commission on April 10, 2017).
10.20 †	Restricted Stock Unit Award Agreement, dated April 19, 2017, by and between Warrior Met Coal, Inc. and Stephen D. Williams (incorporated by reference to Exhibit 10.23 to the Registrant's Annual Report on Form 10-K (File No. 001-38061) filed with the commission on February 21, 2019).
10.21 †	Form of Restricted Stock Unit Award Agreement (for non-employee directors), dated April 27, 2017 (incorporated by reference to Exhibit 10.24 to the Registrant's Annual Report on Form 10-K (File No. 001-38061) filed with the commission on February 21, 2019).
10.22 †	Form of Restricted Stock Unit Award Agreement (for non-employee directors) (incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K (File No. 001-38061) filed with the commission on February 21, 2019).
10.23 †*	Form of Amendment to Restricted Stock Unit Award Agreement (for non-employee directors).
10.24 †	Form of Warrior Met Coal, Inc. 2017 Equity Incentive Plan Restricted Stock Unit Award Agreement (Time-Based Vesting Award) (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-38061) filed with the Commission on May 2, 2018).
10.25 †	Form of Warrior Met Coal, Inc. 2017 Equity Incentive Plan Restricted Stock Unit Award Agreement (Performance-Based Vesting Award) (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-38061) filed with the Commission on May 2, 2018).
10.26 †	Form of Warrior Met Coal, Inc. 2017 Equity Plan Restricted Stock Unit Award Agreement (Performance-Based Vesting Award - 2019 Retention Grant) (incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K (File No. 001-38061) filed with the commission on February 21, 2020).
10.27 †	Form of Amendment to Restricted Stock Unit Award Agreements (for executive officers), effective January 1, 2020 (incorporated by reference to Exhibit 10.27 to the Registrant's Annual Report on Form 10-K (File No. 001-38061) filed with the commission on February 21, 2020).
10.28 †	Form of Warrior Met Coal, Inc. 2017 Equity Plan Restricted Stock Unit Award Agreement (Time-Based Vesting Award - Revised) (incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K (File No. 001-38061) filed with the commission on February 21, 2020).
10.29 †	Form of Warrior Met Coal, Inc. 2017 Equity Plan Restricted Stock Unit Award Agreement (Performance-Based Vesting Award - Revised)(incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K (File No. 001-38061) filed with the commission on February 21, 2020).
21.1 *	List of Subsidiaries of the Company.
23.1 *	Consent of Ernst & Young LLP.
23.2 *	Consent of Marshall Miller & Associates, Inc.
23.3 *	Consent of McGehee Engineering Corp.
31.1 *	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2 *	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1 **	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95 *	Mine Safety Disclosures Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 299.104)
96.1 *	Technical Report Summary for Mine No. 7 - S-K 1300 Report
96.2 *	Technical Report Summary for Mine No. 4 - S-K 1300 Report
96.3 *	Technical Report Summary for Blue Creek - S-K 1300 Report

101INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation LinkBase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition LinkBase Document
101.LAB*	Inline XBRL Taxonomy Extension Label LinkBase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation LinkBase Document
104*	Cover Page Interactive Data File (formatted Inline XBRL and included in the Interactive Data Files submitted under Exhibit 101).

* Filed herewith.

** Furnished herewith.

† Management contract, compensatory plan or arrangement.

The schedules to this agreement have been omitted for this filing pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish copies of such schedules to the SEC upon request.

Item 16. Form 10-K Summary

None.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Warrior Met Coal, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Warrior Met Coal, Inc. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 22, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Description of the Matter

Asset Retirement Obligations

At December 31, 2021, the Company had recorded asset retirement obligations of approximately \$70.7 million for the estimated costs to reclaim surface lands and supporting infrastructure in accordance with applicable reclamation laws in the United States as defined by each mining permit. Changes in the asset retirement obligations are more fully described in Note 8 to the consolidated financial statements.

The calculation of reclamation obligations requires significant judgment due to the inherent complexity in estimating the amount and timing of future costs and determining an appropriate rate to discount these costs back to their present value.

Auditing the Company's asset retirement obligations involved a high degree of subjectivity as estimates underlying the determination of the obligation were based on assumptions unique to mining operations and subject to various laws and regulations governing the protection of the applicable environment, including estimates of disturbed acreage as determined from engineering data, estimates of future costs to reclaim the disturbed acreage and the timing and amount of related cash flows, which are discounted using a credit-adjusted, risk-free rate. Actual costs incurred in future periods could differ from amounts estimated and future changes to environmental laws and regulations could increase the extent of reclamation work required.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process for evaluating the asset retirement obligations. For example, we tested controls over management's review of the assumptions described above.

To test the asset retirement obligations, our audit procedures included, among others, involving our specialist to assist us in evaluating the Company's reclamation cost estimates, including estimates of disturbed acreage, the scope of estimated reclamation activities against regulatory requirements, the associated future reclamation costs, and the timing of related cash flows, and the Company's reclamation methodology against industry practice. We also evaluated management's methodology for determining the credit adjusted risk-free rate used to discount the asset retirement obligations.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2016.

Birmingham, Alabama
February 22, 2022

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Warrior Met Coal, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Warrior Met Coal, Inc.'s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Warrior Met Coal, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and our report dated February 22, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Birmingham, Alabama
February 22, 2022

WARRIOR MET COAL, INC.
BALANCE SHEETS
(in thousands)

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 395,839	\$ 211,916
Short-term investments	8,505	8,504
Trade accounts receivable	122,150	83,298
Other receivables	7,991	5,142
Inventories, net	59,619	118,713
Prepaid expenses and other	33,097	39,910
Total current assets	627,201	467,483
Mineral interests, net	93,180	100,855
Property, plant and equipment, net	603,412	637,108
Deferred income taxes	125,276	174,372
Other long-term assets	15,142	14,118
Total assets	<u>\$ 1,464,211</u>	<u>\$ 1,393,936</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 33,829	\$ 59,110
Accrued expenses	54,847	86,108
Asset retirement obligations	5,141	4,354
Short-term financing lease obligations	23,622	14,385
Other current liabilities	4,689	6,361
Total current liabilities	122,128	170,318
Long-term debt	339,806	379,908
Asset retirement obligations	65,536	57,553
Black lung obligations	34,482	34,567
Financing lease obligations	28,434	24,091
Other long-term liabilities	1,842	2,258
Total liabilities	592,228	668,695
Stockholders' Equity:		
Common stock, \$0.01 par value per share (Authorized -140,000,000 shares, 53,659,643 issued and 51,437,802 outstanding as of December 31, 2021 and 53,408,040 issued and 51,186,199 outstanding as of December 31, 2020)	537	534
Preferred stock, \$0.01 par value per share (10,000,000 shares authorized, no shares issued and outstanding)	—	—
Treasury stock, at cost (2,221,841 shares as of December 31, 2021 and December 31, 2020)	(50,576)	(50,576)
Additional paid in capital	256,059	249,746
Retained earnings	665,963	525,537
Total stockholders' equity	871,983	725,241
Total liabilities and stockholders' equity	<u>\$ 1,464,211</u>	<u>\$ 1,393,936</u>

The accompanying notes are an integral part of these consolidated financial statements.

WARRIOR MET COAL, INC.
STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	For the years ended December 31,		
	2021	2020	2019
Revenues:			
Sales	\$ 1,028,283	\$ 761,871	\$ 1,235,998
Other revenues	30,933	20,867	32,311
Total revenues	<u>1,059,216</u>	<u>782,738</u>	<u>1,268,309</u>
Costs and expenses:			
Cost of sales (exclusive of items shown separately below)	554,282	625,170	720,745
Cost of other revenues (exclusive of items shown separately below)	28,899	33,736	29,828
Depreciation and depletion	141,418	118,092	97,330
Selling, general and administrative	35,593	32,879	37,014
Business interruption	21,372	—	—
Idle mine	33,899	—	—
Total costs and expenses	<u>815,463</u>	<u>809,877</u>	<u>884,917</u>
Operating income (loss)	243,753	(27,139)	383,392
Interest expense, net	(35,389)	(32,310)	(29,335)
Loss on early extinguishment of debt	(9,678)	—	(9,756)
Other income	1,291	3,544	22,815
Income (loss) before income taxes	<u>199,977</u>	<u>(55,905)</u>	<u>367,116</u>
Income tax expense (benefit)	49,096	(20,144)	65,417
Net income (loss)	<u>\$ 150,881</u>	<u>\$ (35,761)</u>	<u>\$ 301,699</u>
Basic and diluted net income (loss) per share:			
Net income (loss) per share—basic	\$ 2.94	\$ (0.70)	\$ 5.87
Net income (loss) per share—diluted	\$ 2.93	\$ (0.70)	\$ 5.86
Weighted average number of shares outstanding—basic	<u>51,382</u>	<u>51,168</u>	<u>51,363</u>
Weighted average number of shares outstanding—diluted	<u>51,445</u>	<u>51,168</u>	<u>51,493</u>
Dividends per share:	<u>\$ 0.20</u>	<u>\$ 0.20</u>	<u>\$ 4.61</u>

The accompanying notes are an integral part of these consolidated financial statements.

WARRIOR MET COAL, INC.
STATEMENTS OF CHANGES IN EQUITY
(in thousands)

	Common Stock	Preferred Stock	Treasury Stock	Additional Paid in Capital	Retained Earnings	Total Stockholders' Equity
Balance at December 31, 2018	\$ 533	\$ —	\$ (38,030)	\$ 239,827	\$ 510,282	\$ 712,612
Net income	—	—	—	—	301,699	301,699
Dividends paid (\$4.61 per share)	—	—	—	—	(240,394)	(240,394)
Stock compensation	—	—	—	5,349	—	5,349
Treasury stock purchase	—	—	(12,546)	—	—	(12,546)
Other	—	—	—	(1,244)	106	(1,138)
Balance at December 31, 2019	\$ 533	\$ —	\$ (50,576)	\$ 243,932	\$ 571,693	\$ 765,582
Net loss	—	—	—	—	(35,761)	(35,761)
Dividends paid (\$0.20 per share)	—	—	—	—	(10,395)	(10,395)
Stock compensation	—	—	—	7,087	—	7,087
Treasury stock purchase	—	—	—	—	—	—
Other	1	—	—	(1,273)	—	(1,272)
Balance at December 31, 2020	\$ 534	\$ —	\$ (50,576)	\$ 249,746	\$ 525,537	\$ 725,241
Net income	—	—	—	—	150,881	150,881
Dividends paid (\$0.20 per share)	—	—	—	—	(10,455)	(10,455)
Stock compensation	—	—	—	9,355	—	9,355
Other	3	—	—	(3,042)	—	(3,039)
Balance at December 31, 2021	\$ 537	\$ —	\$ (50,576)	\$ 256,059	\$ 665,963	\$ 871,983

The accompanying notes are an integral part of these consolidated financial statements.

WARRIOR MET COAL, INC.
STATEMENTS OF CASH FLOWS
(in thousands)

	For the years ended December 31,		
	2021	2020	2019
OPERATING ACTIVITIES			
Net income (loss)	\$ 150,881	\$ (35,761)	\$ 301,699
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and depletion	141,418	118,092	97,330
Deferred income tax expense (benefit)	49,096	(20,075)	68,483
Stock-based compensation expense	9,370	7,602	5,820
Mark-to-market loss on gas hedges	1,595	—	—
Amortization of debt issuance costs and debt discount, net	1,741	1,546	1,361
Accretion and valuation adjustment of ARO	3,427	2,631	(7,891)
Loss on early extinguishment of debt	9,678	—	9,756
Changes in operating assets and liabilities:			
Trade accounts receivable	(38,852)	16,173	38,928
Other receivables	(2,849)	(3,308)	(224)
Income tax receivable	—	24,274	21,795
Inventories	45,693	(13,465)	(30,491)
Prepaid expenses and other current assets	11,387	(16,066)	4,088
Accounts payable	(20,322)	15,361	13,409
Accrued expenses and other current liabilities	(16,444)	(3,936)	(17,317)
Other	5,724	19,558	26,068
Net cash provided by operating activities	<u>351,543</u>	<u>112,626</u>	<u>532,814</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(57,893)	(87,488)	(107,278)
Deferred mine development costs	(13,462)	(27,093)	(23,392)
Proceeds from sale of property, plant and equipment	209	159	3,127
Sale of short-term investments	—	14,733	17,501
Purchases of short-term investments	—	(8,500)	(24,171)
Net cash used in investing activities	<u>(71,146)</u>	<u>(108,189)</u>	<u>(134,213)</u>
FINANCING ACTIVITIES			
Dividends paid	(10,455)	(10,395)	(240,394)
Proceeds from issuance of debt	347,701	—	—
Borrowings under ABL Facility	—	70,000	—
Repayments under ABL Facility	(40,000)	(30,000)	—
Retirements of debt	(350,304)	—	(140,272)
Principal repayments of financing lease obligations	(29,022)	(14,237)	(17,273)
Debt issuance costs paid	(11,352)	—	—
Common shares repurchased	—	—	(12,546)
Other	(3,042)	(1,272)	(1,138)
Net cash (used in) provided by financing activities	<u>(96,474)</u>	<u>14,096</u>	<u>(411,623)</u>
Net increase (decrease) in cash and cash equivalents	183,923	18,533	(13,022)
Cash and cash equivalents at beginning of period	211,916	193,383	206,405
Cash and cash equivalents at end of period	<u>\$ 395,839</u>	<u>\$ 211,916</u>	<u>\$ 193,383</u>

The accompanying notes are an integral part of these consolidated financial statements.

WARRIOR MET COAL, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
(in thousands)

	For the years ended December 31,		
	2021	2020	2019
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest paid, net of capitalized interest	\$ 36,359	\$ 30,523	\$ 33,544
Cash paid for income taxes	\$ —	\$ 69	\$ 85
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Financing leases - equipment	\$ 46,961	\$ 18,967	\$ 45,523

The accompanying notes are an integral part of these consolidated financial statements.

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1—Business and Basis of Presentation

Description of the Business

Warrior Met Coal, Inc. is a U.S.-based, environmentally and socially minded supplier to the global steel industry. The Company is dedicated entirely to mining non-thermal metallurgical (met) coal used as a critical component of steel production by metal manufacturers in Europe, South America and Asia. The Company is a large-scale, low-cost producer and exporter of premium met coal, also known as hard-coking coal ("HCC"), operating highly efficient longwall operations in its underground mines based in Alabama. The HCC that the Company produces from the Blue Creek coal seam contains very low sulfur, has strong coking properties and is of a similar quality to coal referred to as the premium HCC produced in Australia. The Company also generates ancillary revenues from the sale of natural gas extracted as a byproduct from the underground coal mines and royalty revenues from leased properties.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Warrior Met Coal, Inc and its subsidiaries (the "Company"). All significant intercompany transactions and balances have been eliminated in consolidation.

Impact of the COVID-19 Pandemic on the Company's Financial Condition and Results of Operations

The global steelmaking industry's demand for met coal is affected by pandemics, epidemics or other public health emergencies, such as the outbreak of the novel coronavirus ("COVID-19"), which was first reported in late 2019. In March 2020, the World Health Organization ("WHO") declared COVID-19 a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. In the two years since then, the pandemic has dramatically impacted the global health and economic environment, including millions of confirmed cases and deaths, business slowdowns or shutdowns, labor shortages, supply chain challenges, regulatory challenges, and market volatility. In addition, governments and central banks in several parts of the world have enacted fiscal and monetary stimulus measures to counteract the impacts of COVID-19.

Over the course of 2021, COVID-19 case rates and the health and economic impacts of the pandemic fluctuated dramatically in different communities in the U.S. and globally, particularly with the spread of new variants. But the Company continued to see a prolonged impact on the economy, its industry, and the Company itself, with increased challenges for customers and suppliers, labor shortages, supply chain challenges, and increasing inflation, among other impacts. The Company expected these and other impacts to continue and they could worsen, depending on the future course of the pandemic and actions taken in connection with it.

The Company continues to closely monitor and address the pandemic and related developments, including the impact on the Company, its employees, its customers, its suppliers and its communities. The Company has considered and continues to consider and be guided by health data and evolving guidance from the Centers for Disease Control and Prevention (CDC), in particular, as well as other health organizations globally, federal, state and local governmental authorities, and its customers, among others. The Company has taken, and continues to take, robust actions to help protect the health, safety and well-being of its employees, to support continued performance, to support its suppliers and local communities, and to continue to serve its customers. The Company's goals have been, and continue to be to lessen the potential adverse impacts, both health and economic, and to continue to position the Company for long-term success. As of the filing of this Form 10-K, the Company has not had to idle or temporarily idle its mines due to COVID-19.

Notwithstanding the Company's continued operations, COVID-19 has had and may continue to have further negative impacts on the Company's two operating mines, supply chain, transportation networks and customers, which may continue to compress the Company's margins, and reduce demand for the met coal that the Company produces. The COVID-19 outbreak is a widespread public health crisis that is adversely affecting the economies and financial markets of many countries, including those of the Company's customers, which are primarily located in Europe, South America and Asia. A prolonged economic downturn could adversely affect demand for the Company's met coal and contribute to volatile supply and demand conditions affecting prices and volumes. The progression of COVID-19 could also negatively impact the Company's business or results of operations through the temporary closure of one of its mines, customers or critical suppliers, or the McDuffie Coal Terminal at

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

the Port of Mobile in Alabama, or a disruption to the Company's rail and barge carriers, which would delay or prevent deliveries to its customers, among others.

In addition, the ability of the Company's employees and its suppliers' and customers' employees to work may be significantly impacted by individuals contracting or being exposed to COVID-19, or as a result of the control measures noted above, which may significantly affect the demand for met coal. The Company's customers may be directly impacted by business curtailments or weak market conditions and may not be willing or able to fulfill their contractual obligations or open letters of credit. The Company may also experience delays in obtaining letters of credit or processing letter of credit payments due to the impacts of COVID-19 on foreign issuing and U.S. intermediary banks. Furthermore, the progression of, and global response to, the COVID-19 outbreak has begun to cause, and increases the risk of, further delays in construction activities and equipment deliveries related to the Company's capital projects, including potential delays in obtaining permits from government agencies. The extent of such delays and other effects of COVID-19 on the Company's capital projects, certain of which are outside of the Company's control, is unknown, but they may impact or delay the timing of anticipated benefits of capital projects.

Collective Bargaining Agreement

The Company's Collective Bargaining Agreement ("CBA") contract with the United Mine Workers of America ("UMWA") expired on April 1, 2021. While the Company continues to engage in good faith negotiations with the UMWA, the Company has not reached a new contract and the UMWA is engaging in a strike. As a result of the strike, the Company idled Mine No. 4 and scaled back operations at Mine No. 7. In connection with the idling of Mine No. 4 and reduced operations at Mine No. 7, the Company incurred idle mine expenses of \$33.9 million for the year ended December 31, 2021. These expenses are reported separately in the Statements of Operations and represent expenses incurred while the respective mine is idled or operating below normal capacity, such as electricity, insurance and maintenance labor. The Company has also incurred approximately \$21.4 million of business interruption expenses for the year ended December 31, 2021, which represent non-recurring expenses that are directly attributable to the ongoing UMWA strike for incremental safety and security, labor negotiations and other expenses. These expenses are also presented separately in the Statements of Operations.

Note 2—Summary of Significant Accounting Policies

Use of Estimates

The Company prepares its financial statements in conformity with GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates.

Concentrations of Credit Risk and Major Customers

The Company's principal line of business is mining and marketing met coal to foreign steel producers. For the year ended December 31, 2021, approximately 97.1% of sales were derived from coal shipments to customers, located primarily in Europe, South America and Asia. At December 31, 2021 approximately 97.0% of trade receivables were related to these customers. For the year ended December 31, 2021, the Company's geographic customer mix was 52% in Asia, 39% in Europe and 9% in South America.

During the year ended December 31, 2021, Xcoal Energy & Resources and Salzgitter Flachstahl GMBH accounted for \$526.2 million, or 51.0% and \$118.1 million, or 11.4% of total revenues, respectively. During the year ended December 31, 2020, Xcoal Energy & Resources, Exiros BV Sucursal Uruguay, and Iskenderun Demir Ve Celik A.S. accounted for \$146.5 million, or 18.7%, \$117.7 million, or 15.0%, and \$89.1 million, or 11.4% of total revenues, respectively. During the year ended December 31, 2019, Xcoal Energy & Resources, Exiros BV Sucursal Uruguay, ArcelorMittal, and Thyssenkrupp Steel Europe AG accounted for \$276.2 million, or 22.3%, \$159.6 million, or 12.9%, \$128.2 million, or 10.4% and \$125.5 million, or 10.1% of total revenues, respectively. The increase in sales to XCoal during the year ended December 31, 2021 is primarily driven by sales into China.

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

Revenue Recognition

Revenue is recognized when performance obligations under the terms of a contract with the Company's customers are satisfied; for all contracts this occurs when control of the promised goods have been transferred to the Company's customers. For coal shipments to domestic customers via rail, control is transferred when the railcar is loaded. For coal shipments to international customers via ocean vessel, control is transferred when the vessel is loaded at the Port of Mobile in Alabama. For natural gas sales, control is transferred when the gas has been transferred to the pipeline. Revenue is disaggregated between coal sales within the Company's mining segment and natural gas sales included in all other revenues, as disclosed in Note 21.

The Company's coal and gas sales generally include up to 45-day payment terms following the transfer of control of the goods to the customer. The Company typically does not include extended payment terms in its contracts with customers.

Trade Accounts Receivable and Allowance for Credit Losses

Trade accounts receivable represent customer obligations that are derived from revenue recognized from contracts with customers. Credit is extended based on an evaluation of the individual customer's financial condition. The Company maintains trade credit insurance on the majority of its customers and the geographic regions of coal shipments to these customers. In some instances, the Company requires letters of credit, cash collateral or prepayments from its customers on or before shipment to mitigate the risk of loss. These efforts have consistently resulted in the Company recognizing no historical credit losses. The Company also has never had to have a claim against its trade credit insurance policy.

In order to estimate the allowance for credit losses on trade accounts receivable, the Company utilizes an aging approach in which potential impairment is calculated based on how long a receivable has been outstanding (e.g., current, 1-31, 31-60, etc.). The Company calculates an expected credit loss rate based on the Company's historical credit loss rate, the risk characteristics of its customers, and the current metallurgical coal and steel market environments. As of December 31, 2021, the estimated allowance for credit losses was immaterial and did not have a material impact on the Company's financial statements.

Shipping and Handling

Costs incurred to transport coal to the point of sale at the Port of Mobile, Alabama, are included in cost of sales and the gross amounts billed to customers, if any, to cover shipping and handling to the ultimate/final destination are included in sales.

Cash and Cash Equivalents

Cash and cash equivalents include short-term deposits and highly liquid investments that have original maturities of three months or less when purchased and are stated at cost, which approximates fair value.

Short-Term Investments

Instruments with maturities greater than three months, but less than twelve months, are included in short-term investments. The Company purchases United States Treasury bills with maturities ranging from six to twelve months which are classified as held to maturity and are carried at amortized cost, which approximates fair value. The Company also purchases fixed income securities and certificates of deposits with varying maturities that are classified as available for sale and are carried at fair value. Securities classified as held to maturity securities are those securities that management has the intent and ability to hold to maturity.

As of December 31, 2021 and 2020, the Company's short-term investments of \$8.5 million consisted of cash and fixed income securities. The short-term investments are posted as collateral for the self-insured black lung related claims asserted by or on behalf of former employees of Walter Energy, Inc. ("Walter Energy") and its subsidiaries, which were assumed by the Company and relate to periods prior to March 31, 2016.

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

Inventories

Inventories are valued at the lower of cost or net realizable value. Coal inventory costs include labor, supplies, equipment costs, operating overhead, freight, royalties, depreciation and depletion and other related costs. Coal inventories are valued using the first-in, first-out ("FIFO") inventory valuation method. The valuation of coal inventories is subject to estimates due to possible gains and losses resulting from inventory movements from the mine site to storage facilities, inherent inaccuracies in belt scales and aerial surveys used to measure quantities and fluctuations in moisture content. Periodic adjustments to coal tonnages on hand are made for an estimate of coal shortages and overages due to these inherent gains and losses, primarily based on historical results from aerial surveys and periodic coal pile clean-ups. Supplies inventories are valued using the average cost method of accounting. Management evaluates its supplies inventory in terms of excess and obsolete exposures which includes such factors as anticipated usage, inventory turnover, inventory levels and ultimate market value. A reserve for excess and obsolete supplies inventory is established and charged to cost of sales in the Statements of Operations.

Deferred Longwall Move Expenses

Direct costs, including labor and supplies, associated with moving longwall equipment and the related equipment refurbishment costs are deferred and included in prepaid expenses. These deferred costs are amortized on a units-of-production basis into cost of sales over the life of the subsequent panel of coal mined by the longwall equipment. See Note 4 for further disclosures related to deferred longwall move expenses.

Advanced Mining Royalties

Lease rights to coal reserves are often acquired in exchange for royalty payments. Advance mining royalties are advance payments made to lessors under terms of mineral lease agreements that are recoupable against future production royalties. These advance payments are deferred and charged to operations as the coal reserves are mined. Advance mining royalties are included in other long-term assets.

Property, Plant and Equipment

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is recorded principally on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized on the straight-line method over the lesser of the useful life of the improvement or the remaining lease term. Estimated useful lives used in computing depreciation expense range from three to ten years for machinery and equipment, and from fifteen to thirty years for land improvements and buildings. Well life is used to estimate the useful life for gas properties and related development, and mine life is used for amortizing mine development costs. Gains and losses upon disposition are reflected in the Statements of Operations in the period of disposition. Maintenance and repair expenditures are charged to cost of sales as incurred.

Deferred Mine Development

Costs of developing new underground mines and certain underground expansion projects are capitalized. Underground development costs, which are costs incurred to make the coal physically accessible, may include construction permits and licenses, mine design, construction of access roads, main entries, airshafts, roof protection and other facilities. Mine development costs are amortized primarily on a units-of-production basis over the estimated reserve tons directly benefiting from the capital expenditures. Costs amortized during the production phase of a mine are capitalized into inventory and expensed to cost of sales as the coal is sold. Coal sales revenue related to incidental production during the development phase are recorded as sales with an offset to cost of sales based on the estimated cost per ton sold for the mine when the asset is in place for its intended use.

Owned and Leased Mineral Interests

Costs to obtain coal reserves and lease mineral rights are capitalized based on cost or the fair value at acquisition and depleted using the units-of-production method over the life of proven and probable reserves. Lease agreements are generally long-term in nature (original terms range from 10 to 50 years) and substantially all of the leases contain provisions that allow for automatic extension of the lease term provided certain requirements are met. Depletion expense was \$8.3 million, \$9.3

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

million, and \$9.9 million for the years ended December 31, 2021, December 31, 2020, and December 31, 2019, respectively, and is included in depreciation and depletion in the accompanying Statements of Operations.

Asset Retirement Obligations

The Company has certain asset retirement obligations primarily related to mine closing reclamation costs, perpetual water care costs and other costs associated with dismantling and removing facilities. Asset retirement obligations are determined for each mine using various estimates and assumptions, including estimates of disturbed acreage as determined from engineering data, estimates of future costs to reclaim the disturbed acreage and the timing of related cash flows, discounted using a credit-adjusted, risk-free rate. The Company's asset retirement obligations also include estimates to reclaim gas wells in accordance with the Oil and Gas Board of Alabama. On at least an annual basis, the Company reviews the entire asset retirement obligation liability and makes necessary adjustments for permit changes, the anticipated timing of mine closures, and revisions to cost estimates and productivity assumptions to reflect current experience. As changes in estimates occur, the carrying amount of the obligation and asset are revised to reflect the new estimate after applying the appropriate credit-adjusted, risk-free discount rate. The future costs of these obligations are accrued at the estimated fair value in the period in which they are incurred if a reasonable estimate of fair value can be made. The present value of the estimated asset retirement cost is capitalized as part of the carrying amount of the long-lived asset. For sites where there is no asset, expense or income is recognized for changes in estimates.

Capitalized asset retirement costs are amortized on a units-of-production basis over the estimated reserves. Accretion of the asset retirement obligation is recognized over time and generally will escalate over the life of the producing asset, typically as production declines. Accretion is included in cost of sales on the Statements of Operations.

Accrued mine closing costs, perpetual care costs and reclamation costs and other costs of dismantling and removing facilities are regularly reviewed by management and revised for changes in future estimated costs and regulatory requirements, as necessary. For ongoing operations, adjustments to the liability result in an adjustment to the corresponding asset. For some operations, adjustments to the liability are recognized as income or expense in the period the adjustment is recorded as no asset was recorded to offset the liability established during acquisition accounting related to the acquisition of certain assets of Walter Energy as the operations were idle at that time. Any difference between the recorded obligation and the actual cost of reclamation is recorded in profit or loss in the period the obligation is settled. See Note 8 for further disclosures related to asset retirement obligations.

Impairment of Long-Lived Assets

Property, plant and equipment and other long-lived assets are reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the book value of the asset may not be recoverable. The Company periodically evaluates whether events and circumstances have occurred that would indicate possible impairment. When impairment indicators exist, the Company uses an estimate of the future undiscounted cash flows of the related asset or asset group over the remaining life in measuring whether or not the asset values are recoverable. If the carrying amount of an asset or asset group exceeds its estimated future cash flows, impairment is recognized equal to the amount by which the carrying amount of the asset exceeds the fair value of the asset or asset group. Fair value is generally determined using market quotes, if available, or a discounted cash flow approach. The Company's estimate of future undiscounted cash flows is based on assumptions including long-term met coal pricing forecasts, anticipated production volumes and mine operating costs for the life of the mine or estimated useful life of the asset.

Equity Award Compensation

The Company accounts for equity award-based compensation to employees and non-employee/directors in accordance with ASC 718 requiring employee equity awards to be accounted for under the fair value method. The Company recognizes forfeitures as they occur. The Company recognizes compensation expense associated with equity awards for all awards made to employees as the requisite service, performance and market vesting conditions are met. For units granted containing only service and performance conditions, the fair value of the award is equal to the market price of the Company's common stock at the date of grant. For units granted containing only a market condition, the fair value of the award is determined utilizing a Monte Carlo simulation model which incorporates the total stockholder return hurdles set for each grant.

Compensation expense for equity awards with a service-only condition is recognized over the employee's requisite service period using a graded vesting method. For awards with a performance condition that affects vesting, the performance

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

condition is not considered in determining the award's grant-date fair value; however, the performance conditions are considered when estimating the quantity of awards that are expected to vest. No compensation expense is recorded for awards with performance conditions until the performance condition is determined to be probable of achievement. For awards with a market condition that affects vesting, the market condition is considered in determining the award's grant-date fair value. Compensation expense for awards with a market condition is recognized straight-line over the derived or implied service period.

Compensation expense for equity awards is included in cost of sales (exclusive of items shown separately below) and selling, general and administrative costs in the accompanying Statements of Operations.

Deferred Financing Costs

The costs to obtain new debt financing or amend existing financing agreements are deferred and amortized to interest expense over the life of the related indebtedness or credit facility using the straight-line method. As of December 31, 2021 and December 31, 2020, there were \$5.0 million and \$2.7 million of unamortized origination fees related to the ABL Facility (as defined in Note 13) in other long-term assets on the accompanying Balance Sheet. As of December 31, 2021 and December 31, 2020 there were \$10.2 million and \$3.5 million, respectively, of unamortized deferred financing costs and debt discount, net, related to the Notes (as defined in Note 13), which is presented as a net deduction from the carrying amount of the related debt recognized in the accompanying Balance Sheet.

Income Taxes

The Company records a tax provision for the expected tax effects of the reported results of operations. The provision for income taxes is determined using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax impact of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Deferred income tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets and liabilities are expected to be realized or settled. The Company records a valuation allowance to reduce deferred income tax assets to the amount that is believed more likely than not to be realized. When the Company concludes that all or part of the net deferred income tax assets are not realizable in the future, the Company makes an adjustment to the valuation allowance that is charged to earnings in the period that such determination was made.

The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three level hierarchy has been established for valuing assets and liabilities based on how transparent (observable) the inputs are that are used to determine fair value, with the inputs considered most observable categorized as Level 1 and those that are the least observable categorized as Level 3. Hierarchy levels are defined as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

Leases

The Company determines if an arrangement is a lease at inception. The Company has an accounting policy election that leases with an initial term of 12 months or less remain off its balance sheet and lease payments are recognized in the Statements of Operations on a straight-line basis over the lease term. A right-of-use asset represents the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. For purpose of calculating such present values, lease payments include components that vary based on an index or rate, using the prevailing index or rate at the commencement date and exclude components that vary based upon other factors. For those leases that do not contain a readily determinable implicit rate, the Company uses its incremental borrowing rate at commencement to determine the present value of lease payments. Variable lease payments not included within lease contracts are expensed as incurred. The Company's leases may include options to extend or terminate the lease, and such options are reflected in the term when their exercise is reasonably certain. Lease expense is recognized on a straight-line basis over the lease term.

New Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board ("FASB") issued ASU 2019-12, "Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes," which is intended to simplify various aspects related to accounting for income taxes. This ASU removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The ASU is effective for fiscal years beginning after December 15, 2020. The Company adopted the standard as of January 1, 2021 with no material impact to the Company's results of operations, financial condition, cash flows or financial statement presentation.

Note 3—Inventories, net

Inventories, net are summarized as follows (in thousands):

	December 31, 2021	December 31, 2020
Coal	\$ 24,185	\$ 86,272
Raw materials, parts, supplies and other, net	35,434	32,441
Total inventories, net	<u>\$ 59,619</u>	<u>\$ 118,713</u>

Note 4—Prepaid Expenses and Other

Prepaid expenses and other consisted of the following (in thousands):

	December 31, 2021	December 31, 2020
Deferred longwall move expenses	\$ 20,901	\$
Prepaid insurance	2,283	
Prepaid deposits	49	
Current hedge asset	4,043	
Other	5,821	
Total prepaid expenses and other	<u>\$ 33,097</u>	<u>\$</u>

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

Note 5—Mineral Interests and Property, Plant and Equipment, net

Mineral interests totaled \$144.2 million and \$144.2 million and the related accumulated depletion totaled \$51.0 million and \$43.4 million as of December 31, 2021 and December 31, 2020, respectively.

Property, plant and equipment are summarized as follows (in thousands):

	December 31, 2021	December 31, 2020
Land	\$ 72,262	\$ 71,886
Land improvements	18,368	18,024
Building and leasehold improvements	83,649	77,556
Mine development and infrastructure costs	38,336	29,893
Machinery and equipment	742,890	679,393
Financing lease right of use asset	93,367	56,528
Construction in progress	47,814	82,367
Total	1,096,686	1,015,647
Less: Accumulated depreciation	(493,274)	(378,539)
Property, plant and equipment, net	\$ 603,412	\$ 637,108

Depreciation and depletion expense was \$141.4 million, \$118.1 million, and \$97.3 million, for the years ended December 31, 2021 and December 31, 2020, and December 31, 2019, respectively.

Note 6—Other Long-Term Assets

Other long-term assets consisted of the following (in thousands):

	December 31, 2021	December 31, 2020
Advance mining royalties	\$ 7,297	\$ 7,305
ABL Facility origination fees	5,004	2,667
Other	2,841	4,146
Total other long-term assets	\$ 15,142	\$ 14,118

Note 7—Income Taxes

Income tax expense (benefit) consisted of the following (in thousands):

	For the years ended December 31,		
	2021	2020	2019
Current			
Federal	\$ —	\$ (74)	\$ (3,151)
State	—	5	85
	—	(69)	(3,066)
Deferred			
Federal	19,031	(16,731)	53,677
State	30,065	(3,344)	14,806
	49,096	(20,075)	68,483
Total	\$ 49,096	\$ (20,144)	\$ 65,417

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended December 31, 2021, the Company recognized an income tax expense of \$49.1 million or an effective tax rate of 24.6%.

Total income tax expense (benefit) differs from the expected tax expense (benefit) (computed by multiplying the U.S. federal statutory rate of 21% by income (loss) before income taxes) as a result of the following (in thousands):

	For the years ended December 31,		
	2021	2020	2019
Income (loss) before income tax expense (benefit)	\$ 199,977	\$ (55,905)	\$ 367,116
Tax expense (benefit) at statutory tax rate	41,995	(11,740)	77,094
Effect of:			
Depletion	(12,227)	(1,504)	(16,198)
State and local income tax, net of federal effect	(22,387)	(2,637)	11,747
Valuation allowance on deferred tax assets	45,952	—	—
Impact of Walter Energy IRS Settlement ⁽¹⁾	—	—	(6,615)
IRC Section 451 marginal well credit	(4,702)	(3,977)	—
Other	465	(286)	(611)
Tax expense (benefit) recognized	\$ 49,096	\$ (20,144)	\$ 65,417

(1) In the fourth quarter of 2019, an adjustment of \$6.6 million was recorded to recognize additional alternative minimum tax credits, general business credits and NOLs available to the Company in connection with a settlement agreement between Walter Energy and the Internal Revenue Service.

Deferred Taxes

Deferred income tax assets and liabilities reflect the effects of tax losses, credits, and the future income tax effects of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates that apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Significant components of the Company's deferred income tax assets and liabilities were (in thousands):

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deferred income tax assets:		
Net operating loss and credit carryforwards	\$ 226,438	\$ 253,756
Inventory	494	—
Asset retirement obligations	14,930	15,547
Black lung obligations	7,834	9,275
Accrued expenses	6,365	4,303
Other	268	3,614
Total deferred income tax assets	256,329	286,495
Less: valuation allowance for deferred income tax assets	(45,952)	—
Net deferred income tax assets	210,377	286,495
Deferred income tax liabilities:		
Inventory	—	(558)
Prepaid expenses	(8,444)	(10,470)
Property, plant and equipment	(74,339)	(98,637)
Other	(2,318)	(2,458)
Total deferred income tax liabilities	(85,101)	(112,123)
Net deferred income tax asset	\$ 125,276	\$ 174,372

The Company has federal net operating loss ("NOL") carryforwards of approximately \$722.3 million as of December 31, 2021, of which \$31.0 million are indefinite lived and the remainder expire predominantly in December 31, 2034 through December 31, 2036. The Company has state NOL carryforwards of approximately \$992.6 million, which expire predominantly in December 31, 2029 through December 31, 2031. In addition, the Company has approximately \$23.3 million of general business credits which begin to expire in December 31, 2027 and fully expire in December 31, 2041. The increase in the general business credits from the prior year is due to a \$4.7 million income tax benefit from the Internal Revenue Code ("IRC") Section 451 Marginal Well Credit. The Marginal Well Credit is a production-based tax credit that provides a credit for qualified natural gas production. The credit is phased out when natural gas prices exceed certain levels.

Under the IRC of 1986, as amended (the "Code"), a company is generally allowed a deduction for NOLs against its federal taxable income. A company's ability to deduct its NOLs and utilize certain other available tax attributes can be substantially constrained under the general annual limitation rules of Section 382 of the Code if it undergoes an "ownership change" as defined in Section 382 or if similar provisions of state law apply. While the Company does not believe an ownership change has occurred since April 1, 2016, because the rules under Section 382 are highly complex and actions of the Company's stockholders which are beyond its control or knowledge could impact whether an ownership change has occurred, the Company cannot give you any assurance that another Section 382 ownership change has not occurred or will not occur in the future. As a result of the Company qualifying for the aforementioned exception, were the Company to have undergone a subsequent ownership change prior to April 1, 2018, its NOLs would effectively be reduced to zero. An ownership change after such date would severely limit the Company's ability to utilize its NOLs and other tax attributes.

Rights Agreement

On February 14, 2020, we adopted the Rights Agreement in an effort to prevent the imposition of significant limitations under Section 382 of the Code on our ability to utilize our current NOLs to reduce our future tax liabilities. The Company's stockholders ratified the Rights Agreement at the 2020 Annual Meeting of Stockholders.

The Rights Agreement is intended to supplement the 382 Transfer Restrictions and is designed to serve the interests of all stockholders by preserving the availability of our NOLs and is similar to plans adopted by other companies with significant NOLs.

Pursuant to the Rights Agreement, one preferred stock purchase right (a "Right" or the "Rights") was distributed to stockholders of the Company for each share of common stock of the Company outstanding as of the close of business on February 28, 2020. Initially, these Rights will not be exercisable and will trade with the shares of common stock. If the Rights become exercisable, each Right will initially entitle stockholders to buy one one-thousandth of a share of a newly created series

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

of preferred stock designated as "Series A Junior Participating Preferred Stock" at an exercise price of \$31.00 per Right. While the Rights Agreement is in effect, any person or group that acquires beneficial ownership of 4.99% or more of the common stock or any existing stockholder who currently owns 5.00% or more of the common stock that acquires any additional shares of common stock (such person, group or existing stockholder, an "Acquiring Person") without approval from the Board would be subject to significant dilution in their ownership interest in the Company. In such an event, each Right will entitle its holder to buy, at the exercise price, common stock having a market value of two times the then current exercise price of the Right and the Rights held by such Acquiring Person will become void. The Rights Agreement also gives discretion to the Board to determine that someone is an Acquiring Person even if they do not own 4.99% or more of the common stock but do own 4.99% or more in value of the outstanding stock, as determined pursuant to Section 382 of the Code and the regulations promulgated thereunder. In addition, the Board has established procedures to consider requests to exempt certain acquisitions of the Company's securities from the Rights Agreement if the Board determines that doing so would not limit or impair the availability of the NOLs or is otherwise in the best interests of the Company. The Board may redeem the Rights for \$0.01 per Right at any time before any person or group triggers the Rights Agreement. The distribution of the Rights is not a taxable event for stockholders of the Company and will not affect the Company's financial condition or results of operations (including earnings per share).

The Rights will expire on the earliest of (i) the close of business on February 14, 2023, (ii) the close of business on the first anniversary of the date of entry into the Rights Agreement, if stockholder approval of the Rights Agreement has not been received by or on such date, (iii) the time at which the Rights are redeemed as provided in the Rights Agreement, (iv) the time at which the Rights are exchanged as provided in the Rights Agreement, (v) the time at which the Board determines that the NOLs are fully utilized or no longer available under Section 382 of the Code, (vi) the effective date of the repeal of Section 382 of the Code if the Board determines that the Rights Agreement is no longer necessary or desirable for the preservation of NOLs, or (vii) the closing of any merger or other acquisition transaction involving the Company pursuant to an agreement of the type described in the Rights Agreement.

Valuation Allowance

The Company periodically assesses whether it is more likely than not that it will generate sufficient taxable income to realize its deferred income tax assets. The Company establishes valuation allowances if it is not likely it will realize its deferred income tax assets. In making this determination, the Company considers all available positive and negative evidence and makes certain assumptions. The Company considers, among other things, all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, the overall business environment, its historical financial results, the industry's historically cyclical financial results, its cumulative three-year income or loss position and potential current and future tax planning strategies.

On February 12, 2021, the Alabama Governor signed into law Alabama House Bill 170, now Act 2021-1 (the "Act"). The Act makes several changes to the state's business tax structure. Among the provisions of the Act, is the repeal of the so-called corporate income tax "throwback rule." That rule required all sales originating in Alabama and delivered to a jurisdiction where the seller was not subject to tax, to be included in the seller's Alabama income tax base. Thus, prior to repeal of the throwback rule, the Company had to rely on its Alabama NOL carryforwards to shelter taxes imposed under such throwback rule. As a result of the now repealed throwback rule, effective January 1, 2021, all such sales should now be excluded from Alabama taxable income without the need to utilize Alabama NOLs. As a result of the repeal of the throwback rule, the Company remeasured its Alabama deferred income tax assets and liabilities and recorded a non-cash income tax benefit of \$22.4 million. Additionally, the Company determined that it is not more likely than not that the Company would have sufficient taxable income to utilize all of the Company's Alabama deferred income tax assets prior to expiration. Therefore, the Company established a non-cash valuation allowance of \$46.0 million against such deferred income tax assets.

As of December 31, 2021, the Company considered all positive and negative evidence and concluded that its federal deferred income tax assets remain more likely than not to be realized and a valuation allowance was not required. Certain factors, could change or circumstances could arise that could further limit or eliminate the amount of the available NOLs to the Company, such as an ownership change or an adjustment by a tax authority. Also, certain circumstances, such as the COVID-19 pandemic, the Chinese ban on Australian coal, the ongoing UMWA strike and the unknown duration and overall impact on the Company's operations, including its failing to generate sufficient future taxable income from operations, could limit its ability to fully utilize its deferred tax assets before expiration.

The following table shows the balance of the Company's valuation allowance and the associated activity during 2021:

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

	<u>December 31, 2021</u>
Beginning balance	\$ —
Addition/(Reduction) - current tax expense/(benefit)	45,952
Release	\$ —
Ending balance	<u>\$ 45,952</u>

Uncertain Tax Positions

The Company has filed income tax returns in the U.S. and in various state and local jurisdictions which are routinely examined by tax authorities in these jurisdictions. NOLs and carryforwards are subject to adjustments based on examination and the statute of limitations is currently open for all such loss and credit carryforwards. The Company had no unrecognized tax benefits or accruals for unrecognized tax benefits as of December 31, 2021 and 2020, respectively.

The Company did not record any interest or penalties associated with income taxes for years ended December 31, 2021, 2020 and 2019, respectively, but would record interest and penalties within income tax expense.

Note 8—Asset Retirement Obligations

Changes in the asset retirement obligations (“ARO”) were as follows (in thousands):

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
Balance at Beginning of Period	\$	61,907	\$	56,206
Accretion expense		3,237		3,004
Revisions to estimates		5,567		2,973
Obligations settled		(34)		(276)
Balance at End of Period	<u>\$</u>	<u>70,677</u>	<u>\$</u>	<u>61,907</u>

The portion of costs expected to be paid within a year as of December 31, 2021 is \$5.1 million. The portion of costs expected to be incurred beyond one year as of December 31, 2021 is \$65.5 million. There were no assets that were legally restricted for purposes of settling asset retirement obligations at December 31, 2021. Alabama's regulatory framework technically allows for self-bonding. However, as a practical matter, due to the onerous regulatory requirements for self-bonding, mining companies in Alabama utilize surety bonds, collateral bonds, or letters of credit to meet their financial assurance requirements. At December 31, 2021, the Company had outstanding surety bonds and letters of credit with parties for post-mining reclamation at all of its mining operations totaling \$40.9 million, and \$3.6 million for miscellaneous purposes.

For the year ended December 31, 2021 and December 31, 2020, the change to the liability was primarily attributable to the net impact of changes in discount rates, changes in the timing of scheduled reclamation and current estimates of the costs and scope of remaining reclamation work. For the years ended December 31, 2021 and December 31, 2020, \$0.2 million or \$0.004 per share and \$0.4 million or \$0.01 per share, respectively, of the adjustment to the liability was reflected as income in the period because there was no asset recorded to offset the adjustment to the respective liability. This portion of the liability relates to operations that were idle at the time of purchase accounting for the acquisition of certain assets of Walter Energy and no value was attributed to any asset as an offset for the asset retirement obligation.

Note 9—Accrued Expenses

Accrued expenses consisted of the following (in thousands):

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

	December 31, 2021	December 31, 2020
Accrued wages and employee benefits	\$ 31,456	\$ 25,539
Accrued operating expenses	8,720	46,285
Accrued royalties	8,267	3,484
Accrued freight	767	2,724
Accrued interest	2,297	4,981
Accrued non-income taxes	3,340	3,095
Total accrued expenses	<u>\$ 54,847</u>	<u>\$ 86,108</u>

Note 10—Pneumoconiosis ("Black Lung") Obligations

The Company is responsible for medical and disability benefits for black lung disease under the Federal Coal Mine Health and Safety Act of 1969, as amended. Beginning on April 1, 2016 through May 31, 2018, the Company was insured under a guaranteed cost insurance policy, through a third-party insurance carrier, for black lung claims raised by any employee subsequent to the acquisition of certain assets of Walter Energy. Beginning on June 1, 2018 through May 31, 2020, the Company had a deductible policy where the Company is responsible for the first \$0.5 million for each black lung claim. Since June 1, 2020, the Company has a deductible policy where the Company is responsible for the first \$1.0 million for each black lung claim.

In addition, in connection with the acquisition of certain assets of Walter Energy, the Company assumed all black lung liabilities of Walter Energy and its U.S. subsidiaries incurred prior to March 31, 2016, for which the Company is self-insured. Due to a limited operating history as a stand-alone company and as a result of being self-insured for these historical black lung claims, the Department of Labor ("DOL") required the Company to post \$17.0 million in the form of Treasury bills or surety bonds as collateral, in addition to maintaining a black lung trust acquired in the Walter Energy acquisition. The Company received a letter from the DOL on February 21, 2020 under its new process for self-insurance renewals that would require it to increase the amount of collateral posted to \$39.8 million, but the Company has appealed such increase. The Company received another letter from the DOL on December 8, 2021 requesting additional information to support its appeal of the collateral requested by the DOL. As of December 31, 2021 and December 31, 2020, the Company had \$17.0 million of surety bonds and \$8.5 million of collateral recognized as short term investments. There were also \$2.6 million and \$3.0 million of assets held in a black lung trust, which is offset against the long-term portion of the black lung obligations within the Balance Sheet as of December 31, 2021 and December 31, 2020, respectively. The estimated total black lung liabilities (net of black lung trust assets) were \$37.1 million as of December 31, 2021, of which \$2.6 million is classified in other current liabilities and the remainder of \$34.5 million is shown as a long-term liability in a separate line item in the Balance Sheets. For the year ended December 31, 2020, the estimated black lung liabilities (net of the black lung trust assets) were \$36.9 million, of which \$2.4 million is classified in other current liabilities and \$34.6 million is displayed as a long-term liability in a separate line item in the Balance Sheets. Accretion of the black lung liabilities is included in cost of other revenues on the Statements of Operations. The Company performs an annual evaluation of its black lung liabilities at each balance sheet date. The calculation uses assumptions regarding rates of successful claims, discount factors, benefit increases and mortality rates, among others.

Note 11—Employee Benefit Plans

Defined Contribution Plans

The Company sponsors a defined contribution plan to assist its eligible employees in providing for retirement. Generally, under the terms of the plan, employees make voluntary contributions through payroll deductions and the Company makes matching contributions, as defined by the plan. Contributions to these defined contribution plans amounted to \$2.5 million for the year ended December 31, 2021, \$3.0 million for the year ended December 31, 2020 and \$2.9 million for the year ended December 31, 2019 accounted for in cost of sales and selling, general and administrative costs in the Statements of Operations.

Collective Bargaining Agreement

The Company's CBA contract with the UMWA expired on April 1, 2021. While the Company continues to engage in good faith negotiations with the UMWA, the Company has not reached a new contract and the UMWA is engaging in a strike.

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

As a result of the strike, the Company idled Mine No. 4 and scaled back operations at Mine No. 7. Approximately 67.2% of the Company's employees were represented by the UMWA as of December 31, 2020.

Note 12—Equity Award Plans

Warrior Met Coal, Inc. 2017 Equity Incentive Plan

In connection with the Company's initial public offering, the Company adopted the Warrior Met Coal, Inc. 2017 Equity Incentive Plan (the "2017 Equity Plan").

Under the 2017 Equity Plan, directors, officers, employees, consultants and advisors and those of affiliated companies, as well as those who have accepted offers of employment or consultancy from the Company or the Company's affiliated companies, may be granted equity interest in Warrior Met Coal, Inc. in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, stock bonus awards, and performance awards.

The total number of shares of common stock, including incentive stock options, available for grant of awards under the 2017 Equity Plan as of December 31, 2021 is 4,740,814. If any outstanding award expires, is canceled, forfeited, or settled in cash, the shares allocable to that award will again be available for grant under the 2017 Equity Plan.

As of December 31, 2021, the equity awards granted under the 2017 Equity Plan are comprised of common stock, restricted stock awards, and restricted stock unit awards. The Company recognized stock compensation expense of \$9.3 million for the year ended December 31, 2021 associated with awards granted under the 2017 Equity Plan. Unrecognized compensation expense related to the 2017 Equity Plan amounted to approximately \$1.6 million as of December 31, 2021.

During the second quarter of 2021, certain employees and directors reached retirement eligibility which resulted in incremental stock compensation expense of \$1.2 million as of December 31, 2021 that would have otherwise been recorded in future years. This amount is included in selling, general and administrative expenses within the Condensed Statements of Operations.

A summary of activity related to restricted stock unit award grants under the 2017 Equity Incentive Plan during the year ended December 31, 2021 is as follows:

	Shares	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2020	799,240	\$ 18.95
Granted	430,929	\$ 13.51
Canceled	(31,207)	\$ 25.31
Forfeited	(22,010)	\$ 15.09
Vested	(348,550)	\$ 21.02
Outstanding at December 31, 2021	<u>828,402</u>	

Note 13—Debt

Debt consisted of the following (in thousands):

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

	December 31, 2021	December 31, 2020	Weighted Average Interest Rate at December 31, 2021	Final Maturity
7.875% senior secured notes due 2028	\$ 350,000	\$ —	7.875%	2028
8% senior secured notes due 2024	—	\$ 343,435	8%	2024
ABL facility	—	40,000	Varies ¹	2026
Debt discount, net	(10,194)	(3,527)		
Total debt	339,806	379,908		
Less: current debt	—	—		
Total long-term debt	\$ 339,806	\$ 379,908		

¹ Borrowing under the ABL Facility bear interest at a rate equal to Secured Overnight Financing Rate, plus a credit adjustment spread, ranging currently from 0.11448% to 0.26161%, or an alternate base rate plus an applicable margin, which is determined based on the average availability of the commitments under the ABL Facility, ranging currently from 1.5% and 2.0% or 0.5% to 1.0%, respectively.

The Company's minimum debt repayment schedule, excluding interest, as of December 31, 2021 is as follows (in thousands):

	Payments Due					
	2022	2023	2024	2025	2026	Thereafter
Senior secured notes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 350,000
ABL facility	—	—	—	—	—	—
Total	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 350,000

ABL Facility

On December 6, 2021, the Company entered into the Second Amended and Restated Asset-Based Revolving Credit Agreement (the "Second Amended and Restated Credit Agreement"), by and among the Company and certain of its subsidiaries, as borrowers, the guarantors party thereto, the lenders from time to time party thereto and Citibank, as administrative agent (in such capacity, the "Agent"), which amends and restates in its entirety the existing Amended and Restated Asset-Based Revolving Credit Agreement (as amended, the "ABL Facility"). The Second Amended and Restated Credit Agreement, among other things, (i) extended the maturity date of the ABL Facility to December 6, 2026; (ii) changed the calculation of the interest rate payable on borrowings from being based on a London Inter-Bank Offered Rate to be based on a Secured Overnight Financing Rate, with corresponding changes to the applicable interest rate margins with respect to such borrowings, (iii) amended certain definitions related to the calculation of the borrowing base; (iv) increased the commitments that may be used to issue letters of credit to \$65.0 million; and (v) amended certain baskets contained in the covenants to conform to the baskets contained in the indenture governing the Notes. The Second Amended and Restated Credit Agreement also allows the Company to borrow up to \$132.0 million through October 14, 2023, decreasing to \$116.0 million through November 2026, subject to availability under the borrowing base and other conditions.

The amendment to the ABL Facility in December 2021 was considered to be a debt modification and resulted in incremental debt issuance costs of \$3.3 million which are reflected as deferred financing costs in other long-term assets on the Balance Sheet. These costs coupled with the \$1.7 million of deferred financing costs related to the existing ABL will be amortized to interest expense over the remaining term of the ABL Facility.

Under the ABL Facility, up to \$10.0 million of the commitments may be used to incur swingline loans from Citibank and up to \$65.0 million of the commitments may be used to issue letters of credit. The ABL Facility will mature on December 6, 2026. As of December 31, 2021, no loans were outstanding under the ABL Facility and there were \$9.4 million of letters of credit issued and outstanding under the ABL Facility. At December 31, 2021, the Company had \$83.2 million of availability under the ABL Facility.

Subject to permitted exceptions, the obligations of the borrowers under the ABL Facility are guaranteed by each of the Company's domestic subsidiaries and secured by (i) first-priority security interests in the ABL Priority Collateral (as defined in the indenture governing the Notes), which includes, among other things, certain accounts receivables, inventory and cash of the

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

Company and the guarantors, and (ii) second-priority security interests in the Notes Priority Collateral (as defined in the indenture governing the Notes), which includes, among other things, material mining properties, shares of capital stock of the guarantors, intellectual property, as extracted collateral (to the extent not constituting inventory), and certain fixed assets of the Company and the guarantors.

The ABL Facility contains customary covenants for asset-based credit agreements of this type, including among other things: (i) requirements to deliver financial statements, other reports and notices; (ii) restrictions on the existence or incurrence of certain indebtedness; (iii) restrictions on the existence or incurrence of certain liens; (iv) restrictions on making certain restricted payments; (v) restrictions on making certain investments; (vi) restrictions on certain mergers, consolidations and asset dispositions; (vii) restrictions on certain transactions with affiliates; and (viii) restrictions on modifications to certain indebtedness. Additionally, the ABL Facility contains a springing fixed charge coverage ratio of not less than 1.00 to 1.00, which ratio is tested if availability under the ABL Facility is less than a certain amount. As of December 31, 2021, the Company was not subject to this covenant. Subject to customary grace periods and notice requirements, the ABL Facility also contains customary events of default.

The Company was in compliance with all applicable covenants under the ABL Facility as of December 31, 2021.

Senior Secured Notes

On December 6, 2021, the Company issued \$350.0 million in aggregate principal amount of 7.875% senior secured notes due 2028 (the "Notes") at an initial price of 99.343% of their face amount. The Notes were issued to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and to certain non-U.S. persons in transactions outside the United States in accordance with Regulation S under the Securities Act. The Company used the net proceeds of the offering of the Notes, together with cash on hand, to fund the redemption of all of the Company's outstanding 8.00% senior secured notes due 2024 (the "Existing Notes"), including payment of the redemption premium in connection with such redemption. As a result, the Company recognized a loss on early extinguishment of debt of \$9.7 million which represents the write-off of previously capitalized Existing Notes debt issuance costs and debt discount, along with the redemption premium.

In connection with the issuance of the Notes, the Company incurred debt issuance costs of \$8.1 million for the year ended December 31, 2021, which consists primarily of structuring fees and legal fees, and is included as a reduction in long-term debt on the Balance Sheet.

The Notes will accrue interest at a rate of 7.875% per year from December 6, 2021. Interest on the Notes will be payable on June 1 and December 1 of each year, commencing on June 1, 2022. The Notes will mature on December 1, 2028. The Notes are fully and unconditionally guaranteed on a joint and several basis by each of the Company's direct and indirect wholly-owned domestic restricted subsidiaries that are guarantors under the ABL Facility (subject to customary release provisions).

At any time prior to December 1, 2024, the Company may redeem the Notes, in whole or in part, at a price equal to 100.00% of the principal amount of the Notes redeemed plus the Applicable Premium (as defined in the indenture governing the Notes) and accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. The Notes are redeemable at the Company's option, in whole or in part, from time to time, on or after December 1, 2024, at redemption prices specified in the indenture, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time on or prior to December 1, 2024, the Company may redeem up to 40% of the aggregate principal amount of the Notes with the proceeds of certain equity offerings, at a redemption price of 107.875% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. The Company is also required to make offers to purchase the Notes (i) at a purchase price of 101.00% of the principal amount thereof in the event it experiences specific kinds of change of control triggering events, (ii) at a purchase price of 103.00% of the principal amount thereof prior to making certain restricted payments, and (iii) at a purchase price of 100.00% of the principal amount thereof in the event it makes certain asset sales or dispositions and does not reinvest the net proceeds therefrom or use such net proceeds to repay certain indebtedness, in each case, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase.

Offer to Purchase the Notes

On February 21, 2019, the Company commenced an offer to purchase (the "Restricted Payment Offer"), in cash, up to \$150,000,000 principal amount of its outstanding Existing Notes, at a repurchase price of 103% of the aggregate principal amount of such Existing Notes, plus accrued and unpaid interest with respect to such Existing Notes to, but not including, the

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

date of repurchase. Concurrently with, but separate from, the Restricted Payment Offer, the Company commenced a cash tender offer (the "Tender Offer" and, together with the Restricted Payment Offer, the "Offers") to purchase up to \$150,000,000 principal amount of the Existing Notes at a repurchase price of 104.25% of the aggregate principal amount of such Existing Notes, plus accrued and unpaid interest to, but not including, the date of repurchase. In connection with the Offers, the Company extinguished \$140.3 million of the Existing Notes and recognized a loss on early extinguishment of debt of \$9.8 million during the year ended December 31, 2019.

Note 14—Leases

The Company primarily enters into rental agreements for certain mining equipment that are for periods of 12 months or less, some of which include options to extend the leases. Leases that are for periods of 12 months or less are not recorded on the balance sheet in accordance with the Company's accounting policy election described in Note 2. The Company recognizes lease expense on these agreements on a straight-line basis over the lease term. Additionally, the Company has certain finance leases for mining equipment that expire over various contractual periods. These leases have remaining lease terms of one to five years and do not include an option to renew. Amortization expense for finance leases is included in depreciation and depletion expense.

Supplemental balance sheet information related to leases was as follows (in thousands):

	December 31, 2021	December 31, 2020
Finance lease right-of-use assets, net ⁽¹⁾	\$ 75,692	\$ 46,746
Finance lease liabilities		
Current	23,622	14,385
Noncurrent	28,434	24,091
Total finance lease liabilities	<u>\$ 52,056</u>	<u>\$ 38,476</u>
Weighted average remaining lease term - finance leases (in months)	35.1	42.9
Weighted average discount rate - finance leases ⁽²⁾	6.11 %	5.77 %

(1) Finance lease right-of-use assets, recorded net of accumulated amortization of \$17.7 million and \$9.8 million, are included in property, plant and equipment, net in the Balance Sheets as of December 31, 2021 and December 31, 2020, respectively. See Note 5 for additional disclosure.

(2) When an implicit discount rate is not readily available in a lease, the Company uses its incremental borrowing rate based on information available at the commencement date when determining the present value of lease payments.

The components of lease expense were as follows (in thousands):

	For the year ended December 31,	
	2021	2020
Operating lease cost ⁽¹⁾	\$ 4,271	\$ 2,980
Finance lease cost:		
Amortization of leased assets	13,941	12,730
Interest on lease liabilities	3,902	1,988
Net lease cost	<u>\$ 22,114</u>	<u>\$ 17,698</u>

(1) Includes leases that are for periods of 12 months or less.

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

Maturities of lease liabilities were as follows (in thousands):

	Finance Leases⁽¹⁾	
2022	26,622	26,622
2023	25,640	25,640
2024	3,195	3,195
2025	1,353	1,353
Thereafter	156	156
Total	56,966	56,966
Less: amount representing interest	(4,910)	(4,910)
Present value of lease liabilities	\$ 52,056	\$ 52,056

(1) Finance lease payments include \$4.5 million of future payments required under signed lease agreements that have not yet commenced. These finance leases will commence during fiscal year 2022 with lease terms between one to two years.

Supplemental cash flow information related to leases was as follows (in thousands):

	For the year ended December 31,	
	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 3,902	\$ 1,988
Financing cash flows from finance leases	\$ 29,022	\$ 14,237
Non-cash right-of-use assets obtained in exchange for lease obligations:		
Finance leases	\$ 46,961	\$ 18,967

Note 15—Related Party Transactions

In connection with the acquisition of certain assets of Walter Energy, the Company acquired a 50% interest in Black Warrior Methane ("BWM") and Black Warrior Transmission ("BWT"), which are accounted for under the proportionate consolidation method and equity method, respectively. The Company has granted the rights to produce and sell methane gas from its coal mines to BWM and BWT. The Company's net investments in, advances to/from and equity in earnings or loss of BWT are not material to the Company. The Company supplied labor to BWM and incurred costs, including property and liability insurance, to support the joint venture. The Company charged the joint venture for such costs on a monthly basis, which were \$2.1 million for the year ended December 31, 2021, \$2.6 million for the year ended December 31, 2020, and \$1.5 million for the year ended December 31, 2019.

Note 16—Commitments and Contingencies

Environmental Matters

The Company is subject to a wide variety of laws and regulations concerning the protection of the environment, both with respect to the construction and operation of its plants, mines and other facilities and with respect to remediating environmental conditions that may exist at its own and other properties.

The Company believes that it is in substantial compliance with federal, state and local environmental laws and regulations. The Company accrues for environmental expenses resulting from existing conditions that relate to past operations when the costs are probable and can be reasonably estimated. As of December 31, 2021 and December 31, 2020, there were no accruals for environmental matters other than asset retirement obligations for mine reclamation.

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

Miscellaneous Litigation

From time to time, the Company is party to a number of lawsuits arising in the ordinary course of their businesses. The Company records costs relating to these matters when a loss is probable and the amount can be reasonably estimated. The effect of the outcome of these matters on the Company's future results of operations cannot be predicted with certainty as any such effect depends on future results of operations and the amount and timing of the resolution of such matters. As of December 31, 2021 and December 31, 2020, there were no items accrued for miscellaneous litigation.

Walter Canada Settlement Proceeds

On July 15, 2015, Walter Energy and certain of its wholly owned U.S. subsidiaries, including Jim Walter Resources, Inc. ("JWR") filed voluntary petitions for relief under Chapter 11 of Title 11 of the U.S. Bankruptcy Code (the "Chapter 11 Cases") in the Northern District of Alabama, Southern Division. On December 7, 2015, Walter Energy Canada Holdings, Inc., Walter Canadian Coal Partnership and their Canadian affiliates (collectively "Walter Canada") applied for and were granted protection under the Companies' Creditors Arrangement Act (the "CCAA") pursuant to an Initial Order of the Supreme Court of British Columbia.

In connection with the Company's acquisition of certain core operating assets of Walter Energy, the Company acquired a receivable owed to Walter Energy by Walter Canada for certain shared services provided by Walter Energy to Walter Canada (the "Shared Services Claim") and a receivable for unpaid interest owed to Walter Energy from Walter Canada in respect of a promissory note (the "Hybrid Debt Claim"). Each of these claims were asserted by the Company in the Walter Canada CCAA proceedings. Walter Energy deemed these receivables to be uncollectable for the year ended December 31, 2015 and the Company did not assign any value to these receivables in acquisition accounting as collectability was deemed remote. In March 2020, the Company received approximately \$1.8 million in settlement proceeds for the Shared Services Claim and Hybrid Debt Claim and an additional \$1.7 million in the fourth quarter of 2020, which are reflected as other income in the Statements of Operations. These settlement proceeds are in addition to the \$22.8 million received in 2019 which are reflected as other income in the Statements of Operations. The collectability of additional amounts, if any, related to the Shared Services Claim and Hybrid Debt Claim depends on the outcome of, and the timing of any resolutions of, the Walter Canada CCAA proceedings and cannot be predicted with certainty.

Commitments and Contingencies—Other

The Company is party to various transportation and throughput agreements with rail and barge transportation providers and the Alabama State Port Authority. These agreements contain annual minimum tonnage guarantees with respect to coal transported from the mine sites to the Port of Mobile in Alabama, unloading of rail cars or barges, and the loading of vessels. If the Company does not meet its minimum throughput obligations, which are based on annual minimum amounts, it is required to pay the transportation providers or the Alabama State Port Authority a contractually specified amount per metric ton for the difference between the actual throughput and the minimum throughput requirement. At December 31, 2021 and December 31, 2020, the Company had no liability recorded for minimum throughput requirements.

Royalty Obligations

A substantial amount of the coal that the Company mines is produced from mineral reserves leased from third-party land owners. These leases convey mining rights to the Company in exchange for royalties to be paid to the land owner as either a fixed amount per ton or as a percentage of the sales price. Although coal leases have varying renewal terms and conditions, they generally last for the economic life of the reserves. Coal royalty expense was \$65.4 million, \$49.5 million, and \$87.3 million, for the years ended December 31, 2021, December 31, 2020, and December 31, 2019, respectively.

Note 17—Stockholders' Equity

On March 26, 2019, the Board approved the Company's second stock repurchase program (the "New Stock Repurchase Program") that authorizes repurchases of up to an aggregate of \$70.0 million of the Company's outstanding common stock. The Company fully exhausted its previous stock repurchase program (the "First Stock Repurchase Program") of \$40.0 million of its outstanding common stock. The New Stock Repurchase Program does not require the Company to repurchase a specific number of shares or have an expiration date. The New Stock Repurchase Program may be suspended or discontinued by the Board at any time without prior notice.

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

Under the New Stock Repurchase Program, the Company may repurchase shares of its common stock from time to time, in amounts, at prices and at such times as the Company deems appropriate, subject to market and industry conditions, share price, regulatory requirements and other considerations as determined from time to time by the Company. The Company's repurchases may be executed using open market purchases or privately negotiated transactions in accordance with applicable securities laws and regulations, including Rule 10b-18 of the Exchange Act and repurchases may be executed pursuant to Rule 10b5-1 under the Exchange Act. Repurchases will be subject to limitations in the ABL Facility and the Indenture. The Company intends to fund repurchases under the New Stock Repurchase Program from cash on hand and/or other sources of liquidity.

During the year ended December 31, 2019, the Company repurchased the remaining shares authorized under the First Stock Repurchase Program for approximately \$1.9 million and repurchased 500,000 shares under the New Stock Repurchase Program for approximately \$10.6 million, leaving \$58.8 million of share repurchases authorized under the New Stock Repurchase Program.

In light of the uncertainties resulting from COVID-19 and as a precautionary measure to preserve liquidity, the Company temporarily suspended its New Stock Repurchase Program. The Company will continue to monitor its liquidity in light of the COVID-19 pandemic, the Chinese ban on Australian coal and the current CBA contract negotiations with the UMWA and will consider when to reinstate the program.

Note 18—Derivative Instruments

The Company enters into natural gas swap contracts from time to time to hedge the exposure to variability in expected future cash flows associated with the fluctuations in the price of natural gas related to the Company's forecasted sales. As of December 31, 2021, the Company had natural gas swap contracts outstanding with notional amounts totaling 6,100,000 metric million British thermal units maturing in 2022. As of December 31, 2020, the Company had no natural gas swap contracts outstanding.

The Company's natural gas swap contracts economically hedge certain risks but are not designated as hedges for financial reporting purposes. All changes in the fair value of these derivative instruments are recorded as other revenues in the Condensed Statements of Operations. The Company recognized a loss of \$1.6 million for the year ended December 31, 2021. The Company records all derivative instruments at fair value and had an asset of \$4.0 million as of December 31, 2021 in prepaid expenses and other in the accompanying Balance Sheets and no asset or liability as of December 31, 2020.

Note 19—Fair Value of Financial Instruments

The following table presents information about the Company's financial liabilities measured at fair value on a recurring basis as of December 31, 2021 and indicates the level of the fair value hierarchy utilized to determine such fair value (in thousands):

	Fair Value Measurements as of December 31, 2021 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Natural gas swap contracts	\$	—	\$ 4,043	\$ 4,043

The Company had no significant assets or other liabilities measured at fair value on a recurring basis as of December 31, 2020. During the year ended December 31, 2021, there were no transfers between Level 1, Level 2 and Level 3. The Company uses quoted dealer prices for similar contracts in active over-the-counter markets for determining fair value of Level 2 assets or liabilities.

The following methods and assumptions were used to estimate the fair value for which the fair value option was not elected:

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

Cash and cash equivalents, short-term investments, restricted cash, receivables and accounts payable—The carrying amounts reported in the Balance Sheet approximate fair value due to the short-term nature of these assets and liabilities.

Debt—The Company's outstanding debt is carried at cost. As of December 31, 2021, the Company had no borrowings outstanding under the ABL Facility, with \$83.2 million available, net of \$9.4 million of letters of credit issued and outstanding at such time. The estimated fair value of the Notes as of December 31, 2021 is approximately \$359.6 million based upon observable market data (Level 2).

Note 20—Net Income (Loss) per Share

The computation of basic net income (loss) per share is based on the number of weighted average common shares outstanding during the period. The computation of diluted net income (loss) per share is based on the weighted average number of shares outstanding plus the incremental shares that would be outstanding assuming issuance of restricted stock. The number of incremental shares is calculated by applying the treasury stock method. Basic and diluted net income (loss) per share was calculated as follows (in thousands, except per share data):

	For the years ended December 31,		
	2021	2020	2019
Numerator:			
Net income (loss)	\$ 150,881	\$ (35,761)	\$ 301,699
Denominator:			
Weighted-average shares used to compute net income (loss) per share—basic	51,382	51,168	51,363
Dilutive restricted stock awards and units ⁽¹⁾	63	—	130
Weighted-average shares used to compute net income (loss) per share—diluted	51,445	51,168	51,493
Net income (loss) per share—basic	<u>\$ 2.94</u>	<u>\$ (0.70)</u>	<u>\$ 5.87</u>
Net income (loss) per share—diluted	<u>\$ 2.93</u>	<u>\$ (0.70)</u>	<u>\$ 5.86</u>

⁽¹⁾ In periods of net loss, the number of shares used to calculate diluted earnings per share is the same as basic earnings per share; therefore, the effect of dilutive securities is zero for such periods.

As of December 31, 2021, there were 295,632 restricted stock unit awards for which the service-based vesting conditions for these awards were not met as of the measurement date. As such, these awards were excluded from basic earnings per share. These awards had a 54,984 share impact on dilutive weighted average shares for the year ended December 31, 2021.

As of December 31, 2021, there were 513,322 shares granted under the 2017 Equity Plan to employees, for which neither the service based nor performance based vesting conditions were met as of the measurement date. As such, these shares have been excluded from basic and diluted earnings per share.

The Company has \$0.5 million of restricted stock unit awards under the 2017 Equity Plan that can be settled in shares or in cash at the election of employees. These awards have certain service-based and performance-based vesting conditions and can be earned no later than December 31, 2024. If the Company were to settle these awards in shares these awards would represent 19,448 shares based on the Company's closing share price as of December 31, 2021. The Company considered the impact on diluted earnings as if the award was settled in shares. These awards had a 7,376 share impact on dilutive weighted average shares for the year ended December 31, 2021.

As of December 31, 2021, there were 13,157 shares of common stock contingently issuable upon the settlement of a vested restricted stock unit award under the 2017 Equity Plan. The settlement date is the earlier of a change in control as described in the 2016 Equity Plan and 2017 Equity Plan or five years from the grant date. These awards are vested and as such have been included in the weighted-average shares used to compute basic and diluted net (loss) income per share.

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

Dividends

On May 17, 2017, the Board adopted the Capital Allocation Policy of paying a quarterly cash dividend of \$0.05 per share. The Capital Allocation Policy also states the following: In addition to the regular quarterly dividend and to the extent that the Company generates excess cash that is beyond the then current requirements of the business, the Board may consider returning all or a portion of such excess cash to stockholders through a special dividend or implementation of a stock repurchase program. Any future dividends or stock repurchases will be at the discretion of the Board and subject to consideration of a number of factors, including business and market conditions, future financial performance and other strategic investment opportunities. The Company will also seek to optimize its capital structure to improve returns to stockholders while allowing flexibility for the Company to pursue very selective strategic growth opportunities that can provide compelling stockholder returns.

The Company has paid a regular quarterly cash dividend of \$0.05 per share every quarter since the Board adopted the Capital Allocation Policy. As of December 31, 2021, the Company has paid \$49.9 million of regular quarterly cash dividends under the Capital Allocation Policy.

On April 23, 2019, the Board declared a special cash dividend of \$4.41 per share (the "April 2019 Special Dividend"), totaling approximately \$230.0 million, which was paid on May 14, 2019 to stockholders of record as of the close of business on May 6, 2019.

Note 21—Segment Information

The Company identifies a business as an operating segment if: i) it engages in business activities from which it may earn revenues and incur expenses; ii) its operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM"), who is the Company's Chief Executive Officer, to make decisions about resources to be allocated to the segment and assess its performance; and iii) it has available discrete financial information. The Company has determined that its two underground mining operations are its operating segments. The CODM reviews financial information at the operating segment level to allocate resources and to assess the operating results and financial performance for each operating segment. Operating segments are aggregated into a reportable segment if the operating segments have similar quantitative economic characteristics and if the operating segments are similar in the following qualitative characteristics: i) nature of products and services; ii) nature of production processes; iii) type or class of customer for their products and services; iv) methods used to distribute the products or provide services; and v) if applicable, the nature of the regulatory environment.

The Company has determined that the two operating segments are similar in both quantitative and qualitative characteristics and thus the two operating segments have been aggregated into one reportable segment. The Company has determined that its natural gas and royalty businesses and other unallocated activities did not meet the criteria in ASC 280 to be considered as operating or reportable segments. Therefore, the Company has included their results in an "all other" category as a reconciling item to consolidated amounts.

The Company does not allocate all of its assets, or its depreciation and depletion expense, selling, general and administrative expenses, other post-retirement benefits, transactions costs, restructuring costs, interest expense, reorganization items, net and income tax expense by segment.

The following tables include reconciliations of segment information to consolidated amounts (in thousands):

	For the years ended December 31,		
	2021	2020	2019
Revenues			
Mining	\$ 1,028,283	\$ 761,871	\$ 1,235,998
All other	30,933	20,867	32,311
Total revenues	<u>\$ 1,059,216</u>	<u>\$ 782,738</u>	<u>\$ 1,268,309</u>

WARRIOR MET COAL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

	For the years ended December 31,		
	2021	2020	2019
Capital Expenditures			
Mining	\$ 55,344	\$ 78,015	\$ 100,768
All other	2,549	9,473	6,510
Total capital expenditures	<u>\$ 57,893</u>	<u>\$ 87,488</u>	<u>\$ 107,278</u>

The Company evaluates the performance of its segment based on Segment Adjusted EBITDA, which is defined as net income (loss) adjusted for other revenues, cost of other revenues, depreciation and depletion, selling, general and administrative, other postretirement benefits, and certain transactions or adjustments that the CODM does not consider for the purposes of making decisions to allocate resources among segments or assessing segment performance. Segment Adjusted EBITDA does not represent and should not be considered as an alternative to cost of sales under GAAP and may not be comparable to other similarly titled measures used by other companies. Below is a reconciliation of Segment Adjusted EBITDA to net income (loss), which is its most directly comparable financial measure calculated and presented in accordance with GAAP (in thousands):

	For the years ended December 31,		
	2021	2020	2019
Segment Adjusted EBITDA	\$ 474,001	\$ 136,701	\$ 515,253
Other revenues	30,933	20,867	32,311
Cost of other revenues	(28,899)	(33,736)	(29,828)
Depreciation and depletion	(141,418)	(118,092)	(97,330)
Selling, general and administrative	(35,593)	(32,879)	(37,014)
Business interruption	(21,372)	—	—
Idle mine	(33,899)	—	—
Loss on early extinguishment of debt	(9,678)	—	(9,756)
Other income	1,291	3,544	22,815
Interest expense, net	(35,389)	(32,310)	(29,335)
Income tax (expense) benefit	(49,096)	20,144	(65,417)
Net income (loss)	<u>\$ 150,881</u>	<u>\$ (35,761)</u>	<u>\$ 301,699</u>

Note 22—Subsequent Events

Regular Quarterly Dividend

On February 18, 2022, the Board declared a regular quarterly cash dividend of \$0.06 per share, totaling approximately \$3.1 million, which will be paid on March 10, 2022, to stockholders of record as of the close of business on March 3, 2022.

INTERCREDITOR AGREEMENT

dated as of December 6, 2021

among

CITIBANK, N.A.,
as Initial ABL Agent,

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Initial Term Agent,

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Initial Term Representative,

and

EACH ADDITIONAL TERM AGENT AND ADDITIONAL TERM REPRESENTATIVE FROM
TIME TO TIME PARTY HERETO

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Exhibits:

- Exhibit A – Form of Additional Joinder Agreement
- Exhibit B – Form of Grantor Joinder Agreement

Schedules:

- Schedule 1 – Notice Provisions

INTERCREDITOR AGREEMENT

This INTERCREDITOR AGREEMENT (this “Agreement”) is dated as of December 6, 2021, and entered into by and between CITIBANK, N.A., in its capacities as administrative agent for the lenders and collateral agent for the secured parties under the ABL Documents, including its successors and assigns in such capacities from time to time (the “Initial ABL Agent”), WILMINGTON TRUST, NATIONAL ASSOCIATION, not in its individual capacity, but solely in its capacity as (i) trustee under the Indenture, including its successors and assigns from time to time (in such capacity, the “Initial Term Representative”), and (ii) priority lien collateral agent under the Term Intercreditor Agreement, including its successors and assigns from time to time (in such capacity, the “Initial Term Agent”), and following the execution of an Additional Joinder Agreement, each Additional Term Agent and Additional Term Representative. Capitalized terms used in this Agreement not defined in this Preamble or in the Recitals below have the meanings assigned to them in Section 1 below.

RECITALS

Warrior Met Coal, Inc., a Delaware corporation (“Holdings”), Warrior Met Coal Intermediate Holdco, LLC, a Delaware limited liability company (“Intermediate Holdco”), Warrior Met Coal Gas, LLC, a Delaware limited liability company (“WMC Gas”), Warrior Met Coal Mining, LLC, a Delaware limited liability company (“WMC Mining”), Warrior Met Coal TRI, LLC, a Delaware limited liability company (“WMC Tri”), Warrior Met Coal BC, LLC, a Delaware limited Liability company (“WMC BC”), WMC Blue Creek Holdco, Inc., a Delaware corporation (“Blue Creek”), Warrior Met Coal Land, LLC, a Delaware limited liability company (“WMC Land”), Warrior Met Coal WV, LLC, a Delaware limited liability company (“WMC WV”), and Warrior Met Coal LA, LLC, a Delaware limited liability company (“WMC LA”, and together with Holdings, Intermediate Holdco, WMC Gas, WMC Mining, WMC Tri, WMC BC, Blue Creek, WMC Land and WMC WV, the “ABL Borrowers”), each guarantor party thereto, each lender from time to time party thereto, the Initial ABL Agent, Citibank, N.A., as Swingline Lender, and Citibank, N.A. and Credit Suisse AG, Cayman Islands Branch, as L/C Issuers, have entered into that certain Second Amended and Restated Asset-Based Revolving Credit Agreement dated as of December 6, 2021 (the “Initial ABL Credit Agreement”) providing for a secured revolving credit facility pursuant to which such lenders have or may, from time to time, make loans and provide other financial accommodations to the ABL Borrowers, including, but not limited to, issuing letters of credit. The obligation of the ABL Borrowers to repay such loans and other financial accommodations under the Initial ABL Credit Agreement is guaranteed by certain Subsidiaries of Holdings identified as guarantors from time to time under the Initial ABL Credit Agreement (each, an “ABL Guarantor” and, collectively, the “ABL Guarantors”).

Holdings has issued 7.875% Senior Secured Notes due 2028 in an initial aggregate principal amount of \$350,000,000 (the “Initial Notes”) under the Indenture dated as of December 6, 2021 (as amended, restated, supplemented, modified, replaced or refinanced from time to time, the “Indenture”), among Holdings, certain Subsidiaries of Holdings, the Initial Term Representative and the Initial Term Agent. The Initial Notes are guaranteed by Intermediate Holdco, WMC Gas, WMC Mining, WMC Tri, WMC BC, Blue Creek, WMC Land, WMC WV, WMC LA and each other wholly owned domestic Subsidiary of Holdings that is or becomes a borrower or guarantor under the ABL Credit Agreement (each, a “Notes Guarantor” and, collectively, the “Notes Guarantors”, and, together with the ABL Guarantors, the “Guarantors”, and together with Holdings and the ABL Guarantors, collectively, the “Loan Parties”).

The obligations of the ABL Borrowers and the ABL Guarantors under the ABL Documents, the ABL Hedging Obligations and the Bank Product Obligations are to be secured (i) on a first priority basis by Liens on the ABL Priority Collateral and (ii) on a second priority basis by Liens on the Term Priority Collateral.

The obligations of Holdings and the Notes Guarantors under the Term Documents are to be secured (i) on a first priority basis by Liens on the Term Priority Collateral and (ii) on a second priority basis by Liens on the ABL Priority Collateral.

The Initial ABL Agent, for itself and on behalf of the Initial ABL Claimholders, and the Initial Term Agent, for itself and on behalf of the Initial Term Claimholders it represents, desire to enter into this Agreement (i) to confirm the relative priority of their respective security interests in the assets of the Loan Parties, (ii) to provide for the application, in accordance with such priorities, of proceeds of such assets and properties, and (iii) to address certain other matters.

AGREEMENT

In consideration of the foregoing, the mutual covenants and obligations herein set forth, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1. DEFINITIONS; RULES OF CONSTRUCTION.

1.1 Defined Terms. Any terms (whether capitalized or lower case) used in this Agreement that are defined in the UCC shall be construed and defined as set forth in the UCC unless otherwise defined herein; provided that to the extent that the UCC is used to define any term used herein and if such term is defined differently in different Articles of the UCC, the definition of such term contained in Article 9 of the UCC shall govern. As used in this Agreement, the following terms shall have the following meanings:

“ABL Agent” means, collectively, (i) the Initial ABL Agent and (ii) any Person (including for purposes related to the administration of the ABL Collateral Documents) designated as an agent, administrative agent, trustee, representative, collateral agent or like title or role under any documents Refinancing any ABL Debt.

“ABL Borrower Representative” means the “Borrower Representative,” as that term is defined in the Initial ABL Credit Agreement, as in effect on the date hereof.

“ABL Cap” means, as of any date of determination, the greater of (i) up to \$160,000,000 outstanding under the ABL Credit Agreement or any other ABL Documents (with Letters of Credit and bankers’ acceptances issued thereunder being deemed to have a principal amount equal to the face amount thereof) and (ii) the sum of (A) 75% of the book value (calculated in accordance with GAAP) of the inventory of Holdings and any Restricted Subsidiaries (excluding LIFO reserves) and (B) 90% of the book value of accounts receivable of Holdings and any Restricted Subsidiaries (in each case, calculated on a pro forma basis by the book value set forth on the consolidated balance sheet of Holdings for the most recently ended four full fiscal quarters for which financial statements are available). Bank Product Obligations and ABL Hedging Obligations shall not be subject to the ABL Cap and shall be disregarded in determining whether ABL Debt is Excess ABL Debt or ABL Priority Debt.

“ABL Cash Collateral” has the meaning set forth in Section 6.2(a).

“ABL Claimholders” means, as of any date of determination, the holders of the ABL Debt at that time, including (i) the ABL Agent, (ii) the ABL Lenders, (iii) the Bank Product Providers in respect of Bank Product Obligations and (iv) the ABL Hedge Providers in respect of ABL Hedge Obligations.

“ABL Collateral” means all of the assets of each and every Grantor, whether real, personal or mixed, with respect to which a Lien is granted (or purported to be granted) as security for any ABL Debt, including all proceeds and products thereof, and which, for the avoidance of doubt, shall not include any Excluded Property.

“ABL Collateral Documents” means the ABL Security Agreement, the ABL Mortgages and any other agreement, document or instrument pursuant to which a Lien is granted (or purported to be granted) securing any ABL Debt or under which rights or remedies with respect to such Liens are governed.

“ABL Credit Agreement” means, collectively, (i) the Initial ABL Credit Agreement and (ii) any other asset-based revolving credit facilities with banks or other institutional or other lenders providing for asset-based revolving credit loans or letters of credit, as such credit facility, in whole or in part, in one or more instances, may be amended, restated, modified, supplemented, extended, renewed, refunded, restructured, Refinanced or replaced or otherwise modified from time to time and whether by the same or any other agent, lender or group of lenders or other party, so long as the agents or representatives of the holders of such indebtedness execute and deliver a joinder to this Agreement reasonably acceptable to the other parties hereto.

“ABL Debt” means all Obligations (as that term is defined in the Initial ABL Credit Agreement or any other ABL Credit Agreement) and all other amounts owing, due or secured under the terms of the ABL Credit Agreement or any other ABL Document, whether now existing or arising hereafter, including all principal, premium, interest, fees, attorneys’ fees, costs, charges, expenses, reimbursement obligations, obligations with respect to loans, Letters of Credit, ABL Hedging Obligations, Bank Product Obligations, obligations to provide cash collateral in respect of Letters of Credit or Bank Product Obligations or indemnities in respect thereof, any other indemnities or guarantees, and all other amounts payable under or secured by any ABL Document (including, in each case, all amounts accruing on or after the commencement of any Insolvency Proceeding relating to any Grantor, or that would have accrued or become due under the terms of the ABL Documents but for the effect of the Insolvency Proceeding and irrespective of whether a claim for all or any portion of such amounts is allowable or allowed in such Insolvency Proceeding), in each case whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured.

“ABL Default” means any “Event of Default”, as that term is defined in the ABL Credit Agreement.

“ABL Default Disposition” has the meaning set forth in Section 5.1(h).

“ABL Deficiency Claim” means any portion of the ABL Debt consisting of an allowed unsecured claim under Section 506(a) of the Bankruptcy Code (or any similar provision under any other Bankruptcy Law).

“ABL DIP Financing” has the meaning set forth in Section 6.2(a).

“ABL DIP Financing Conditions” means that:

(i) (A) the Term Agent retains its Liens with respect to the Collateral that existed as of the date of the commencement of the applicable Insolvency Proceeding (including proceeds thereof arising after the commencement of such Insolvency Proceeding), (B) as to the Term Priority Collateral that existed as of the date of the commencement of such Insolvency Proceeding (including proceeds thereof arising after the commencement of such Insolvency Proceeding), the Term Agent's Liens with respect to such Term Priority Collateral remain senior and prior to the Liens (inclusive of any Liens securing the ABL DIP Financing) of the ABL Agent or any other provider of ABL DIP Financing with respect to such Term Priority Collateral, and (C) as to Term Priority Collateral acquired by the applicable Grantor after the commencement of such Insolvency Proceeding (excluding proceeds of Term Priority Collateral existing prior to the commencement of such Insolvency Proceeding), either (x) neither the ABL Claimholders nor the Term Claimholders obtain a Lien with respect to such Term Priority Collateral or (y) if a Lien with respect to such Term Priority Collateral is granted to secure the ABL DIP Financing, then the Term Agent obtains a Lien with respect to such Term Priority Collateral and the Liens with respect to such Term Priority Collateral securing the ABL DIP Financing are junior and subordinate to the Liens of the Term Agent with respect to such Term Priority Collateral;

(ii) all Liens on ABL Priority Collateral securing any such ABL DIP Financing shall be senior to or on a parity with the Liens of the ABL Agent securing the ABL Debt on ABL Priority Collateral;

(iii) the proposed ABL Cash Collateral use or ABL DIP Financing does not compel any Grantor to seek confirmation of a specific plan of reorganization for which all or substantially all of the material terms are set forth in the ABL Cash Collateral order or ABL DIP Financing documentation, as applicable;

(iv) the proposed ABL Cash Collateral order or ABL DIP Financing documentation does not expressly require the sale of all or substantially all of the Term Priority Collateral prior to a default under the ABL Cash Collateral order or ABL DIP Financing documentation; and

(v) any of the ABL Claimholders may seek adequate protection, to the extent, but only to the extent, expressly permitted under this Agreement.

"ABL Documents" means the ABL Credit Agreement, the ABL Collateral Documents, each of the other "Loan Documents" (as that term is defined in the ABL Credit Agreement) and each of the other agreements, documents and instruments executed pursuant thereto or in connection therewith.

"ABL Hedge Provider" means a "Hedge Bank" (or similar term) as defined in the ABL Credit Agreement.

"ABL Hedging Obligations" means any obligations arising under a "Swap Contract" (or similar term) (as defined in the ABL Credit Agreement) that are owed to an ABL Hedge Provider.

"ABL Lenders" means, as of any date of determination, the holders of the ABL Debt at that time, including the Initial ABL Lenders.

"ABL Mortgages" means each Mortgage under which any Lien on Real Property or Fixtures owned or leased by any Grantor is granted to secure any ABL Debt or under which rights or remedies with respect to any such Liens are governed.

“ABL Priority Collateral” means all rights, title and interests of each Grantor in the following Collateral, in each case, whether now owned or existing or hereafter acquired or arising and wherever located, including, without duplication, (a) all rights of each Grantor to receive moneys due and to become due under or pursuant to the following, (b) all rights of each Grantor to receive return of any premiums for or Proceeds of any insurance, indemnity, warranty or guaranty with respect to the following or to receive condemnation Proceeds with respect to the following, (c) all claims of each Grantor for damages arising out of or for breach of or default under any of the following and (d) all rights of each Grantor to terminate, amend, supplement, modify or waive performance under any of the following, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder:

(i) all Accounts, but solely for purposes of this clause (i), excluding rights to payment for any property which specifically constitutes Term Priority Collateral that has been sold, leased, licensed, assigned or otherwise disposed of; provided, however, that, for the avoidance of doubt, all rights to payment arising from any sale, lease, license, assignment or other disposition of Inventory or Goods (other than Fixtures or Equipment) or the provision of services shall constitute ABL Priority Collateral;

(ii) all Chattel Paper;

(iii) all Deposit Accounts, Securities Accounts and all other demand, deposit, time, savings, cash management, passbook and similar accounts maintained with any bank or other financial institution (other than to the extent any such Deposit Accounts, Securities Accounts or other accounts solely contain identifiable Proceeds of any Term Priority Collateral) and all cash, money, securities, Instruments and other investments deposited or required to be deposited in any of the foregoing;

(iv) all Inventory and all rights to receive payments, indebtedness and other obligations which arise as a result of the sale, lease or other disposition of Inventory or Goods (in each case other than Fixtures or Equipment) or provision of services, including the right to payment of interest or finance charges;

(v) all cash, Money and Cash Equivalents (other than (1) identifiable Proceeds of any Term Priority Collateral and (2) cash solely for so long as it is pledged to third parties to the extent permitted under Sections 7.01(f), (g) or (s) of the Initial ABL Credit Agreement or any equivalent provisions in any successor ABL Credit Agreement);

(vi) to the extent evidencing or governing any of the items referred to in the preceding clauses (i) through (v), all General Intangibles (excluding Equity Interests and any Intellectual Property to the extent such Intellectual Property is not attached to or necessary to sell any item of Inventory), letters of credit (whether or not the respective letter of credit is evidenced by a writing), Letter-of-Credit Rights, Instruments and Documents; provided that to the extent any of the foregoing also relates to any Term Priority Collateral, only that portion related to the items referred to in the preceding clauses (i) through (v) as being included in the ABL Priority Collateral shall be included in the ABL Priority Collateral;

(vii) to the extent relating to any of the items referred to in the preceding clauses (i) through (vi), all insurance; provided that to the extent any of the foregoing also relates to Term Priority Collateral, only that portion related to the items referred to in the preceding clauses (i) through (vi) as being included in the ABL Priority Collateral shall be included in the ABL Priority Collateral;

(viii) to the extent relating to any of the items referred to in the preceding clauses (i) through (vii), all Supporting Obligations; provided that to the extent any of the foregoing also relates to Term Priority Collateral, only that portion related to the items referred to in the preceding clauses (i) through (vii) as being included in the ABL Priority Collateral shall be included in the ABL Priority Collateral;

(ix) to the extent relating to any of the items referred to in the preceding clauses (i) through (viii), all Commercial Tort Claims; provided that to the extent any of the foregoing also relates to Term Priority Collateral, only that portion related to the items referred to in the preceding clauses (i) through (viii) as being included in the ABL Priority Collateral shall be included in the ABL Priority Collateral;

(x) all Books and records, including all books, databases, customer lists and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing; and

(xi) all cash Proceeds and, solely to the extent not constituting Term Priority Collateral, non-cash Proceeds, products, accessions, rents and profits of or in respect of any of the foregoing (including all insurance Proceeds) and all collateral security, guarantees and other collateral support given by any Person with respect to any of the foregoing;

provided, however, that (x) if Collateral of any type is received in exchange for ABL Priority Collateral pursuant to an Enforcement Action or during an Insolvency Proceeding, such Collateral will be treated as ABL Priority Collateral and (y) if Collateral of any type is received in exchange for Term Priority Collateral pursuant to an Enforcement Action or during an Insolvency Proceeding, such Collateral will be treated as Term Priority Collateral. For the avoidance of doubt, no Excluded Property shall constitute ABL Priority Collateral.

“ABL Priority Debt” means all ABL Debt other than Excess ABL Debt.

“ABL Priority Standstill Period” has the meaning set forth in Section 3.1.

“ABL Purchase Notice” has the meaning set forth in Section 10.1(a).

“ABL Purchase Option Period” has the meaning set forth in Section 10.1(a).

“ABL Purchase Option Trigger” means any of the following events: (i) the acceleration of the maturity date of all or a portion of the Term Debt pursuant to the Term Documents; (ii) the commencement of Enforcement Action against the Term Priority Collateral by the Term Agent; or (iii) the commencement of an Insolvency Proceeding with respect to any Grantor.

“ABL Secured Claim” means any portion of the ABL Debt not constituting an ABL Deficiency Claim.

“ABL Security Agreement” means the “Security Agreement”, as that term is defined in the Initial ABL Credit Agreement as in effect on the date hereof.

“Act of Required Secured Parties” shall have the meaning ascribed to such term in the Term Intercreditor Agreement.

“Additional Joinder Agreement” shall mean a joinder agreement in the form of Exhibit A hereto.

“Additional Term Agent” means each Person appointed to act as trustee, agent or representative for the holders of Additional Term Debt pursuant to any Additional Term Debt Agreement for the purpose of receiving a lien on the collateral pledged as security for such Additional Term Debt.

“Additional Term Debt” means indebtedness and other obligations (including, for the avoidance of doubt, Term Hedging Obligations) of the Grantors issued or incurred following the date of this Agreement to the extent (i) such indebtedness is, or other obligations are, designated in writing to each Agent as “Additional Term Debt” by Holdings, (ii) such indebtedness or other obligation is not prohibited by the terms of the ABL Credit Agreement, the Indenture, any other Term Credit Facility Agreement or any other Additional Term Debt Agreement from being secured by Liens on the Collateral, (iii) if applicable, the Grantors have granted new Liens, on or about the closing date of such indebtedness or other obligations, on the Collateral to secure the obligations in respect of such indebtedness or other obligations and (iv) the Additional Term Agent (to the extent not already a party to this Agreement) and the Additional Term Representative, in each case, for the holders of such indebtedness or obligations, has entered into an Additional Joinder Agreement on behalf of the Term Claimholders under such agreement acknowledging that such holders shall be bound by the terms hereof applicable to Term Claimholders.

“Additional Term Debt Agreement” means the indenture, credit agreement, ISDA agreement (including any Term Hedge Agreement) or other agreement under or by which any Additional Term Debt is incurred.

“Additional Term Representative” means (i) each Person appointed to act as trustee, agent or representative for the holders of Additional Term Debt, and/or (ii) each Term Hedge Provider, in each case, pursuant to any Additional Term Debt Agreement for purposes other than receiving a lien on the collateral pledged as security for such Additional Term Debt.

“Affiliate” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

“Agent” means the ABL Agent or the Term Agent, or both, as the context requires.

“Agreement” has the meaning set forth in the preamble hereto.

“Bank Product Obligations” means any obligations arising under a “Secured Cash Management Agreement” (or similar term) (as defined in the ABL Credit Agreement) that are owed to a Bank Product Provider.

“Bank Product Provider” means a “Cash Management Bank” (or similar term) (as defined in the ABL Credit Agreement).

“Bankruptcy Code” means Title 11 of the United States Code.

“Bankruptcy Law” means the Bankruptcy Code and any other federal, state or foreign law for relief of debtors.

“Books” means books, records, ledger cards, files, correspondence, customer lists, supplier lists, blueprints, technical specifications, manuals, computer software and related documentation, computer printouts, tapes, disks and related data processing software and similar items that at any time evidence, indicate, summarize or contain information relating to any assets (including the Collateral) or liabilities of any Grantor or any Grantor’s business operations or financial condition.

“Business Day” means a day other than a Saturday, Sunday or other day on which banking institutions are authorized or required by law to close in New York City or the place of payment.

“Capital Stock” means: (i) in the case of a corporation, corporate stock or shares; (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“Casualty Receipt” means any cash received by or paid to any Person as a result of proceeds of insurance (other than proceeds of business interruption insurance to the extent such proceeds constitute compensation for lost earnings) and condemnation awards (and payments in lieu thereof); provided, however, that a Casualty Receipt shall not include cash receipts from proceeds of insurance or condemnation awards (or payments in lieu thereof) or indemnity payments to the extent that such proceeds or awards (i) are received by such Person in respect of loss or damage to inventory, equipment, fixed assets or real property and are applied (or in respect of which expenditures were previously incurred) to replace or repair the inventory, equipment, fixed assets or real property in respect of which such proceeds were received or to acquire or construct other assets useful in the business of the Person and/or its Subsidiaries in accordance with the applicable Loan Documents or (ii) are received by such Person in respect of any third party claim against, or liability of, such Person and are applied to pay (or to reimburse such Person for its prior payment of) such claim or liability and the costs and expenses of such Person with respect thereto.

“Claimholders” means the ABL Claimholders and the Term Claimholders, or any one of them.

“Coal” means coal owned by Holdings or any of its Subsidiaries, or coal that Holdings or any of its Subsidiaries has the right to extract, in each case located on, under or within, or produced or severed from Real Property owned by, or leased or licensed to, Holdings or any of its Subsidiaries.

“Collateral” means all of the assets of each and every Grantor, whether real, personal or mixed, constituting ABL Collateral or Term Collateral.

“Collateral Documents” means the ABL Collateral Documents or the Term Collateral Documents, as the context requires.

“Collateral Proceeds” means proceeds received by any Grantor or any Subsidiary of a Grantor or any Claimholder in respect of any Casualty Receipt or Disposition or series of related Dispositions (whether as a result of an Enforcement Action, a Disposition or series of related Dispositions by one or more of the Grantors, or otherwise).

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, document, mortgage, deed of trust, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Debt” means the ABL Debt or the Term Debt, as the context requires.

“Disposition”, “Dispose” or “Disposing” means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction) of any property by any Person (or the granting of any option or other similar right), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable, or any rights and claims associated therewith or entering into an agreement to do the same.

“Enforcement Action” means any of the following taken after the occurrence of an ABL Default or a Term Default, as applicable:

(i) the taking of any action to enforce any Lien in respect of the Collateral, including the institution of any foreclosure proceedings or the noticing of any public or private sale or other disposition pursuant to Article 9 of the UCC or other applicable law, or the taking of any action in an attempt to vacate or obtain relief from a stay or other injunction restricting any other action described in this definition;

(ii) the exercise of any right or remedy provided to a secured creditor under the ABL Documents or the Term Documents (including, in either case, any delivery of any notice to seek to obtain payment directly from any account debtor of any Grantor or any depository bank, securities intermediary or other person obligated on any Collateral of any Grantor, the taking of any action or the exercise of any right or remedy in respect of the Collateral, or the exercise of any right of setoff or recoupment with respect to obligations owed to any Grantor), under applicable law, at equity, in an Insolvency Proceeding or otherwise, including the acceptance of Collateral in full or partial satisfaction of an obligation;

(iii) the Disposition by a Claimholder of all or any portion of the Collateral, by private or public sale or any other means;

(iv) the solicitation of bids from third parties to conduct the Disposition by a Claimholder of all or a material portion of the Collateral to the extent undertaken and being diligently pursued in good faith to consummate the Disposition by a Claimholder of such Collateral within a commercially reasonable time;

(v) the engagement or retention by a Claimholder of sales brokers, marketing agents, investment bankers, accountants, appraisers, auctioneers or other third parties for the purpose of valuing, marketing or Disposing by a Claimholder of all or a material portion of the Collateral to the extent undertaken and being diligently pursued in good faith to consummate the Disposition by a Claimholder of such Collateral within a commercially reasonable time;

(vi) the exercise of any other enforcement right relating to the Collateral (including the exercise of any voting rights relating to any Equity Interests composing a portion of the Collateral) whether under the ABL Documents, the Term Documents, under applicable law of any jurisdiction, in equity, in an Insolvency Proceeding or otherwise (including the commencement of applicable legal proceedings or other actions with respect to all or a material portion of the Collateral to facilitate the actions described in the preceding clauses); and

(vii) the pursuit of ABL Default Dispositions or Term Default Dispositions relative to all or a material portion of the Collateral to the extent undertaken and being diligently pursued in good faith to consummate the Disposition of such Collateral within a commercially reasonable time.

For the avoidance of doubt, the following shall not constitute an Enforcement Action: (a) the imposition of a default rate or a late fee, (b) the suspension or termination of the commitments to lend under the ABL Documents or under the Term Documents, (c) the consent by the ABL Agent or the requisite ABL Lenders to the disposition by any Grantor of any of the ABL Priority Collateral (other than an ABL Default Disposition with respect to a material portion of the ABL Priority Collateral), (d) the consent by the Term Agent or the requisite Term Lenders to the disposition by any Grantor of any of the Term Priority Collateral (other than a Term Default Disposition with respect to a material portion of the Term Priority Collateral), (e) the filing of a proof of claim in any Insolvency Proceeding or the seeking of adequate protection in accordance with the terms of this Agreement, (f) the acceleration of the Term Debt or the ABL Debt and (g) the exercise of cash dominion with respect to any deposit account based on the amount of Availability (as that term is defined in the ABL Credit Agreement).

“Enforcement Notice” means a written notice delivered by either the ABL Agent or the Term Agent to the other stating (i) that an ABL Default or a Term Default, as applicable, has occurred and is continuing under any ABL Credit Agreement or any Term Credit Facility Agreement, as applicable, and specifying the nature of the relevant event of default, and (ii) that an Enforcement Period has commenced with respect to the applicable Priority Collateral.

“Enforcement Period” means the period of time following the receipt by either the ABL Agent or the Term Agent of an Enforcement Notice from the other and continuing until the earliest of (i) in case of an Enforcement Period commenced by Term Agent, the Payment in Full of Term Priority Debt, (ii) in the case of an Enforcement Period commenced by the ABL Agent, the Payment in Full of ABL Priority Debt and (iii) the ABL Agent or the Term Agent (as applicable) terminates the Enforcement Period (including in connection with a waiver or cure of each event of default that gave rise to such Enforcement Notice) by written notice delivered to the other.

“Equity Interests” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“Excess ABL Debt” means the sum of (i) the amount by which the principal amount of the loans and (to the extent not constituting loans under the ABL Credit Agreement) reimbursement obligations with respect to drawn Letters of Credit outstanding under the ABL Documents and the undrawn amount of Letters of Credit outstanding under the ABL Documents exceeds the ABL Cap, plus (ii) the portion of interest, premium and fees that accrues or is charged with respect to that portion of the principal amount of the loans, reimbursement obligations and Letters of Credit described in clause (i) of this definition.

“Excess Term Debt” means the sum of (i) the amount by which the principal amount of the notes or loans outstanding under the Term Documents exceeds the Term Cap, plus (ii) the portion of interest, premium and fees that accrues or is charged with respect to that portion of the principal amount of the notes and loans in clause (i) of this definition.

“Excluded Property” means (i) any assets described as “Excluded Assets” in the ABL Security Agreement or “Excluded Assets” in the Term Credit Facility Agreement and (ii) any other assets of any Grantor, whether real, personal or mixed, with respect to which a Lien is not granted (and not

purported to be granted) as security for the ABL Debt or the Term Debt (excluding, for the avoidance of doubt, any asset that, but for the application of Section 552 of the Bankruptcy Code (or any provision of any other Bankruptcy Law), would constitute Collateral).

“Final Order” means an order of a court of competent jurisdiction as to which the time to appeal, petition for certiorari or move for re-argument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for re-argument or rehearing shall then be pending or, in the event that an appeal, writ of certiorari or re-argument or rehearing thereof has been filed or sought, such order shall have been affirmed or confirmed by the highest court to which such order was appealed, or from which certiorari, re-argument or rehearing was sought, and the time to take any further appeal, petition for certiorari or move for re-argument or rehearing shall have expired; provided that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure or any analogous rule under the Federal Rules of Bankruptcy Procedure or applicable state court rules of civil procedure may be filed with respect to such order shall not cause such order not to be a Final Order.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions and comparable stature and authority within the accounting profession), which are in effect on the date hereof.

“Governmental Authority” means the government of the United States or any other nation, or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Grantors” means the Loan Parties and each other person that may, from time to time, execute and deliver an ABL Collateral Document or a Term Collateral Document as a “debtor,” “grantor,” “obligor” or “pledgor” (or the equivalent thereof) or that may, from time to time, be (or whose assets may be) subject to a judgment lien in favor of any of the ABL Claimholders or any of the Term Claimholders in respect of the ABL Debt or the Term Debt, as applicable, and “Grantor” means any one of them.

“Guarantors” has the meaning set forth in the recitals to this Agreement and “Guarantor” means any one of them.

“Holdings” has the meaning set forth in the recitals to this Agreement.

“Indenture” has the meaning set forth in the recitals to this Agreement.

“Inalienable Interests” has the meaning set forth in Section 4.4.

“Initial ABL Agent” has the meaning set forth in the preamble to this Agreement.

“Initial ABL Claimholders” means, as of any date of determination, the holders of the “Obligations”, as that term is defined in the Initial ABL Credit Agreement, at that time, including (i) the Initial ABL Agent, (ii) the Initial ABL Lenders, (iii) the Bank Product Providers and (iv) the ABL Hedge Providers.

“Initial ABL Credit Agreement” has the meaning set forth in the recitals to this Agreement.

“Initial ABL Lenders” means the “Lenders”, as that term is defined in the Initial ABL Credit Agreement (including each L/C Issuer and the Swingline Lender (as those terms are defined in the Initial ABL Credit Agreement)).

“Initial Noteholders” means the holders from time to time of the Initial Notes.

“Initial Notes” has the meaning set forth in the recitals to this Agreement.

“Initial Term Agent” has the meaning set forth in the preamble to this Agreement.

“Initial Term Claimholders” means, as of any date of determination, the holders of the “Obligations”, as that term is defined in the Term Credit Facility Agreement, at that time, including (i) the Initial Term Agent, (ii) the Initial Term Representative and (iii) the Initial Noteholders.

“Initial Term Representative” has the meaning set forth in the preamble to this Agreement.

“Insolvency Proceeding” means:

(i) any voluntary or involuntary case or proceeding under any Bankruptcy Law with respect to any Grantor;

(ii) any other voluntary or involuntary insolvency or bankruptcy case or proceeding, or any receivership, liquidation or other similar case or proceeding with respect to any Grantor or with respect to a material portion of its assets;

(iii) any liquidation, dissolution or winding up of any Grantor (other than any of the foregoing permitted under the ABL Documents and the Term Documents) whether voluntary or involuntary and whether or not involving insolvency or bankruptcy; or

(iv) any assignment for the benefit of creditors or any other marshaling of assets or liabilities of any Grantor.

“Intellectual Property” means all intellectual property of every kind and nature and any other similar intangible rights throughout the world, including inventions, designs, patents, copyrights, licenses, trademarks and service marks (including the goodwill connected with the use thereof and symbolized thereby), domain names, trade secrets, confidential or proprietary technical and business information, know-how or other confidential or proprietary data or information, technology, processes, software and databases, together with any and all (i) rights and privileges arising under applicable law with respect to the foregoing, (ii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, (iii) rights to sue for past, present or future infringements thereof and (iv) rights corresponding thereto throughout the world.

“Junior 507(b) Claims” has the meaning set forth in Section 6.5(a)(vi).

“Junior Agent” means, with respect to the ABL Priority Collateral, the Term Agent, and with respect to the Term Priority Collateral, the ABL Agent.

“Junior Claimholders” means, with respect to the ABL Priority Collateral, the Term Claimholders, and with respect to the Term Priority Collateral, the ABL Claimholders.

“Junior Collateral” means, with respect to the ABL Debt, all Term Priority Collateral, and with respect to the Term Debt, all ABL Priority Collateral.

“Junior Debt” means, with respect to the ABL Priority Collateral, the Term Debt, and with respect to the Term Priority Collateral, the ABL Debt.

“Letters of Credit” means the “Letters of Credit”, as that term is defined in the ABL Credit Agreement.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Loan Documents” means ABL Documents or Term Documents, as the context requires.

“Loan Parties” has the meaning specified in the recitals to this Agreement.

“Material Owned Real Property” means (i) as of the date of this Agreement, all Real Property consisting of a fee or surface estate located in Tuscaloosa County or Jefferson County, Alabama owned by Holdings or any other Grantor that is essential to Holdings’ mine plan or surface operations (including the transportation and/or shipping of coal, support for mining activities and maintenance of underground and surface equipment) for the period from the date hereof to December 1, 2028 as determined by Holdings on the date hereof in its reasonable judgment, as set forth on the Schedule of Owned Real Property attached as Schedule 10(a) to the Term Security Agreement, and (ii) any other Real Property consisting of a fee or surface estate that Holdings or any other Grantor acquires an ownership interest in after the date hereof for the purpose of mining or conducting mining operations on such Real Property (including, without limitation, extraction of coal and other minerals and the processing and transport thereof) the fair value of which, as of the date of acquisition thereof, is equal to or greater than \$10,000,000 as determined by the applicable tax assessor.

“Mine” means any excavation or opening into the earth in the United States now and hereafter made from which coal or other minerals are or can be extracted on or from any of the real properties in which any Person holds an ownership, leasehold or other interest.

“Mortgaged Property” means all Real Property and Fixtures subject to the Mortgages.

“Mortgages” means each deed of trust, trust deed, deed to secure debt, and mortgage on Real Property or Fixtures owned by any Grantor that is granted to secure any ABL Debt or Term Debt or under which rights or remedies with respect to any such Liens are governed, in each case as amended, restated, supplemented or otherwise modified from time to time.

“Noteholders” means the Initial Noteholders and all other “holders” from time to time under the Indenture.

“Ordinary Course Collections” has the meaning set forth in Section 4.1(b).

“Payment in Full of ABL Priority Debt” means, except to the extent otherwise expressly provided in Section 5.5 or in Section 6.8, the indefeasible payment in full in cash of the ABL Priority Debt (other than ABL Hedging Obligations and Bank Product Obligations and indemnity and other contingent obligations as to which no claim has been asserted), the cancellation or expiration of all Letters of Credit issued under the ABL Credit Agreement (unless cash collateralized, otherwise collateralized with “back to back” letters of credit or otherwise supported on terms reasonably acceptable to the applicable letter of credit issuer), and the termination of all commitments thereunder.

“Payment in Full of Priority Debt” means, (i) if the Term Debt constitutes the Priority Debt, the Payment in Full of Term Priority Debt, and (ii) if the ABL Debt constitutes the Priority Debt, the Payment in Full of ABL Priority Debt.

“Payment in Full of Term Priority Debt” means, except to the extent otherwise expressly provided in Section 5.5 or in Section 6.8, the indefeasible payment in full in cash of the Term Priority Debt (other than indemnity and other contingent obligations as to which no claim has been asserted), and the termination of all commitments thereunder.

“Person” or “person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“Pledged Collateral” has the meaning set forth in Section 5.4(a).

“Post-Petition Interest” means interest, fees, expenses and other charges that, pursuant to the Term Documents or the ABL Documents, continue to accrue (or which would, absent commencement of an Insolvency Proceeding, accrue) after the commencement of any Insolvency Proceeding, whether or not such interest, fees, expenses and other charges are allowed or allowable under Bankruptcy Law or in any such Insolvency Proceeding.

“Priority Agent” means, with respect to the ABL Priority Collateral, the ABL Agent, and with respect to the Term Priority Collateral, the Term Agent.

“Priority Claimholders” means, with respect to the ABL Priority Collateral, the ABL Claimholders, and with respect to the Term Priority Collateral, the Term Claimholders.

“Priority Collateral” means, with respect to the ABL Debt, all ABL Priority Collateral, and with respect to the Term Debt, all Term Priority Collateral.

“Priority Debt” means, with respect to the ABL Priority Collateral, the ABL Debt, and with respect to the Term Priority Collateral, the Term Debt.

“Real Property” shall mean, collectively, all right, title and interest (including any leasehold estate) in and to any and all parcels of or interests in real property owned, leased or operated by any Person, whether by lease, license or other means, together with, in each case, all improvements, fixtures, easements, hereditaments, permits and appurtenances relating thereto.

“Receivables” means all of the following now owned or hereafter arising or acquired assets of any Grantor: (i) all Accounts constituting ABL Priority Collateral pursuant to clause (i) of the definition of ABL Priority Collateral; (ii) all amounts at any time payable to any Grantor in respect of the

sale or other Disposition of any such Accounts; (iii) all interest, fees, late charges, penalties, collection fees and other amounts due or to become due or otherwise payable in connection with any such Accounts; (iv) all payment intangibles other than payment intangibles that constitute the identifiable proceeds of Term Priority Collateral or are otherwise excluded from being ABL Priority Collateral pursuant to clause (i) of the definition thereof; (v) all other contract rights, chattel paper, instruments or other forms of rights to payment, in each case arising from the sale, lease or other Disposition of Inventory, the licensing of Inventory and the rendition of services or otherwise related to any Accounts described in clause (i) above or Inventory of a Grantor (including, choses in action, causes of action or other rights and claims against carriers or shippers, rights to indemnification and identifiable proceeds thereof, and casualty or similar types of insurance, in each case relating to ABL Priority Collateral, and identifiable proceeds thereof); and (vi) all other rights to payment in which any Grantor has an interest, whether evidenced by promissory notes or otherwise, and whether consisting of accounts, instruments, general intangibles or other rights to payment, in each case in this clause (vi) arising out of, relating to, derivative of or constituting proceeds of the assets included in the definition of ABL Priority Collateral or in the preceding clauses (i) through (v) of this definition.

“Recovery” has the meaning set forth in Section 6.8.

“Refinance” means, in respect of any indebtedness or any commitment to extend credit (and the documents governing such indebtedness or commitment to extend credit), to refinance, amend and restate, extend, renew, supplement, restructure, replace, refund or repay, or to issue other indebtedness or commitment to extend credit in exchange or replacement for such indebtedness, in whole or in part, whether with the same or different lenders, arrangers, or agents. “Refinanced” and “Refinancing” shall have correlative meanings.

“Related Mining Assets” means (i) Coal washing and processing facilities, (ii) Coal loading and shipping facilities, including without limitation, if owned, barges and railcars, (iii) computer and control systems utilized for operation or management of any of the foregoing and (iv) contracts with the Port of Mobile, Alabama providing the right to use the McDuffie Coal Terminal for export of Coal.

“Reserve Area” means any real property constituting coal reserves or access to coal reserves that is not an active Mine in which any Person holds an ownership, leasehold or other interest.

“Senior 507(b) Claims” has the meaning set forth in Section 6.5(a)(v).

“Subsidiary” means, with respect to any Person, (i) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, and (ii) any partnership, joint venture or limited liability company of which (A) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (B) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“Term Agent” means, collectively, (i) the Initial Term Agent, (ii) any Additional Term Agent, and (iii) any Person (including for purposes related to the administration of the Term Collateral Documents) designated as an agent, administrative agent, trustee, representative, collateral agent or like

title or role under any documents Refinancing any Term Debt for the purpose of receiving a lien on the collateral pledged as security for such Refinancing Term Debt; provided that, notwithstanding anything to the contrary, any reference to the Term Agent in any provision of this Agreement requiring the consent, waiver or exercise of any right, power or discretion on the part of the Term Agent shall mean, at any time that there is more than one Term Agent, the Initial Term Agent acting as controlling Term Agent in accordance with and subject to the terms of the Term Intercreditor Agreement, unless the ABL Agent receives written notification signed by an Additional Term Agent indicating that pursuant to the Term Intercreditor Agreement it shall be deemed the controlling Term Agent hereunder.

“Term Cap” means, as of any date of determination, (i) \$350,000,000, plus (ii) the sum of (A) \$130,000,000, plus (B) the amount of Term Debt such that, after giving pro forma effect to such incurrence and the application of the net proceeds therefrom, the Priority Secured Leverage Ratio (as defined in the Indenture as of the date hereof) would not exceed 1.50 to 1.00, plus (C) the amount of Term Debt such that, after giving pro forma effect to such incurrence and the application of the net proceeds therefrom, the Secured Leverage Ratio (as defined in the Indenture as of the date hereof) would not exceed 4.00 to 1.00, plus (D) without duplication, the aggregate principal amount of any interest accruing from the principal amount of indebtedness as set forth in clauses (A), (B) and (C) herein that has been capitalized under the Term Facility Credit Agreement. Term Hedging Obligations shall not be subject to the Term Cap and shall be disregarded in determining whether Term Debt is Excess Term Debt or Term Priority Debt.

“Term Cash Collateral” has the meaning set forth in Section 6.2(b).

“Term Claimholders” means, as of any date of determination, the holders of the Term Debt at that time, including (A) the Term Agent, (B) any Term Representative, (C) the Noteholders, (D) Term Hedge Providers in respect of Term Hedging Obligations, and (E) any holders of Additional Term Debt (other than Term Hedging Obligations).

“Term Collateral” means all of the assets of each and every Grantor, whether real, personal or mixed, with respect to which a Lien is granted (or purported to be granted) as security for any Term Debt, including all proceeds and products thereof, and which, for the avoidance of doubt, shall not include any Excluded Property.

“Term Collateral Documents” means the Term Security Agreement, the Term Mortgages and any other agreement, document or instrument pursuant to which a Lien is granted (or purported to be granted) securing the Notes or any other Term Debt or under which rights or remedies with respect to such Liens are governed.

“Term Credit Facility Agreement” means, collectively, (i) the Indenture, (ii) any Additional Term Debt Agreement and (iii) any other credit agreement or debt facility that is secured by the Collateral, as such credit agreement or debt facility, in whole or in part, in one or more instances, may be amended, restated, modified, supplemented, extended, renewed, refunded, restructured, Refinanced or replaced or otherwise modified from time to time and whether by the same or any other agent, lender or group of lenders or other party, so long as the agents or representatives of the holders of such indebtedness execute and deliver (i) a joinder to this Agreement reasonably acceptable to the other parties hereto and (ii) if after such Refinancing there are multiple Term Credit Facility Agreements, the Term Intercreditor Agreement. Any reference to the Term Credit Facility Agreement hereunder shall be deemed a collective reference to all Term Credit Facility Agreements then in existence.

“Term Debt” means all Obligations (as that term is defined in the Indenture or any other Term Credit Facility Agreement) and all other amounts owing, due or secured under the terms of the

Indenture, any other Term Credit Facility Agreement or any other Term Document, including Additional Term Debt, whether now existing or arising hereafter, including all principal, premium, interest, fees, attorneys' fees, costs, charges, expenses, reimbursement obligations, obligations with respect to loans, Term Hedging Obligations, any indemnities or guarantees, and all other amounts payable under or secured by any Term Credit Facility Agreement (including, in each case, all amounts accruing on or after the commencement of any Insolvency Proceeding relating to any Grantor, or that would have accrued or become due under the terms of the Term Documents but for the effect of the Insolvency Proceeding and irrespective of whether a claim for all or any portion of such amounts is allowable or allowed in such Insolvency Proceeding), in each case whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured.

"Term Default" means any "Event of Default", as that term is defined in any Term Credit Facility Agreement or any "Event of Default" or "Termination Event", as those terms are defined in any Term Hedge Agreement.

"Term Default Disposition" has the meaning set forth in Section 5.1(i).

"Term Deficiency Claim" means any portion of the Term Debt consisting of an allowed unsecured claim under Section 506(a) of the Bankruptcy Code (or any similar provision under any other Bankruptcy Law).

"Term DIP Financing" has the meaning set forth in Section 6.2(b).

"Term DIP Financing Conditions" means that:

(i) (A) the ABL Agent retains its Liens with respect to the Collateral that existed as of the date of the commencement of the applicable Insolvency Proceeding (including proceeds thereof arising after the commencement of such Insolvency Proceeding), (B) as to the ABL Priority Collateral that existed as of the date of the commencement of such Insolvency Proceeding (including proceeds thereof arising after the commencement of such Insolvency Proceeding), the ABL Agent's Liens with respect to such ABL Priority Collateral remain senior and prior to the Liens (inclusive of any Liens securing the Term DIP Financing) of the Term Agent or any other provider of Term DIP Financing with respect to such ABL Priority Collateral, and (C) as to ABL Priority Collateral acquired by the applicable Grantor after the commencement of such Insolvency Proceeding (excluding proceeds of ABL Priority Collateral existing prior to the commencement of such Insolvency Proceeding), either (x) neither the ABL Claimholders nor the Term Claimholders obtain a Lien with respect to such ABL Priority Collateral or (y) if a Lien with respect to such ABL Priority Collateral is granted to secure the Term DIP Financing, then the ABL Agent obtains a Lien with respect to such ABL Priority Collateral and the Liens with respect to such ABL Priority Collateral securing the Term DIP Financing are junior and subordinate to the Liens of the ABL Agent with respect to such ABL Priority Collateral;

(ii) all Liens on Term Priority Collateral securing any such Term DIP Financing shall be senior to or on a parity with the Liens of the Term Agent securing the Term Debt on the Term Priority Collateral;

(iii) the proposed Term Cash Collateral use or Term DIP Financing does not compel any Grantor to seek confirmation of a specific plan of reorganization for which all or substantially all of the material terms are set forth in the Term Cash Collateral order or Term DIP Financing documentation, as applicable;

(iv) the proposed Term Cash Collateral order or Term DIP Financing documentation does not expressly require the sale of all or substantially all of the ABL Priority Collateral prior to a default under the Term Cash Collateral order or Term DIP Financing documentation; and

(v) any of the Term Claimholders may seek adequate protection to the extent, but only to the extent, expressly permitted under this Agreement.

“Term Documents” means the Indenture, each other Term Credit Facility Agreement, the Term Collateral Documents, each of the other “Priority Lien Documents” or “Loan Documents” (in each case, as that term is defined in the Term Credit Facility Agreement) and each of the other agreements, documents and instruments executed pursuant thereto or in connection therewith and the Term Intercreditor Agreement to the extent effective at the relevant time.

“Term Hedge Agreement” means an ISDA or similar agreement governing a Term Hedging Obligation.

“Term Hedge Provider” means a “hedge bank” (or similar term) as defined in the Term Credit Facility Agreement.

“Term Hedging Obligations” means any obligations arising under a “Swap Contract” (or similar term) (as defined in the Term Credit Facility Agreement) that are owed to a Term Hedge Provider.

“Term Intercreditor Agreement” means, that certain collateral agency agreement, dated as of December 6, 2021, by and among the Holdings, the Notes Guarantors, the Initial Term Agent and the Initial Term Representative and, if applicable, any Additional Term Agent and Additional Term Representative that delivers a joinder thereto from time to time, as the same may be amended, restated, supplemented, modified or replaced from time to time, which authorizes and directs the Initial Term Agent (or such other Person as may be designated in the Term Intercreditor Agreement) to act as controlling Term Agent for all purposes required by this Agreement.

“Term Lenders” means, as of any date of determination, the holders of the Term Debt at that time, including without limitation, the Initial Noteholders.

“Term Mortgages” means each Mortgage under which any Lien on Real Property or Fixtures owned or leased by any Grantor is granted to secure any Term Debt or under which rights or remedies with respect to any such Liens are governed.

“Term Priority Collateral” means all rights, title and interests of each Grantor in the following Collateral, in each case, whether now owned or existing or hereafter acquired or arising and wherever located, including, without duplication, (a) all rights of each Grantor to receive moneys due and to become due under or pursuant to the following, (b) all rights of each Grantor to receive return of any premiums for or Proceeds of any insurance, indemnity, warranty or guaranty with respect to the following or to receive condemnation Proceeds with respect to the following, (c) all claims of each Grantor for damages arising out of or for breach of or default under any of the following and (d) all rights of each Grantor to terminate, amend, supplement, modify or waive performance under any of the following, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder:

- (i) all machinery and Equipment;

- (ii) all Material Owned Real Property;
- (iii) all Intellectual Property;
- (iv) all Equity Interests in all direct Subsidiaries of any Loan Party;
- (v) all intercompany indebtedness of Holdings and its Subsidiaries owed to any Loan Party;
- (vi) all As-Extracted Collateral (unless (and until) it is (or has become) Inventory);
- (vii) all Fixtures;
- (viii) all Related Mining Assets;
- (ix) all other assets of any Grantor, whether real, personal or mixed, in each case, not constituting ABL Priority Collateral;

(x) to the extent evidencing or governing any of the items referred to in the preceding clauses (i) through (ix), all General Intangibles, letters of credit (whether or not the respective letter of credit is evidenced by a writing), Letter-of-Credit Rights, Instruments and Documents; provided that to the extent any of the foregoing also relates to any ABL Priority Collateral, only that portion related to the items referred to in the preceding clauses (i) through (ix) as being included in the Term Priority Collateral shall be included in the Term Priority Collateral;

(xi) to the extent relating to any of the items referred to in the preceding clauses (i) through (x), all insurance; provided that to the extent any of the foregoing also relates to ABL Priority Collateral, only that portion related to the items referred to in the preceding clauses (i) through (x) as being included in the Term Priority Collateral shall be included in the Term Priority Collateral;

(xii) to the extent relating to any of the items referred to in the preceding clauses (i) through (xi), all Supporting Obligations; provided that to the extent any of the foregoing also relates to ABL Priority Collateral, only that portion related to the items referred to in the preceding clauses (i) through (xi) as being included in the Term Priority Collateral shall be included in the Term Priority Collateral;

(xiii) to the extent relating to any of the items referred to in the preceding clauses (i) through (xi), all Commercial Tort Claims; provided that to the extent any of the foregoing also relates to Term Priority Collateral, only that portion related to the items referred to in the preceding clauses (i) through (xii) as being included in the Term Priority Collateral shall be included in the Term Priority Collateral;

(xiv) all Books and records, including all books, databases, customer lists and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing; and

(xv) all cash Proceeds and, solely to the extent not constituting ABL Priority Collateral, non-cash Proceeds, products, accessions, rents and profits of or in respect of any of the

foregoing (including all insurance Proceeds) and all collateral security, guarantees and other collateral support given by any Person with respect to any of the foregoing;

provided, however, that (x) if Collateral of any type is received in exchange for Term Priority Collateral pursuant to an Enforcement Action or during an Insolvency Proceeding, such Collateral will be treated as Term Priority Collateral and (y) if Collateral of any type is received in exchange for ABL Priority Collateral pursuant to an Enforcement Action or during an Insolvency Proceeding, such Collateral will be treated as ABL Priority Collateral. For the avoidance of doubt, no Excluded Property shall constitute Term Priority Collateral.

“Term Priority Debt” means all Term Debt other than Excess Term Debt.

“Term Priority Standstill Period” has the meaning set forth in Section 3.2.

“Term Purchase Notice” has the meaning set forth in Section 9.1(a).

“Term Purchase Option Period” has the meaning set forth in Section 9.1(a).

“Term Purchase Option Trigger” means any of the following events: (i) the acceleration of the maturity date of all or a portion of the ABL Debt pursuant to the ABL Documents; (ii) the occurrence of an “Event of Default” under the ABL Documents that constitutes a Term Default, if the commitments of the ABL Claimholders to make Loans under and as defined in the ABL Credit Agreement or to issue Letters of Credit are terminated or are suspended as a result thereof for a period of 90 consecutive days or more; (iii) the commencement of Enforcement Action against the ABL Priority Collateral by the ABL Agent; or (iv) the commencement of an Insolvency Proceeding with respect to any Grantor.

“Term Representative” means, collectively, the Initial Term Representative and each Additional Term Representative.

“Term Secured Claim” means any portion of the Term Debt not constituting a Term Deficiency Claim.

“Term Security Agreement” means the “Security Agreement”, as that term is defined in the Indenture as in effect on the date hereof.

“Trustee” has the meaning set forth in the preamble to this Agreement.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of New York, or if the perfection or priority of, or remedies with respect to, any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the Uniform Commercial Code as in effect from time to time in such other jurisdiction.

“Use Period” means the period, with respect to any Term Priority Collateral, which begins on the earlier of (i) the day on which the ABL Agent provides the Term Agent with written notice that it intends to exercise its rights under Section 3.9 with respect to such Term Priority Collateral and (ii) the fifth Business Day after Term Agent provides the ABL Agent with written notice that Term Agent (or its agent) has obtained possession or control, as applicable, of such Term Priority Collateral and ends on the earlier of (x) the 180th day after the date on which the ABL Agent initially obtains the right and ability to obtain possession or control, as applicable, of such Term Priority Collateral and (y) the date on which Payment in Full of ABL Priority Debt occurs; provided that if any stay or other order has occurred by

operation of law or has been entered by a court of competent jurisdiction that prohibits or limits any of the ABL Claimholders from commencing and continuing to undertake Enforcement Actions or to Dispose of the ABL Priority Collateral, such 180-day period shall be tolled during the pendency of such stay or other order and the Use Period shall be so extended and upon the expiration or lifting of such stay or order, if there are fewer than 45 days remaining in such 45-day period, then such 45 day period shall be extended so that the ABL Claimholders have a Use Period of 45 days remaining upon the expiration or lifting of such stay or order.

1.2 Construction. The definitions of terms in this Agreement shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." The term "or" shall be construed to have, except as the context may otherwise require, the inclusive meaning represented by the phrase "and/or." Any term used in this Agreement and not defined in this Agreement shall have the meaning set forth in the Initial ABL Credit Agreement or the Indenture, as context may require. Unless the context requires otherwise:

(i) except as otherwise provided herein, any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented, modified, renewed, extended, Refinanced, refunded or replaced (subject to any restrictions or qualifications on such amendments, restatements, supplements, modifications, renewals, extensions, Refinancings, refunds or replacements set forth herein);

(ii) except as otherwise expressly provided herein, any reference to a definition in an ABL Document shall be construed to also refer to any comparable term in any agreement, instrument or other document the debt under which Refinances the ABL Debt; provided that any comparable term resulting from such Refinancing would be permitted hereunder if such term had resulted from the amendment or modification of the ABL Debt that is the subject of such Refinancing;

(iii) except as otherwise expressly provided herein, any reference to a definition in a Term Credit Facility Agreement shall be construed to also refer to any comparable term in any agreement, instrument, or other document the debt under which Refinances the Term Debt; provided that any comparable term resulting from such Refinancing would be permitted hereunder if such term had resulted from the amendment or modification of the Term Debt that is the subject of such Refinancing;

(iv) any reference to any agreement, instrument or other document herein "as in effect on the date hereof" shall be construed as referring to such agreement, instrument or other document without giving effect to any amendment, restatement, supplement, modification, or Refinancing thereto or thereof occurring after the date hereof;

(v) any definition of, or reference to, the ABL Debt or the Term Debt herein shall be construed as referring to the ABL Debt or the Term Debt (as applicable) as from time to time amended, restated, supplemented, modified, renewed, extended, Refinanced, refunded or replaced (subject to any restrictions or qualifications on such amendments, restatements, supplements, modifications, renewals, extensions, Refinancings, refunds or replacements set forth herein);

(vi) any definition of, or reference to, ABL Collateral or Term Collateral herein shall not be construed as referring to any amounts recovered by a Grantor, as a debtor in possession, or a trustee for the estate of a Grantor, under Section 506(c) of the Bankruptcy Code (or by comparable Persons under any other Bankruptcy Law);

(vii) any reference herein to any person shall be construed to include such person's successors and assigns and as to any Grantor shall be deemed to include a receiver, trustee or debtor-in-possession on behalf of any of such person or on behalf of any such successor or assignee of such person;

(viii) except as otherwise expressly provided herein, any reference to the ABL Agent agreeing to or having the right to do, or refraining from or having the right to refrain from doing, an act shall be construed as binding upon each of the ABL Claimholders, any reference to the ABL Agent shall be construed as referring to the ABL Agent, for itself and on behalf of the other ABL Claimholders, any reference to the Term Agent agreeing to or having the right to do, or refraining from or having the right to refrain from doing, an act shall be construed as binding upon each of the Term Claimholders for which such Term Agent serves as agent, any reference to the Term Agent shall be construed as referring to the Term Agent, for itself and on behalf of the other Term Claimholders for which such Term Agent serves as agent, any reference to the ABL Claimholders shall be construed as including the ABL Agent, and any reference to the Term Claimholders shall be construed as referring to the Term Agent;

(ix) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof;

(x) all references herein to Sections shall be construed to refer to Sections of this Agreement unless otherwise specified; and

(xi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 2. LIEN PRIORITIES.

2.1 Relative Priorities.

(a) Notwithstanding the date, time, method, manner, or order of grant, attachment, or perfection of any Liens in the Collateral securing the Term Debt or of any Liens in the Collateral securing the ABL Debt (including, in each case, notwithstanding whether any such Lien is granted (or secures Debt relating to the period) before or after the commencement of any Insolvency Proceeding) and notwithstanding any contrary provision of the UCC or any other applicable law or the Term Documents or the ABL Documents or any defect or deficiencies in, or failure to attach or perfect, the Liens securing or purporting to secure the ABL Debt or the Term Debt, the possession or control of the Collateral by any Claimholder, or any other circumstance whatsoever, the ABL Agent and the Term Agent hereby agree that:

(i) any Lien with respect to the ABL Priority Collateral securing any ABL Priority Debt, whether such Lien is now or hereafter held by or on behalf of, or created for the benefit of, any of the ABL Claimholders or any agent or trustee therefor, regardless of how or when acquired, whether by grant, possession, statute, operation of law, subrogation or otherwise,

shall be senior in all respects and prior to any Lien with respect to the ABL Priority Collateral securing (A) any Term Debt or (B) any Excess ABL Debt;

(ii) any Lien with respect to the ABL Priority Collateral securing any Term Priority Debt, whether such Lien is now or hereafter held by or on behalf of, or created for the benefit of, any of the Term Claimholders or any agent or trustee therefor, regardless of how or when acquired, whether by grant, possession, statute, operation of law, subrogation or otherwise, shall be (A) junior and subordinate in all respects to all Liens with respect to the ABL Priority Collateral securing any ABL Priority Debt, and (B) senior in all respects and prior to any Lien with respect to the ABL Priority Collateral securing (1) any Excess ABL Debt and (2) any Excess Term Debt;

(iii) any Lien with respect to the Term Priority Collateral securing any Term Priority Debt, whether such Lien is now or hereafter held by or on behalf of, or created for the benefit of, any of the Term Claimholders or any agent or trustee therefor, regardless of how or when acquired, whether by grant, possession, statute, operation of law, subrogation or otherwise, shall be senior in all respects and prior to any Lien with respect to the Term Priority Collateral securing (A) any ABL Debt or (B) any Excess Term Debt;

(iv) any Lien with respect to the Term Priority Collateral securing any ABL Priority Debt, whether such Lien is now or hereafter held by or on behalf of, or created for the benefit of, any of the ABL Claimholders or any agent or trustee therefor, regardless of how or when acquired, whether by grant, possession, statute, operation of law, subrogation or otherwise, shall be (A) junior and subordinate in all respects to all Liens with respect to the Term Priority Collateral securing any Term Priority Debt, and (B) senior in all respects and prior to any Lien with respect to the Term Priority Collateral securing (1) any Excess Term Debt and (2) any Excess ABL Debt;

(v) any Lien with respect to the ABL Priority Collateral securing any Excess ABL Debt, whether such Lien is now or hereafter held by or on behalf of, or created for the benefit of, any of the ABL Claimholders or any agent or trustee therefor, regardless of how or when acquired, whether by grant, possession, statute, operation of law, subrogation, or otherwise, shall be (A) junior and subordinate in all respects to all Liens with respect to the ABL Priority Collateral securing any ABL Priority Debt and any Term Priority Debt, and (B) senior in all respects and prior to any Lien with respect to the ABL Priority Collateral securing any Excess Term Debt;

(vi) any Lien with respect to the ABL Priority Collateral securing any Excess Term Debt, whether such Lien is now or hereafter held by or on behalf of, or created for the benefit of, any of the Term Claimholders or any agent or trustee therefor, regardless of how or when acquired, whether by grant, possession, statute, operation of law, subrogation or otherwise, shall be junior and subordinate in all respects to all Liens with respect to the ABL Priority Collateral securing any ABL Debt and any Term Priority Debt;

(vii) any Lien with respect to the Term Priority Collateral securing any Excess Term Debt, whether such Lien is now or hereafter held by or on behalf of, or created for the benefit of, any of the Term Claimholders or any agent or trustee therefor, regardless of how or when acquired, whether by grant, possession, statute, operation of law, subrogation or otherwise, shall be (A) junior and subordinate in all respects to all Liens with respect to the Term Priority Collateral securing any ABL Priority Debt and any Term Priority Debt, and (B) senior in all

respects and prior to any Lien with respect to the Term Priority Collateral securing any Excess ABL Debt; and

(viii) any Lien with respect to the Term Priority Collateral securing any Excess ABL Debt, whether such Lien is now or hereafter held by or on behalf of, or created for the benefit of, any of the ABL Claimholders or any agent or trustee therefor, regardless of how or when acquired, whether by grant, possession, statute, operation of law, subrogation or otherwise, shall be junior and subordinate in all respects to all Liens with respect to the Term Priority Collateral securing any Term Debt and any ABL Priority Debt.

(b) All Liens with respect to the ABL Priority Collateral securing any ABL Priority Debt shall be and remain senior in all respects and prior to all Liens with respect to the ABL Priority Collateral securing any Term Debt or Excess ABL Debt, in each case, for all purposes, whether or not such Liens securing any ABL Priority Debt are subordinated to any Lien securing any other obligation of any Grantor or any other person. All Liens with respect to the Term Priority Collateral securing any Term Priority Debt shall be and remain senior in all respects and prior to all Liens with respect to the Term Priority Collateral securing any ABL Debt or any Excess Term Debt, in each case, for all purposes, whether or not such Liens securing any Term Priority Debt are subordinated to any Lien securing any other obligation of any Grantor or any other person.

2.2 Prohibition on Contesting Liens or Claims. Each of the Term Agent and the ABL Agent agrees that it will not (and hereby waives any right to), directly or indirectly, contest, or support any other person in contesting, in any proceeding (including any Insolvency Proceeding), the extent, validity, attachment, perfection, priority or enforceability of a Lien held by or on behalf of any of the ABL Claimholders in the Collateral (or the extent, validity, allowability or enforceability of any ABL Collateral Document or any ABL Debt secured thereby or purported to be secured thereby) or by or on behalf of any of the Term Claimholders in the Collateral (or the extent, validity, allowability or enforceability of any Term Collateral Document or the Term Debt secured thereby or purported to be secured thereby), as the case may be, or the validity or enforceability of any of the provisions of this Agreement; provided that nothing in this Agreement shall be construed to prevent or impair the rights of the ABL Agent or the Term Agent to enforce the terms of this Agreement, including the provisions of this Agreement relating to the priority of the Liens securing the ABL Debt and the Term Debt as provided in Sections 2.1 and 3.

2.3 New Liens.

(a) Except as contemplated by Section 6 hereof, in the case of an Insolvency Proceeding of a Grantor, no Grantor shall:

(i) grant or permit any additional Liens on any of its assets not subject to a Lien in favor of the ABL Agent to secure any Term Debt unless such Grantor offers to grant a Lien on such asset, subject in all respects to this Agreement, to secure the ABL Debt concurrently with the grant of a Lien thereon in favor of the Term Agent; or

(ii) grant or permit any additional Liens on any of its assets not subject to a Lien in favor of the Term Agent to secure any ABL Debt unless such Grantor offers to grant a Lien on such asset, subject in all respects to this Agreement, to secure the Term Debt concurrently with the grant of a Lien thereon in favor of the ABL Agent;

provided, however, that this Section 2.3(a) shall not apply with respect to cash and cash equivalents, and deposit accounts and securities accounts containing solely such cash and cash equivalents, that (i) cash

(i) exercise or seek to exercise (and instead shall be deemed to have hereby irrevocably, absolutely and unconditionally waived, but solely to the extent necessary to further the purpose of this Section) any rights, powers or remedies with respect to any ABL Priority Collateral (including taking any Enforcement Action with respect to any ABL Priority Collateral);

(ii) commence or join with any person (in each case other than with the ABL Agent) in commencing, or filing a petition for, any Insolvency Proceeding against any Grantor; or

(iii) object to (or join any party objecting to) the forbearance by the ABL Agent or the ABL Claimholders from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the ABL Priority Collateral;

provided, however, that (w) if a Term Default has occurred and for so long as such Term Default is continuing, subject at all times to the provisions of Sections 2.1(a) and 4, after the expiration of a 180-day period (the "ABL Priority Standstill Period") which shall commence on the date of receipt by the ABL Agent of written notification from the Term Agent (based on notification received from the Initial Term Representative or any Additional Term Representative pursuant to the Term Intercreditor Agreement) of (i) the occurrence of a Term Default, and (ii) Holdings having been notified of the acceleration of payment of some or all of the Term Debt and the termination of all related commitments under the applicable Term Credit Facility Agreement (subject to the tolling of such period to the extent, and for the duration of, any period for which a stay of enforcement rights may be in effect), the Term Agent may (acting pursuant to an Act of Required Secured Parties) take action to enforce its second-priority Liens on the ABL Priority Collateral upon 30 days' prior written notice to the ABL Agent (which notice may be given prior to the completion of such 180-day period, but not prior to the 150th day of such period); (x) if any of the ABL Agent or the ABL Claimholders are stayed or otherwise prohibited from commencing and continuing to exercise any Enforcement Action or to liquidate or sell any ABL Priority Collateral by operation of law, court order or otherwise, then the 180-day period shall be tolled during the pendency of such stay or other prohibition, plus an additional number of days such that the ABL Priority Standstill Period extends at least 45 days after the applicable stay or other prohibition on enforcement are no longer in effect; (y) notwithstanding the foregoing, in no event shall the Term Agent or any Term Claimholder take any Enforcement Action or exercise or continue to exercise any rights or remedies if, notwithstanding the expiration of the ABL Priority Standstill Period, any ABL Claimholder shall have commenced and be pursuing the exercise of any of its rights and remedies with respect to all or any material portion of the ABL Priority Collateral (prompt notice of such exercise to be given to the Term Agent); and (z) nothing in this Section 3.1 shall limit the right of the Term Agent to enforce this Agreement.

3.2 Exercise of Remedies with respect to the Term Priority Collateral. Until the Payment in Full of Term Priority Debt has occurred, whether or not any Insolvency Proceeding has been commenced by or against any Grantor, the ABL Claimholders will not:

(i) exercise or seek to exercise (and instead shall be deemed to have hereby irrevocably, absolutely and unconditionally waived, but solely to the extent necessary to further the purpose of this Section) any rights, powers or remedies with respect to any Term Priority Collateral (including taking any Enforcement Action with respect to any Term Priority Collateral);

(ii) commence or join with any person (in each case other than with the Term Agent) in commencing, or filing a petition for, any Insolvency Proceeding against any Grantor; or

(iii) object to (or join any party objecting to) the forbearance by the Term Agent or the Term Claimholders from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the Term Priority Collateral;

provided, however, that (w) if an ABL Default has occurred and for so long as such ABL Default is continuing, subject at all times to the provisions of Sections 2.1(a) and 4, after the expiration of a 180-day period (the "Term Priority Standstill Period") which shall commence on the date of receipt by the Term Agent of the written declaration of the ABL Agent of such ABL Default and written demand by the ABL Agent to the ABL Borrower Representative for the accelerated payment of all ABL Debt and the termination of all related commitments under the ABL Credit Agreement (subject to the tolling of such period to the extent, and for the duration of, any period for which a stay of enforcement rights may be in effect), the ABL Agent may take action to enforce its second-priority Liens on the Term Priority Collateral upon 30 days' prior written notice to the Term Agent (which notice may be given prior to the completion of such 180-day period, but not prior to the 150th day of such period); (x) if any of the Term Agent or the Term Claimholders are stayed or otherwise prohibited from commencing and continuing to exercise any Enforcement Action or to liquidate or sell any Term Priority Collateral by operation of law, court order or otherwise, then the 180-day period shall be tolled during the pendency of such stay or other prohibition, plus an additional number of days such that the Term Priority Standstill Period extends at least 45 days after the applicable stay or other prohibition on enforcement are no longer in effect; (y) notwithstanding the foregoing, in no event shall the ABL Agent or any ABL Claimholder take any Enforcement Action or exercise or continue to exercise any rights or remedies if, notwithstanding the expiration of the Term Priority Standstill Period, any Term Claimholder shall have commenced and be pursuing the exercise of any of its rights and remedies with respect to all or any material portion of the Term Priority Collateral (prompt notice of such exercise to be given to the ABL Agent); and (z) nothing in this Section 3.2 shall limit the right of the ABL Agent to enforce this Agreement.

3.3 Exclusive Enforcement Rights.

(a) Except as provided in the proviso to Section 3.1, until the Payment in Full of ABL Priority Debt has occurred, whether or not any Insolvency Proceeding has been commenced by or against any Grantor, the ABL Claimholders shall have the exclusive right to take Enforcement Actions (including set-off and applicable credit bid rights) with respect to the ABL Priority Collateral without any consultation with or the consent of any of the Term Claimholders. Except as provided in the proviso to Section 3.2, until the Payment in Full of Term Priority Debt has occurred, whether or not any Insolvency Proceeding has been commenced by or against any Grantor, the Term Claimholders shall have the exclusive right to take Enforcement Actions (including set-off and applicable credit bid rights) with respect to the Term Priority Collateral (and in connection therewith, subject to Section 3.9, make determinations regarding the release or Disposition thereof or any restrictions with respect thereto) without any consultation with or the consent of any of the ABL Claimholders.

(b) In connection with (i) any Enforcement Action with respect to the ABL Priority Collateral, the ABL Claimholders may enforce the provisions of the ABL Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion, or (ii) any Enforcement Action with respect to the Term Priority Collateral, the Term Claimholders may enforce the provisions of the Term Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion. Such exercise and enforcement shall include the rights of an agent appointed by them to Dispose of Collateral, to incur expenses in connection with such Disposition, and to exercise all the rights and remedies of a secured creditor under applicable law.

3.4 Permitted Actions. Anything to the contrary in this Section 3 notwithstanding, any Claimholder may:

(i) if an Insolvency Proceeding has been commenced by or against any Grantor, file a claim, proof of claim or statement of interest with respect to (i) in the case of an ABL Claimholder, the ABL Debt, and (ii) in the case of a Term Claimholder, the Term Debt, and in each case, subject in all respects to this Agreement, the Collateral securing such Debt;

(ii) take any action (not adverse to the priority status of the Liens on the Priority Collateral held by the Priority Agent with respect thereto, or the rights of the Priority Agent or any other Priority Claimholder to undertake Enforcement Actions with respect thereto) in order to create or perfect its Lien in and to the Collateral;

(iii) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of (i) in the case of a claim of an ABL Claimholder in respect of the ABL Debt, the ABL Claimholders, or (ii) in the case of a claim of a Term Claimholder in respect of the Term Debt, the Term Claimholders, in each case including any claims secured by the Collateral, if any, in each case, in accordance with the express provisions of this Agreement;

(iv) vote on any plan of reorganization and make any filings and motions that are, in each case, not in contravention of the express provisions of this Agreement, with respect to (A) in the case of an ABL Claimholder, the ABL Debt, and (B) in the case of a Term Claimholder, the Term Debt, and (in each case) the Collateral;

(v) join (but not exercise any control with respect to) any judicial foreclosure proceeding or other judicial lien enforcement proceeding with respect to the Priority Collateral of the Priority Agent initiated by such Priority Agent to the extent that any such action could not reasonably be expected, in any material respect, to restrain, hinder, limit, delay for any material period or otherwise interfere with an Enforcement Action by such Priority Agent (it being understood that neither the Junior Agent nor any Junior Claimholder shall be entitled to receive any proceeds from the Priority Collateral unless otherwise expressly permitted herein);

(vi) the Term Agent or any Term Claimholder may exercise any of its rights or remedies with respect to the ABL Priority Collateral in accordance with the Term Documents after the termination of the ABL Priority Standstill Period to the extent permitted by Section 3.1 above; and

(vii) the ABL Agent or any ABL Claimholder may exercise any of its rights or remedies with respect to the Term Priority Collateral in accordance with the ABL Documents after the termination of the Term Priority Standstill Period to the extent permitted by Section 3.2 above.

3.5 Retention of Proceeds.

(a) Prior to the Payment in Full of ABL Priority Debt, the Term Claimholders will not receive or retain any proceeds of ABL Priority Collateral in connection with any Enforcement Action or ABL Default Disposition, and any such proceeds received or retained in any other circumstance will be subject to Section 4.2.

(b) Prior to the Payment in Full of Term Priority Debt, the ABL Claimholders will not receive or retain any proceeds of Term Priority Collateral in connection with any Enforcement Action or Term Default Disposition, and any such proceeds received or retained in any other circumstance will be subject to Section 4.2.

3.6 Non-Interference. Subject to any specific provision of this Agreement to the contrary, including Sections 3.1, 3.2, 3.3 and 6, each of the Term Agent and the ABL Agent hereby:

(i) agrees that the Junior Claimholders will not take any action that would restrain, hinder, limit, delay or otherwise interfere with any Enforcement Action (or other action not prohibited hereunder) by the Priority Agent with respect to its Priority Collateral, including any Disposition of such Priority Collateral, whether by foreclosure or otherwise;

(ii) waives any and all rights that any Junior Claimholder may have as a junior lien creditor or otherwise to object to the manner in which the Priority Agent or the Priority Claimholders seek to enforce or collect their Debt or the Liens securing such Debt granted in any of the Priority Collateral, regardless of whether any action or failure to act by or on behalf of such Priority Agent or the Priority Claimholders is adverse to the interest of the Junior Agent or the Junior Claimholders;

(iii) waives any and all rights that any Claimholder may have to oppose, object to, or seek to restrict the Priority Agent or any Priority Claimholder from exercising their rights to set off or credit bid its Debt; and

(iv) acknowledges and agrees that no covenant, agreement, or restriction contained in the applicable Collateral Documents or any other of the applicable Loan Documents (other than this Agreement) shall be deemed to restrict in any way the rights and remedies of the Priority Agent or the Priority Claimholders with respect to their Priority Collateral as set forth in this Agreement and such Priority Agent's Loan Documents.

3.7 Unsecured Creditor Remedies. Except as set forth in Sections 2.2, 3.1, 3.2, 3.3, 3.6, 3.8 and 6, the Agents and the other Claimholders may exercise rights and remedies as unsecured creditors generally against any Grantor in accordance with the terms of the applicable Loan Documents and applicable law so long as doing so is not in violation of the terms of this Agreement; provided that in the event that any Claimholder becomes a judgment Lien creditor in respect of Collateral as a result of its enforcement of its rights as an unsecured creditor with respect to its Debt, such judgment Lien shall be subject to the terms of this Agreement for all purposes as the other Liens securing such Debt.

3.8 Commercially Reasonable Dispositions; Notice of Exercise.

(a) The Term Agent hereby irrevocably, absolutely, and unconditionally waives any right to object (and seek or be awarded any relief of any nature whatsoever based on any such objection), at any time prior to or subsequent to any Disposition of any of the ABL Priority Collateral, on the ground(s) that any such Disposition of ABL Priority Collateral (i) would not be or was not "commercially reasonable" within the meaning of any applicable UCC or (ii) would not or did not comply with any other requirement under any applicable UCC or under any other applicable law governing the manner in which a secured creditor (including one with a Lien on Real Property) is to realize on its collateral.

(b) The ABL Agent hereby irrevocably, absolutely and unconditionally waives any right to object (and seek or be awarded any relief of any nature whatsoever based on any such objection), at any time prior to or subsequent to any Disposition of any of the Term Priority Collateral, on the

ground(s) that any such Disposition of Term Priority Collateral (i) would not be or was not "commercially reasonable" within the meaning of any applicable UCC or (ii) would not or did not comply with any other requirement under any applicable UCC or under any other applicable law governing the manner in which a secured creditor (including one with a Lien on Real Property) is to realize on its collateral.

(c) The ABL Agent shall use commercially reasonable efforts to provide prior notice to the Term Agent of its initial Enforcement Action. The Term Agent shall use commercially reasonable efforts to provide prior notice to the ABL Agent of its initial Enforcement Action.

3.9 Inspection and Access Rights.

(a) If the Term Agent, or any agent, representative or Affiliate of any of the Term Claimholders, or any receiver, shall, after any Term Default, obtain possession or physical control of any Mortgaged Property, or any material portion of the tangible Term Priority Collateral located on any premises other than Mortgaged Property or control over any material intangible Term Priority Collateral, the Term Agent shall promptly notify the ABL Agent in writing of that fact, and the ABL Agent may at any time thereafter notify the Term Agent in writing if and when the ABL Agent desires to exercise its access rights under this Section 3.9. In addition, if the ABL Agent, or any agent, representative or Affiliate of the ABL Agent, or any receiver, shall obtain possession or physical control of any of the Mortgaged Property, or any material portion of the tangible Term Priority Collateral located on any premises other than Mortgaged Property or control over any material intangible Term Priority Collateral, following the delivery to the Term Agent of an Enforcement Notice, then the ABL Agent may at any time thereafter, without qualifying, limiting or waiving the provisions of Sections 4.2 and 5.4 hereof, notify the Term Agent in writing that the ABL Agent is exercising its access rights under this Agreement under either circumstance. Upon delivery of such notice by the ABL Agent to the Term Agent, the parties shall confer in good faith to coordinate with respect to the ABL Agent's exercise of such access rights. Consistent with the definition of "Use Period," access rights may apply to differing parcels of Mortgaged Property and if located at different parcels of Mortgaged Property, to different assets that constitute a portion of the Term Priority Collateral, in each case at differing times, in which case, a differing Use Period will apply to each such property and to each such portion of the Term Priority Collateral located at different parcels of Mortgaged Property. For the avoidance of doubt, different Use Periods shall not apply with regard to Term Priority Collateral located at the same parcel of Mortgaged Property.

(b) Without limiting any rights any of the ABL Claimholders may otherwise have under applicable law or by agreement and whether or not any of the Term Claimholders has commenced and is continuing to undertake any Enforcement Action, the Term Agent hereby grants to the ABL Agent an irrevocable, non-exclusive right to have access to, and a royalty-free and rent-free license (subject, however, to the payment of any royalties to third parties that are not Grantors or Affiliates thereof that are due as a result of the exploitation of any licensed Intellectual Property) and right to use the Term Priority Collateral, including, without limitation, Intellectual Property, general intangibles and Real Property and equipment, processors, computers and other machinery related to the storage or processing of records, documents or files (and in the case of Term Priority Collateral that constitutes Intellectual Property, the Term Agent hereby grants to the ABL Agent a non-exclusive, irrevocable, fully-paid and royalty-free license to use such Intellectual Property) during the Use Period to the maximum extent permitted by applicable law and to the extent of the Term Agent's interest therein (subject to, for the avoidance of doubt, any third party licenses (i) to access the ABL Priority Collateral and (ii) to assemble, inspect, copy or download information stored on, take actions to perfect its Lien on, process raw materials or work-in-process into finished Inventory, take possession of, move, package, prepare and advertise for sale or disposition, sell (by public auction, private sale or a "going out of business" or similar sale, whether in bulk, in lots or to customers in the ordinary course of business or otherwise and which sale may include

augmented Inventory of the same type sold in the Grantors' business), store, collect, take reasonable actions to protect, secure and otherwise enforce the rights of the ABL Agent in and to the ABL Priority Collateral, or otherwise deal with the ABL Priority Collateral, in each case without the involvement of or interference by any of the Term Claimholders or liability to any of the Term Claimholders; provided that (A) no ABL Claimholder shall have any right to mine or extract any Coal or other minerals located at, on, under or within any Mortgaged Property or part thereof subject to a Mortgage in favor of the Term Claimholders until after the Payment in Full of Term Priority Debt, (B) any such license shall terminate upon the sale or other Disposition of all the applicable ABL Priority Collateral and shall not extend or transfer to the purchaser of such ABL Priority Collateral, (C) the ABL Agent's use of such Intellectual Property shall be reasonable and lawful and (D) any such license granted is on an "AS IS" basis, without any representation or warranty whatsoever. This Agreement will not restrict the rights of the Term Agent to sell, assign or otherwise transfer the related Term Priority Collateral prior to the expiration of the Use Period if (but only if) the purchaser, assignee or transferee thereof agrees to be bound by the provisions of this Section 3.9.

(c) During the period of actual occupation, use or control by the ABL Agent (or its respective employees, agents, advisers and representatives) of any Term Priority Collateral, the ABL Agent shall be obligated to (i) pay any utility, rental, lease or similar charges and payments owed to third parties that accrue during, or that arise as a result of, such use to the extent not paid by the Grantors and (ii) repair at its expense any physical damage (ordinary wear and tear excepted) to such Term Priority Collateral caused by such occupancy, use or control (including the removal of any Collateral from the premises) by the ABL Agent or its agents, representatives or designees; provided that neither the ABL Agent nor the ABL Claimholders will be liable for any diminution in the value of the Term Priority Collateral caused by the absence of the ABL Priority Collateral therefrom. Notwithstanding the foregoing, in no event shall the ABL Agent have any liability to any of the Term Claimholders pursuant to this Section 3.9 as a result of any condition (including any environmental condition, claim or liability) on or with respect to the Term Priority Collateral existing prior to the date of the exercise by the ABL Agent of its rights under this Section 3.9, and the ABL Agent shall have no duty or liability to maintain the Term Priority Collateral in a condition or manner better than that in which it was maintained prior to the use thereof by the ABL Agent, or for any diminution in the value of the Term Priority Collateral that results solely from ordinary wear and tear resulting from the use of the Term Priority Collateral by the ABL Agent in the manner and for the time periods specified under this Section 3.9 and subject to the terms hereof. Without limiting the rights granted in this Section 3.9, the ABL Agent shall use commercially reasonable efforts to cooperate with the Term Agent in connection with any efforts made by the Term Claimholders to sell the Term Priority Collateral.

(d) Consistent with the definition of the term "Use Period," if any order or injunction is issued or stay is granted or is otherwise effective by operation of law that prohibits the ABL Agent from exercising any of its rights hereunder, then the Use Period granted to the ABL Agent under this Section 3.9 shall be stayed during the period of such prohibition and shall continue thereafter for the number of days remaining under this Section 3.9. The Term Agent agrees, for the benefit of the ABL Agent, that it shall not be permitted to sell or dispose of any of the Term Priority Collateral during the Use Period unless the buyer agrees in writing to acquire the Term Priority Collateral subject to the terms of Section 3.9 of this Agreement and agrees therein to comply with the terms of this Section 3.9. The rights of the ABL Agent under this Section 3.9 during the Use Period shall continue notwithstanding such foreclosure, sale or other disposition by the Term Agent.

(e) Except as expressly provided herein, the ABL Agent shall not be obligated to pay any amounts to the Term Claimholders (or any Person claiming by, through or under the Term Claimholders, including any purchaser of the Term Priority Collateral) or to any Grantor, for or in respect

of the use by the ABL Agent of the Term Priority Collateral. In each case, all amounts paid by the ABL Agent hereunder shall be added to the outstanding principal balance of the ABL Debt.

(f) The ABL Agent shall use the Term Priority Collateral in accordance with applicable law.

(g) The Term Agent (i) will not hinder or restrict in any respect the ABL Agent from enforcing its security interest in the ABL Priority Collateral, or from finishing any work-in-process with respect to the ABL Priority Collateral or assembling the ABL Priority Collateral pursuant to Section 3.9(b), and (ii) will permit the ABL Agent, its employees, agents, advisers and representatives to exercise the rights described in Section 3.9(b), subject to the terms and conditions thereof.

(h) Subject to the terms hereof, the Term Agent may advertise and conduct public auctions or private sales of the Term Priority Collateral, without the involvement of, or interference by, any of the ABL Claimholders or liability to any of the ABL Claimholders as long as, in the case of an actual sale, the respective purchaser assumes and agrees in advance in writing to the obligations of the Term Agent under this Section 3.9. If the ABL Agent conducts a public auction or private sale of the ABL Priority Collateral at any of the Real Property included within the Term Priority Collateral, the ABL Agent shall provide the Term Agent with reasonable prior notice of such sale and shall use reasonable efforts to hold such auction or sale in a manner which would not unduly disrupt or interfere with the Term Agent's use of such real property.

(i) For the avoidance of doubt, and without limiting the generality of the other provisions of this Agreement, it is hereby acknowledged and agreed that the ABL Agent shall have the right to bring an action to enforce its rights under this Section 3.9 and Section 3.10, including an action seeking possession of the applicable Collateral or specific performance of this Section 3.9 and Section 3.10.

3.10 Sharing of Information and Access. If the ABL Agent shall, in the exercise of its rights under the ABL Collateral Documents or otherwise, receive possession or control of any Books of any Grantor which contain information identifying or pertaining to any of the Term Priority Collateral, the ABL Agent shall, upon request from the Term Agent and as promptly as practicable thereafter, either make available to the Term Agent such Books for inspection and duplication or provide to the Term Agent copies thereof. In the event that the Term Agent shall, in the exercise of its rights under the Term Documents or otherwise, receive possession or control of any Books of any Grantor which contain information identifying or pertaining to any of the ABL Priority Collateral, the Term Agent shall, upon request from the ABL Agent and as promptly as practicable thereafter, either make available to the ABL Agent such Books for inspection and duplication or provide to the ABL Agent copies thereof.

3.11 Tracing of and Priorities in Proceeds. Prior to an issuance of any Enforcement Notice by a Claimholder (unless a bankruptcy or insolvency ABL Default or Term Default then exists), any Proceeds of Collateral obtained in accordance with the terms of the ABL Documents and the Term Documents, whether or not deposited under control agreements, which are used by any Grantor to acquire other property which is Collateral shall not (solely as between the Claimholders) be treated as Proceeds of Collateral for purposes of determining the relative priorities in the Collateral which was so acquired. In addition, unless and until the Payment in Full of the ABL Priority Debt occurs, the Term Agent hereby consents to the application, prior to the receipt by the ABL Agent of an Enforcement Notice issued by the Term Agent, of cash or other Proceeds of Collateral, deposited under deposit account control agreements to the repayment of ABL Debt pursuant to the ABL Documents.

SECTION 4. PROCEEDS.

4.1 Application of Proceeds.

(a) Regardless of whether an Insolvency Proceeding has been commenced by or against any Grantor, any ABL Priority Collateral, or proceeds thereof, received in connection with any Enforcement Action, or any action by the ABL Agent that would have otherwise constituted an Enforcement Action but for the fact that the Collateral that is the subject thereof is not material, and except as otherwise provided in Sections 6.5 and 6.9(c), any ABL Priority Collateral or proceeds thereof (or amounts distributed on account of a Lien on the ABL Priority Collateral or the proceeds thereof) received in connection with any Insolvency Proceeding involving a Grantor shall (at such time as such ABL Priority Collateral or proceeds or other amounts have been monetized) be applied:

(i) first, to the payment in full in cash of fees, costs, expenses and indemnification amounts of the ABL Agent in connection with such Enforcement Action or other similar action described above in accordance with the ABL Documents or in connection with such Insolvency Proceeding;

(ii) second, to the payment in full in cash or cash collateralization of the ABL Priority Debt in accordance with the ABL Documents;

(iii) third, to the payment in full in cash of fees, costs, expenses and indemnification amounts of the Term Agent in connection with such Enforcement Action or other similar action described above in accordance with the Term Documents or in connection with such Insolvency Proceeding;

(iv) fourth, to the payment in full in cash of the Term Priority Debt in accordance with the Term Documents;

(v) fifth, to the payment in full in cash or cash collateralization of the Excess ABL Debt in accordance with the ABL Documents;

(vi) sixth, to the payment in full in cash of the Excess Term Debt in accordance with the Term Documents; and

(vii) seventh, to the extent of any surplus remaining after payment in full in cash of the amounts described in the foregoing clauses, to the relevant Grantor or its successors or assigns or as a court of competent jurisdiction may direct.

(b) Notwithstanding the foregoing, if any Enforcement Action with respect to the ABL Priority Collateral produces non-cash proceeds, then such non-cash proceeds shall be held by the ABL Agent as additional Collateral (subject to Section 5.4) and, at such time as such non-cash proceeds are monetized, shall be applied in the order of application set forth above. Notwithstanding the foregoing, in no event shall the ABL Agent shall have any duty or obligation to take title, to, have any ownership interest in, or to otherwise possess or Dispose of such non-cash proceeds and may Dispose of such non-cash proceeds or continue to hold such non-cash proceeds, in each case, in its discretion; provided that any non-cash proceeds received by the ABL Agent (other than any non-cash proceeds received on account of any Term Secured Claim) may be distributed by the ABL Agent to the ABL Claimholders in full or partial satisfaction of ABL Debt in an amount determined by the ABL Agent acting at the direction of the requisite ABL Claimholders or as a court of competent jurisdiction may direct pursuant to a Final Order, including an order confirming a plan of reorganization in an Insolvency Proceeding. No receipt

and application of any Collateral, or proceeds thereof, received in the ordinary course of business and absent any affirmative enforcement action or remedies (other than the exercise of control with respect to any deposit account or securities account collateral and any notification to account debtors) by the ABL Agent to collect or otherwise realize upon such Collateral (such Collateral, and the proceeds thereof, "Ordinary Course Collections") shall constitute an Enforcement Action for purposes of this Agreement and all Ordinary Course Collections received by the ABL Agent may be applied, reversed, reapplied, credited, or reborrowed, in whole or in part, pursuant to the ABL Credit Agreement.

(c) Regardless of whether an Insolvency Proceeding has been commenced by or against any Grantor, any Term Priority Collateral, or proceeds thereof, received in connection with any Enforcement Action, or any action by the Term Agent that would have otherwise constituted an Enforcement Action but for the fact that the Collateral that is the subject thereof is not material, and except as otherwise provided in Sections 6.5 and 6.9(d), any Term Priority Collateral or proceeds thereof (or amounts distributed on account of a Lien on the Term Priority Collateral or the proceeds thereof) received in connection with any Insolvency Proceeding involving a Grantor shall (at such time as such Term Priority Collateral or proceeds or other amounts have been monetized) be applied:

(i) first, to the payment in full in cash of fees, costs, expenses and indemnification amounts of the Term Agent in connection with such Enforcement Action or other similar action described above in accordance with the Term Documents or in connection with such Insolvency Proceeding;

(ii) second, to the payment in full in cash of the Term Priority Debt in accordance with the Term Documents;

(iii) third, to the payment in full in cash of fees, costs, expenses and indemnification amounts of the ABL Agent in connection with such Enforcement Action or other similar action described above in accordance with the ABL Documents or in connection with such Insolvency Proceeding;

(iv) fourth, to the payment in full in cash or cash collateralization of the ABL Priority Debt in accordance with the ABL Documents;

(v) fifth, to the payment in full in cash of the Excess Term Debt in accordance with the Term Documents;

(vi) sixth, to the payment in full in cash or cash collateralization of the Excess ABL Debt in accordance with the ABL Documents; and

(vii) seventh, to the extent of any surplus remaining after payment in full in cash of the amounts described in the foregoing clauses, to the relevant Grantor or its successors or assigns or as a court of competent jurisdiction may direct.

(d) Notwithstanding the foregoing, if any Enforcement Action with respect to the Term Priority Collateral produces non-cash proceeds, then such non-cash proceeds shall be held by the Term Agent as additional Collateral (subject to Section 5.4) and, at such time as such non-cash proceeds are monetized, shall be applied in the order of application set forth above. Notwithstanding the foregoing, in no event shall the Term Agent have any duty or obligation to take title to, have any ownership interest in, or to otherwise possess or Dispose of such non-cash proceeds, but to the extent it agrees to take title to, has an ownership interest in or otherwise takes possession of such non-cash proceeds it may Dispose of such non-cash proceeds or continue to hold such non-cash proceeds, in each case, in accordance with the

Term Documents; provided that any non-cash proceeds received by the Term Agent (other than any non-cash proceeds received on account of any ABL Secured Claim) may be distributed by the Term Agent to the Term Claimholders in full or partial satisfaction of Term Debt (applied in the order of application set forth above) in an amount determined by the Term Agent (acting in accordance with an Act of Required Secured Parties) or as a court of competent jurisdiction may direct pursuant to a Final Order, including an order confirming a plan of reorganization in an Insolvency Proceeding.

(e) Notwithstanding anything contained in this Agreement to the contrary, in the event that any proceeds of Collateral (or amounts distributed on account of a Lien on the Collateral or the proceeds thereof) received in connection with any Enforcement Action involving a Grantor involves a combination of ABL Priority Collateral and Term Priority Collateral where the aggregate sales price is not allocated between the ABL Priority Collateral and the Term Priority Collateral then, solely for the purposes of this Agreement, the portion of such proceeds that shall be allocated to the ABL Priority Collateral in an amount equal to the sum of (A) the greater of the book value and the fair market value, each as determined in accordance with GAAP, (but not less than cost) of any ABL Priority Collateral consisting of inventory that is the subject of such Disposition or sale, determined as of the date of such Disposition or sale, (B) the book value, as determined in accordance with GAAP, of any ABL Priority Collateral consisting of accounts or other Receivables that are the subject of the Disposition or sale which results in such Collateral Proceeds, determined as of the date of such Disposition or sale, and (C) the fair market value, as determined in accordance with GAAP, of all other ABL Priority Collateral that is the subject of such Disposition or sale, determined as of the date of such Disposition or sale. The ABL Agent may, in its sole discretion, perform the foregoing valuations or hire a non-affiliated, nationally recognized valuation agent to perform the foregoing valuations, which shall be conclusive and binding. Any proceeds not so allocated to the ABL Priority Collateral shall be allocated to the Term Priority Collateral.

4.2 Turnover.

(a) Unless and until the Payment in Full of ABL Priority Debt has occurred (irrespective of whether any Insolvency Proceeding has been commenced by or against any Grantor), any ABL Priority Collateral, or proceeds thereof (including assets or proceeds subject to Liens referred to in Section 2.3(b) or the proviso in Section 3.7) or any insurance proceeds described in Section 5.2(a), received by any of the Term Claimholders (i) in connection with an Enforcement Action with respect to the Collateral by any of the Term Claimholders or (ii) otherwise in violation of this Agreement, shall be held in trust and forthwith paid over to the ABL Agent for the benefit of the ABL Claimholders in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct.

(b) Unless and until the Payment in Full of ABL Priority Debt has occurred and except as otherwise expressly provided in Section 6.5 or Section 6.9, if a Grantor (or any of its assets) is the subject of an Insolvency Proceeding and if any distribution is received by the Term Claimholders (or any of them) on account of their Term Secured Claims in respect of their interest in the ABL Priority Collateral in connection with such Insolvency Proceeding (unless such distribution is made under a confirmed plan of reorganization of such Grantor that is accepted by the requisite affirmative vote of all classes composed of the secured claims of the ABL Claimholders or otherwise provides for the Payment in Full of ABL Priority Debt), then such distribution shall be held in trust and forthwith paid over to the ABL Agent for the benefit of the ABL Claimholders in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. For the avoidance of doubt, unless and until the Payment in Full of ABL Priority Debt has occurred, the Term Agent shall be required to turn over to the ABL Agent and the ABL Agent shall be entitled to apply (or, in the case of non-cash proceeds, hold) in accordance with Section 4.1(a) and (b) any cash or non-cash distribution received by the Term Claimholders on account of their Term Secured Claims in respect of their interest in the ABL

Priority Collateral pursuant to a confirmed plan of reorganization of a Grantor (unless such distribution is made under a confirmed plan of reorganization of such Grantor that is accepted by the requisite affirmative vote of all classes composed of the secured claims of the ABL Claimholders or otherwise provides for the Payment in Full of ABL Priority Debt) irrespective of whether such plan of reorganization (or any Final Order in respect thereof) purports to find that the distribution to the ABL Claimholders pays the ABL Debt in full. The ABL Agent is hereby authorized to make any such endorsements as agent for the Term Claimholders and this authorization is coupled with an interest and is irrevocable until the Payment in Full of ABL Priority Debt.

(c) Unless and until the Payment in Full of Term Priority Debt has occurred (irrespective of whether any Insolvency Proceeding has been commenced by or against any Grantor), any Term Priority Collateral, or proceeds thereof (including assets or proceeds subject to Liens referred to in Section 2.3(b) or the proviso in Section 3.7) or any insurance proceeds described in Section 5.2(b), received by any of the ABL Claimholders (i) in connection with an Enforcement Action with respect to the Collateral by any of the ABL Claimholders or (ii) otherwise in violation of this Agreement, shall be held in trust and forthwith paid over to the Term Agent for the benefit of the Term Claimholders in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct.

(d) Unless and until the Payment in Full of Term Priority Debt has occurred, except as otherwise expressly provided in Section 6.5 or Section 6.9, if a Grantor (or any of its assets) is the subject of an Insolvency Proceeding and if any distribution is received by the ABL Claimholders (or any of them) on account of their ABL Secured Claims in respect of their interest in the Term Priority Collateral in connection with such Insolvency Proceeding (unless such distribution is made under a confirmed plan of reorganization of such Grantor that is accepted by the requisite affirmative vote of all classes composed of the secured claims of the Term Claimholders or otherwise provides for the Payment in Full of Term Priority Debt), then such distribution shall be held in trust and forthwith paid over to the Term Agent for the benefit of the Term Claimholders in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. For the avoidance of doubt, unless and until the Payment in Full of Term Priority Debt has occurred, the ABL Agent shall be required to turn over to the Term Agent and the Term Agent shall be entitled to apply (or, in the case of non-cash proceeds, hold) in accordance with Section 4.1(c) and (d) any cash or non-cash distribution received by the ABL Claimholders on account of their ABL Secured Claims in respect of their interest in the Term Priority Collateral pursuant to a confirmed plan of reorganization of a Grantor (unless such distribution is made under a confirmed plan of reorganization of such Grantor that is accepted by the requisite affirmative vote of all classes composed of the secured claims of the Term Claimholders or otherwise provides for the Payment in Full of Term Priority Debt) irrespective of whether such plan of reorganization (or any Final Order in respect thereof) purports to find that the distribution to the Term Claimholders pays the Term Debt in full. The Term Agent is hereby authorized (without obligation) to make any such endorsements as agent for the ABL Claimholders and this authorization is coupled with an interest and is irrevocable until the Payment in Full of Term Priority Debt.

(e) Each Term Claimholder agrees that if, at any time, all or part of any payment with respect to any ABL Debt secured by any ABL Priority Collateral previously made shall be rescinded for any reason whatsoever, it will upon request promptly pay over to the ABL Agent any payment received by it in respect of any such ABL Priority Collateral and shall promptly turn any such ABL Priority Collateral then held by it over to the ABL Agent, and the provisions set forth in this Agreement will be reinstated as if such payment had not been made, until the payment and satisfaction in full of such ABL Debt.

(f) Each ABL Claimholder agrees that if, at any time, all or part of any payment with respect to any Term Debt secured by any Term Priority Collateral previously made shall be rescinded for any reason whatsoever, it will upon request promptly pay over to the Term Agent any payment received by it in respect of any such Term Priority Collateral and shall promptly turn any such Term Priority Collateral then held by it over to the Term Agent, and the provisions set forth in this Agreement will be reinstated as if such payment had not been made, until the payment and satisfaction in full of such Term Debt.

4.3 No Subordination in Right of Payment. Anything to the contrary contained herein notwithstanding, the subordination of the Liens of the Term Claimholders in respect of the ABL Priority Collateral to the Liens of the ABL Claimholders therein and of the Liens of the ABL Claimholders in respect of the Term Priority Collateral to the Liens of the Term Claimholders therein as set forth herein is with respect to the priority of their respective Liens in and to the Collateral held by or on behalf of them only and shall not constitute a subordination in right of payment of the Term Debt to the ABL Debt or a subordination in right of payment of the ABL Debt to the Term Debt.

4.4 Non-Lienable Assets. Notwithstanding anything to the contrary contained herein (including Section 4.3), if any assets, licenses, rights or privileges of any Grantor are incapable of being subject to a Lien in favor of a secured party (including because of restrictions under applicable law, the nature of the rights or interests of such Grantor or the absence of a consent to such Lien by a third party and irrespective of whether the applicable collateral documents attempt (or purport) to encumber such assets, licenses, rights or privileges (the "Inalienable Interests")), then the ABL Agent and the Term Agent agree that any distribution or recovery that the ABL Claimholders or the Term Claimholders may receive with respect to, or that is allocable to, the value of any such Inalienable Interests, or any proceeds thereof, whether received in their capacity as unsecured creditors or otherwise, shall be turned over and applied in accordance with Sections 4.1 and 4.2 as if such distribution or recovery were, or were on account of, the applicable Priority Collateral or the proceeds of such Collateral. With respect to Inalienable Interests that would be of the same type as the ABL Priority Collateral if such Inalienable Interests were able to be included in the Collateral, until the Payment in Full of ABL Priority Debt occurs, the Term Agent hereby appoints the ABL Agent, and any officer or agent of the ABL Agent, with full power of substitution, as the attorney-in-fact of each of the Term Claimholders for the limited purpose of carrying out the provisions of this Section 4.4 and taking any action and executing any instrument that the ABL Agent may reasonably deem necessary or advisable to accomplish the purposes of this Section 4.4, which appointment is irrevocable and coupled with an interest. With respect to Inalienable Interests that would be of the same type as the Term Priority Collateral if such Inalienable Interests were able to be included in the Collateral, until the Payment in Full of Term Priority Debt occurs, the ABL Agent hereby appoints (without obligation) the Term Agent, and any officer or agent of the Term Agent, with full power of substitution, as the attorney-in-fact of each of the ABL Claimholders for the limited purpose of carrying out the provisions of this Section 4.4 and taking any action and executing any instrument that the Term Agent may reasonably deem necessary or advisable to accomplish the purposes of this Section 4.4, which appointment is irrevocable and coupled with an interest.

4.5 Application of Payments. Subject to the other terms of this Agreement, all payments received (not in violation of this Agreement) by (i) the ABL Claimholders may be applied, reversed and reapplied, in whole or in part, to the ABL Debt to the extent provided for in the ABL Documents, and (ii) the Term Claimholders may be applied, reversed and reapplied, in whole or in part, to the Term Debt to the extent provided for in the Term Documents.

4.6 Nature of ABL Debt. The Term Agent, on behalf of itself and the other Term Claimholders that it represents, acknowledges and agrees that the ABL Credit Agreement includes a revolving commitment and that the amount of the ABL Debt that may be outstanding at any time or from

time to time may be increased or reduced and subsequently reborrowed. The Term Agent acknowledges and agrees that the ABL Debt outstanding at any time or from time to time may be increased by the incurrence of incremental debt or reduced, and that the terms of the ABL Documents may (subject to Section 5.3 below) be modified, extended or amended from time to time and that the aggregate amount of ABL Debt may be increased, replaced or Refinanced, in each event without notice to or consent by the Term Agent and without affecting the provisions hereof.

4.7 Nature of Term Debt. The ABL Agent acknowledges and agrees that the Term Debt outstanding at any time or from time to time may be increased by the incurrence of incremental debt, the incurrence of Term Hedge Obligations or increases in the amount of Term Hedge Obligations or reduced, and that the terms of the Term Documents (subject to Section 5.3 below) may be modified, extended or amended from time to time and that the aggregate amount of Term Debt may be increased, replaced or Refinanced, in each event without notice to or consent by the ABL Agent and without affecting the provisions hereof.

SECTION 5. RELEASES; DISPOSITIONS; OTHER AGREEMENTS.

5.1 Releases.

(a) The ABL Agent shall have the exclusive right to make determinations regarding the release or Disposition of any ABL Priority Collateral pursuant to the terms of the ABL Documents or in accordance with the provisions of this Agreement, in each case without any consultation with, consent of or notice to any of the Term Claimholders.

(b) The Term Agent shall have the exclusive right to make determinations regarding the release or Disposition of any Term Priority Collateral pursuant to the terms of the Term Documents or in accordance with the provisions of this Agreement, in each case without any consultation with, consent of or notice to any of the ABL Claimholders.

(c) If, in connection with an Enforcement Action by the ABL Agent as provided for in Section 3, or any action by the ABL Agent that would have otherwise constituted an Enforcement Action but for the fact that the ABL Priority Collateral that is the subject thereof is not material, the ABL Agent releases any of its Liens on any part of the ABL Priority Collateral (or such Liens are released by operation of law), then the Liens of each Term Agent (in each case, held for itself and on behalf of each Term Claimholder it represents) on such part of the ABL Priority Collateral, shall be automatically, unconditionally and simultaneously released.

(d) If, in connection with an Enforcement Action by the Term Agent as provided for in Section 3, or any action by the Term Agent that would have otherwise constituted an Enforcement Action but for the fact that the Term Priority Collateral that is the subject thereof is not material, each Term Agent releases any of its Liens (in each case, held for itself and on behalf of each Term Claimholder it represents) on any part of the Term Priority Collateral (or such Liens are released by operation of law), then the Liens of the ABL Agent on such part of the Term Priority Collateral, shall be automatically, unconditionally and simultaneously released.

(e) If in connection with an Enforcement Action by the Term Agent as provided in Section 3, each Term Agent releases its Liens (in each case, held for itself and on behalf of each Term Claimholder it represents) on the Equity Interests in any Grantor and also releases its Liens (in each case, held for itself and on behalf of each Term Claimholder it represents) on the Collateral of such Grantor, then the Liens of the ABL Agent on such Equity Interests and all such Collateral of such Grantor (whether ABL Priority Collateral or Term Priority Collateral) shall be automatically, unconditionally and

simultaneously released; provided, however, that in the case of this paragraph (e) only, the Term Agent shall remit to the ABL Agent out of the proceeds of such Enforcement Action an amount equal to the value of any ABL Priority Collateral of such Grantor calculated in accordance with Section 4.1(e) hereof.

(f) If, in connection with any Disposition of any ABL Priority Collateral (other than an ABL Default Disposition) permitted under the terms of the ABL Documents and permitted under the terms of the Term Documents, the ABL Agent releases any of its Liens on the portion of the ABL Priority Collateral that is the subject of such Disposition, then the Liens of each Term Agent (in each case, held for itself and on behalf of each Term Claimholder it represents) on such portion of ABL Priority Collateral shall be automatically, unconditionally and simultaneously released.

(g) If, in connection with any Disposition of any Term Priority Collateral (other than a Term Default Disposition) permitted under the terms of the Term Documents and permitted under the terms of the ABL Documents, each Term Agent releases any of its Liens (in each case, held for itself and on behalf of each Term Claimholder it represents) on the portion of the Term Priority Collateral that is the subject of such Disposition, then the Liens of the ABL Agent on such portion of Term Priority Collateral shall be automatically, unconditionally and simultaneously released.

(h) In the event of any private or public Disposition of all or any portion of the ABL Priority Collateral by one or more Grantors with the consent of the ABL Agent after the occurrence and during the continuance of an ABL Default (and prior to the Payment in Full of ABL Priority Debt), which Disposition is conducted by such Grantors with the consent of the ABL Agent in connection with good faith efforts by the ABL Agent to collect the ABL Debt through the Disposition of ABL Priority Collateral (any such Disposition, an "ABL Default Disposition"), then the Liens of the Term Agent on such ABL Priority Collateral shall be automatically, unconditionally and simultaneously released so long as (i) the ABL Agent also releases its Liens on such ABL Priority Collateral, (ii) the Liens of each Term Agent (in each case, held for itself and on behalf of each Term Claimholder it represents) continue to attach to the proceeds of such ABL Default Disposition to the extent not used to repay ABL Priority Debt, and (iii) the proceeds of any such ABL Default Disposition are applied in accordance with Section 4.1(a) (as if they were proceeds received in connection with an Enforcement Action).

(i) In the event of any private or public Disposition of all or any portion of the Term Priority Collateral by one or more Grantors with the consent of, as applicable, the Initial Term Agent or any other Additional Term Agent after the occurrence and during the continuance of a Term Default (and prior to the Payment in Full of Term Priority Debt), which Disposition is conducted by such Grantors with the consent of the Term Agent in connection with good faith efforts by the Term Agent to collect the Term Debt through the Disposition of Term Priority Collateral (any such Disposition, a "Term Default Disposition"), then the Liens of the ABL Agent on such Term Priority Collateral shall be automatically, unconditionally and simultaneously released so long as (i) each Term Agent also releases its Liens (in each case, held for itself and on behalf of each Term Claimholder it represents) on such Term Priority Collateral, (ii) the ABL Agent's Lien continues to attach to the proceeds of such Term Default Disposition to the extent not used to repay Term Priority Debt, and (iii) the proceeds of any such Term Default Disposition are applied in accordance with Section 4.1(c) (as if they were proceeds received in connection with an Enforcement Action).

(j) To the extent that the Liens of the Term Agent in and to any ABL Priority Collateral are to be released as provided in this Section 5.1:

(i) each Term Agent shall promptly, upon the written request of the ABL Agent, execute and deliver such release documents and confirmations of the authorization to file UCC amendments, in each case, as the ABL Agent may reasonably request in connection with

such Disposition to evidence and effectuate such release; provided that any such release or UCC amendment by each such Term Agent shall not extend to or otherwise affect any of the rights, if any, of such Term Agent to the proceeds from any such Disposition of any Collateral;

(ii) from and after the time that the Liens of each Term Agent in and to such ABL Priority Collateral are released, each Term Agent shall be automatically and irrevocably deemed to have authorized Holdings, the ABL Agent or their respective designees to file UCC amendments releasing the ABL Priority Collateral subject to such Disposition;

(iii) the Term Claimholders shall be deemed to have consented under the Term Documents to such Disposition to the same extent as the consent of the ABL Claimholders; and

(iv) in accordance with the provisions of applicable law, the Liens of each Term Agent shall automatically attach to any proceeds of any Collateral subject to any such Disposition to the extent not used to repay ABL Debt.

(k) To the extent that the Liens of the ABL Agent in and to any Term Priority Collateral are to be released as provided in this Section 5.1:

(i) the ABL Agent shall promptly, upon the written request of the Term Agent, execute and deliver such release documents and confirmations of the authorization to file UCC amendments, in each case, as the Term Agent may reasonably request in connection with such Disposition to evidence and effectuate such release; provided that any such release or UCC amendment by the ABL Agent shall not extend to or otherwise affect any of the rights, if any, of the ABL Agent to the proceeds from any such Disposition of any Collateral;

(ii) from and after the time that the Liens of the ABL Agent in and to such Term Priority Collateral are released, the ABL Agent shall be automatically and irrevocably deemed to have authorized Holdings, the Term Agent or their respective designees to file UCC amendments releasing the Collateral subject to such Disposition;

(iii) the ABL Agent shall be deemed to have consented under the ABL Documents to such Disposition to the same extent as the consent of the Term Claimholders; and

(iv) in accordance with the provisions of applicable law, the Liens of the ABL Agent shall automatically attach to any proceeds of any Collateral subject to any such Disposition to the extent not used to repay Term Debt.

(l) Until the Payment in Full of ABL Priority Debt occurs, to the extent that the ABL Claimholders (i) have released any Lien on ABL Priority Collateral or any Grantor with respect to the ABL Debt, and any such Liens or obligations are later reinstated, or (ii) obtain any new Liens from any Grantor or obtain a guaranty from any Grantor of the ABL Debt, then each Term Agent shall be entitled to obtain a Lien on any such ABL Priority Collateral, subject to the terms (including the lien subordination provisions) of this Agreement, and a guaranty from such Grantor of the Term Debt, as the case may be.

(m) Until the Payment in Full of Term Priority Debt occurs, to the extent that the Term Claimholders (i) have released any Lien on Term Priority Collateral or any Grantor with respect to the Term Debt, and any such Liens or obligations are later reinstated, or (ii) obtain any new Liens from any Grantor or obtain a guaranty from any Grantor of the Term Debt, then the ABL Agent shall be

entitled to obtain a Lien on any such Term Priority Collateral, subject to the terms (including the lien subordination provisions) of this Agreement, and a guaranty from such Grantor of the ABL Debt, as the case may be.

5.2 Insurance.

(a) Unless and until the Payment in Full of ABL Priority Debt has occurred: (i) the ABL Agent shall, to the extent applicable, practicable and, in any event subject to paragraph (c) below, have the sole and exclusive right, subject to the rights of the Grantors under the ABL Documents, to adjust and settle any claim under any insurance policy in respect of or included in the ABL Priority Collateral in the event of any loss thereunder and to approve any award granted in any condemnation or similar proceeding (or any deed in lieu of condemnation) affecting the ABL Priority Collateral; and (ii) all proceeds of any such insurance policy and any such award (or any payments with respect to a deed in lieu of condemnation) shall be paid, subject to the rights of the Grantors under the ABL Documents and the Term Documents, first to the ABL Agent and the Term Agent in accordance with the priorities set forth in Section 4.1, until paid in full in cash, and second, to the owner of the subject property, such other person as may be entitled thereto or as a court of competent jurisdiction may otherwise direct. If any of the Term Claimholders shall, at any time, receive any proceeds of any such insurance policy or any such award or payment in contravention of this Section 5.2(a), it shall pay such proceeds over to the ABL Agent in accordance with the terms of Section 4.2.

(b) Unless and until the Payment in Full of Term Priority Debt has occurred: (i) the Term Agent shall, to the extent applicable, practicable and, in any event subject to paragraph (c) below, have the sole and exclusive right, subject to the rights of the Grantors under the Term Documents, to adjust and settle any claim under any insurance policy in respect of or included in the Term Priority Collateral in the event of any loss thereunder and to approve any award granted in any condemnation or similar proceeding (or any deed in lieu of condemnation) affecting the Term Priority Collateral; and (ii) all proceeds of any such insurance policy and any such award (or any payments with respect to a deed in lieu of condemnation) shall be paid, subject to the rights of the Grantors under the Term Documents and the ABL Documents, first to the Term Agent and the ABL Agent in accordance with the priorities set forth in Section 4.1, until paid in full in cash, and second, to the owner of the subject property, such other person as may be entitled thereto or as a court of competent jurisdiction may otherwise direct. If any of the ABL Claimholders shall, at any time, receive any proceeds of any such insurance policy or any such award or payment in contravention of this Section 5.2(b), it shall pay such proceeds over to the Term Agent in accordance with the terms of Section 4.2.

(c) In the event that any proceeds are derived from any insurance policy that covers both ABL Priority Collateral and Term Priority Collateral, the Term Agent or the ABL Agent, as determined by whichever facility's Priority Collateral bore a materially disproportionately greater covered loss shall, in consultation with the other Agent, have the sole and exclusive authority, subject to the rights of the Grantors, to adjust or settle any claim under the relevant insurance policy; provided that if the covered losses (as between the ABL Debt and the Term Debt) are approximately equal or their relative proportion cannot be ascertained with reasonable certainty, then the ABL Agent and the Term Agent (acting at the direction of an Act of Required Secured Parties) will work jointly and in good faith to collect, adjust or settle (subject to the rights of the Grantors under the ABL Documents and the Term Documents) any claim under the relevant insurance policy.

(d) Notwithstanding anything contained in this Agreement to the contrary, in the event that any proceeds are derived from any insurance policy that covers both ABL Priority Collateral and Term Priority Collateral, then, solely for the purposes of this Agreement, a portion of the proceeds of such insurance policy shall be allocated to the ABL Priority Collateral in an amount equal to the sum of

(A) the greater of the book value and the fair market value, each as determined in accordance with GAAP (but not less than cost) of any ABL Priority Collateral consisting of inventory that is the subject of such loss, determined as of the date of such loss, (B) the book value, as determined in accordance with GAAP, of any ABL Priority Collateral consisting of accounts or other Receivables that are the subject of the Disposition or event giving rise to the Casualty Receipt which results in such Collateral Proceeds and the proceeds of which constitute such Collateral Proceeds, determined as of the date of such loss, and (C) the fair market value, as determined in accordance with GAAP, of all other ABL Priority Collateral that is the subject of such loss, determined as of the date of such loss. The ABL Agent may, in its sole discretion, perform the foregoing valuations or hire a non-affiliated, nationally recognized valuation agent to perform the foregoing valuations, which shall be conclusive and binding. Any proceeds not so allocated to the ABL Priority Collateral shall be allocated to the Term Priority Collateral.

(e) To effectuate the foregoing, the Grantors shall provide the ABL Agent and the Term Agent with separate lender's loss payable endorsements naming the ABL Agent and the Term Agent as loss payee, as their interests may appear, with respect to policies which insure Collateral hereunder.

5.3 Amendments; Refinancings; Legend.

(a) The ABL Documents may be amended, supplemented, waived or otherwise modified in accordance with their terms, and the ABL Debt may be Refinanced, in each case without notice to, or the consent of, the Term Agent or the Term Claimholders, all without affecting the lien subordination or other provisions of this Agreement; provided that, in the case of a Refinancing, the holders of such Refinancing debt shall have bound themselves (in a writing addressed to the Term Agent and each other party to this Agreement at such time) to the terms of this Agreement; provided, further, that any such amendment, supplement, modification, or Refinancing shall not contravene the provisions of this Agreement without the prior written consent of the Term Agent (provided pursuant to an Act of Required Secured Parties in accordance with the terms of the Term Intercreditor Agreement).

(b) The Term Documents may be amended, supplemented, waived or otherwise modified in accordance with their terms, and the Term Debt may be Refinanced, in each case without notice to, or the consent of the ABL Agent or the ABL Claimholders, all without affecting the lien subordination or other provisions of this Agreement; provided that, in the case of a Refinancing, the holders of such Refinancing debt shall have bound themselves (in a writing addressed to the ABL Agent) to the terms of this Agreement; provided, further, that any such amendment, supplement, modification, or Refinancing shall not, without the prior written consent of the ABL Agent (which it shall be authorized to consent to based upon an affirmative vote of the ABL Claimholders holding at least a majority of the debt and, if applicable, unused commitments under the ABL Credit Agreement) contravene the provisions of this Agreement.

(c) In the event that the ABL Agent or the ABL Claimholders and the relevant Grantor enter into any ABL Collateral Document or any amendment, waiver or consent in respect of any of the ABL Collateral Documents for the purpose of adding to, or deleting from, or waiving or consenting to any departures from any provisions of, any ABL Collateral Document or changing in any manner the rights of the ABL Agent, such ABL Claimholders, Holdings or any other Grantor thereunder, in each case with respect to or relating to the ABL Priority Collateral, then such amendment, waiver or consent shall apply automatically to any comparable provision of the Term Collateral Document without the consent of the Term Agent or the Term Claimholders and without any action by the Term Agent, the Term Claimholders, Holdings or any other Grantor, provided that (A) no such amendment, waiver or consent shall have the effect of (I) removing assets that constitute ABL Priority Collateral subject to the Lien of the Term Collateral Documents, except to the extent that a release of such Lien is permitted or required

by Section 5.1 and provided that there is a corresponding release of such Lien securing the ABL Debt, (II) imposing duties on or amending the rights and protections of the Term Agent or the Term Representative without its consent or (III) permitting other liens on the ABL Priority Collateral not permitted under the terms of the Term Documents or Section 6 and (B) notice by the ABL Agent of such amendment, waiver or consent shall have been given to the Term Agent within ten Business Days after the effective date of such amendment, waiver or consent.

(d) In the event that the Term Agent or the Term Claimholders and the relevant Grantor enter into any Term Collateral Document or any amendment, waiver or consent in respect of any of the Term Collateral Documents for the purpose of adding to, or deleting from, or waiving or consenting to any departures from any provisions of, any Term Collateral Document or changing in any manner the rights of the Term Agent, such Term Claimholders, Holdings or any other Grantor thereunder, in each case with respect to or relating to the Term Priority Collateral, then such amendment, waiver or consent shall apply automatically to any comparable provision of the ABL Collateral Document without the consent of the ABL Agent or the ABL Claimholders and without any action by the ABL Agent, the ABL Claimholders, Holdings or any other Grantor; provided that (A) no such amendment, waiver or consent shall have the effect of (I) removing assets that constitute Term Priority Collateral subject to the Lien of the ABL Collateral Documents, except to the extent that a release of such Lien is permitted or required by Section 5.1 and provided that there is a corresponding release of such Lien securing the Term Debt, (II) imposing duties on the ABL Agent without its consent or (III) permitting other liens on the Term Priority Collateral not permitted under the terms of the ABL Documents or Section 6 and (B) notice by the Term Agent of such amendment, waiver or consent shall have been given to the ABL Agent within ten Business Days after the effective date of such amendment, waiver or consent.

(e) So long as Payment in Full of ABL Priority Debt has not occurred, the Term Claimholders agree and the Grantors will ensure that each applicable Term Collateral Document executed on or after the date hereof that grants a Lien on any material Collateral shall include the following language:

“Anything herein to the contrary notwithstanding, the liens and security interests securing the obligations evidenced by this agreement, the exercise of any right or remedy with respect thereto, and certain of the rights of the holder hereof are subject to the provisions of the Intercreditor Agreement dated as of December 6, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “Intercreditor Agreement”), by and between Citibank, N.A., as Initial ABL Agent, and Wilmington Trust, National Association, as Initial Term Representative and Initial Term Agent. In the event of any conflict between the terms of the Intercreditor Agreement and this agreement, the terms of the Intercreditor Agreement shall govern and control.”

(f) So long as Payment in Full of Term Priority Debt has not occurred, the ABL Agent agrees and the Grantors will ensure that each applicable ABL Collateral Document executed on or after the date hereof that grants a Lien on any material Collateral shall include the following language:

“Anything herein to the contrary notwithstanding, the liens and security interests securing the obligations evidenced by this agreement, the exercise of any right or remedy with respect thereto, and certain of the rights of the holder hereof are subject to the provisions of the Intercreditor Agreement dated as of December 6, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “Intercreditor Agreement”), by and between Citibank, N.A., as Initial ABL Agent, and Wilmington Trust, National Association, as Initial Term Representative,

and Initial Term Agent. In the event of any conflict between the terms of the Intercreditor Agreement and this agreement, the terms of the Intercreditor Agreement shall govern and control.”

5.4 Bailee for Perfection.

(a) The ABL Agent and the Term Agent each agree to hold or control that part of the Collateral that is in its possession or control (or in the possession or control of its agents or bailees), to the extent that possession or control thereof may be taken to perfect a Lien thereon under the UCC or other applicable law, including any account (including deposit accounts) in which Collateral is held and over which the ABL Agent or the Term Agent has control (such Collateral being referred to as the “Pledged Collateral”), as gratuitous bailee and as a non-fiduciary representative for the Term Agent or the ABL Agent, as applicable (such bailment and agency being intended, among other things, to satisfy the requirements of Sections 8-301(a)(2), 9-313(c), 9-104, 9-105, 9-106 and 9-107 of the UCC), solely for the purpose of perfecting the security interest granted under the Term Documents or the ABL Documents, as applicable, subject to the terms and conditions of this Section 5.4. Each Term Agent hereby appoints the ABL Agent as its gratuitous bailee and non-fiduciary representative for the purposes of perfecting its security interest in all Pledged Collateral in which the ABL Agent has a perfected security interest under the UCC. The ABL Agent hereby appoints the Term Agent as its gratuitous bailee and non-fiduciary representative for the purposes of perfecting its security interest in all Pledged Collateral in which the Term Agent has a perfected security interest under the UCC. Each of the ABL Agent and the Term Agent hereby accepts such appointment pursuant to this Section 5.4 and acknowledges and agrees that it shall hold possession or have control for the benefit of and on behalf of the other Claimholders with respect to any Pledged Collateral and that any Proceeds received by the ABL Agent or the Term Agent, as the case may be, under any Pledged Collateral shall be applied in accordance with Section 4. Unless and until the Payment in Full of ABL Priority Debt has occurred, the Term Agent agrees to promptly (upon its actual knowledge thereof) notify the ABL Agent of any Pledged Collateral constituting ABL Priority Collateral held by it or by any other Term Claimholder, and, promptly upon the request of the ABL Agent at any time prior to the Payment in Full of ABL Priority Debt, the Term Agent agrees to deliver to the ABL Agent, upon its request, any such Pledged Collateral held by it or by any other Term Claimholder, together with any necessary endorsements (or otherwise allow the ABL Agent to obtain control of such Pledged Collateral). Unless and until the Payment in Full of Term Priority Debt has occurred, the ABL Agent agrees to promptly (upon its actual knowledge thereof) notify the Term Agent of any Pledged Collateral constituting Term Priority Collateral held by it or by any other ABL Claimholder, and, promptly upon the request of the Term Agent at any time prior to the Payment in Full of Term Priority Debt, the ABL Agent agrees to deliver to the Term Agent any such Pledged Collateral held by it or by any other ABL Claimholder, together with any necessary endorsements (or otherwise allow the Term Agent to obtain control of such Pledged Collateral).

(b) Without limiting or qualifying the provisions of Section 3.3 hereof, the ABL Agent shall have no obligation whatsoever to any of the Term Claimholders to ensure that the Pledged Collateral is genuine or owned by any of the Grantors or to preserve rights or benefits of any person except as expressly set forth in this Section 5.4. Without limiting or qualifying the provisions of Section 3.3 hereof, the Term Agent shall have no obligation whatsoever to any of the ABL Claimholders to ensure that the Pledged Collateral is genuine or owned by any of the Grantors or to preserve rights or benefits of any person except as expressly set forth in this Section 5.4. The duties or responsibilities of the ABL Agent under this Section 5.4 shall be limited solely to holding or controlling the Pledged Collateral as gratuitous bailee and non-fiduciary representative in accordance with this Section 5.4 and delivering any Pledged Collateral in its possession or control (or in the possession or control of its agents or bailees) upon a Payment in Full of ABL Priority Debt as provided in Section 5.6. The duties or responsibilities of the Term Agent under this Section 5.4 shall be limited solely to holding or controlling the Pledged

Collateral as gratuitous bailee and non-fiduciary representative in accordance with this Section 5.4 and delivering any Pledged Collateral in its possession or control (or in the possession or control of its agents or bailees) upon a Payment in Full of Term Priority Debt as provided in Section 5.6.

(c) The ABL Agent, in acting pursuant to this Section 5.4, shall not have, or be deemed to have, a fiduciary relationship in respect of any of the Term Claimholders or any other Person. The Term Agent, in acting pursuant to this Section 5.4, shall not have, or be deemed to have, a fiduciary relationship in respect of any of the ABL Claimholders or any other Person.

(d) Upon Payment in Full of ABL Priority Debt, the ABL Agent shall, to the extent permitted by applicable law, deliver the remaining tangible Pledged Collateral in its possession or control (or in the possession or control of its agents or bailees), if any, together with any necessary endorsements, first, to the Term Agent, if Term Debt (or commitments to extend Term Debt) remains outstanding as confirmed to the ABL Agent in writing by the Term Agent, and, if (x) the Term Agent confirms that no Term Debt (or commitments to extend Term Debt) is outstanding and (y) the ABL Agent confirms that no ABL Debt (or commitments to extend ABL Debt) is outstanding, second, to Holdings. At such time, the ABL Agent further agrees to take all other action reasonably requested by the Term Agent in writing at the expense of the Grantors (including amending any outstanding control agreements) to enable the Term Agent to obtain a first priority security interest in the Collateral. Without limiting the foregoing, the Term Agent agrees that no ABL Claimholder will have any duty or obligation first to marshal or realize upon the ABL Priority Collateral, or to sell, dispose of or otherwise realize upon all or any portion of the ABL Priority Collateral, in any manner that would maximize the return to the Term Claimholders, notwithstanding that the order and timing of any such realization, sale, disposition or liquidation may affect the amount of proceeds actually received by the Term Claimholders from such realization, sale, disposition or liquidation.

(e) Upon Payment in Full of Term Priority Debt, Term Agent shall, to the extent permitted by applicable law, deliver the remaining tangible Pledged Collateral in its possession or control (or in the possession or control of its agents or bailees), if any, together with any necessary endorsements, first, to the ABL Agent, if any ABL Debt (or commitments to extend ABL Debt) remains outstanding as confirmed to the Term Agent in writing by the ABL Agent, and, if (x) the ABL Agent confirms that no ABL Debt (or commitments to extend ABL Debt) is outstanding and (y) the Term Agent confirms that no Term Debt (or commitments to extend Term Debt) is outstanding, second, to Holdings. At such time, the Term Agent further agrees to take all other action reasonably requested by the ABL Agent in writing at the expense of the Grantors (including amending any outstanding control agreements) to enable the ABL Agent to obtain a first priority security interest in the Collateral. Without limiting the foregoing, the ABL Agent agrees that no Term Claimholder will have any duty or obligation first to marshal or realize upon the Term Priority Collateral, or to sell, dispose of or otherwise realize upon all or any portion of the Term Priority Collateral, in any manner that would maximize the return to the ABL Claimholders, notwithstanding that the order and timing of any such realization, sale, disposition or liquidation may affect the amount of proceeds actually received by the ABL Claimholders from such realization, sale, disposition or liquidation.

5.5 When Payment in Full of ABL Priority Debt or Payment in Full of Term Priority Debt Deemed to Not Have Occurred.

(a) If any of the ABL Borrowers enter into any Refinancing of the ABL Debt that is intended to be secured by the ABL Priority Collateral on a first priority basis in accordance with the terms of this Agreement and the Indenture (as in effect on the date hereof), then a Payment in Full of ABL Priority Debt shall be deemed not to have occurred for all purposes of this Agreement, and the obligations under such Refinancing of such ABL Debt shall be treated as ABL Debt for all purposes of this

Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein, and the ABL Agent under the ABL Documents effecting such Refinancing shall be the ABL Agent for all purposes of this Agreement, so long as the ABL Agent under such ABL Documents agrees (in a writing addressed to the Term Agent) to be bound by the terms of this Agreement.

(b) If Holdings enters into any Refinancing of the Term Debt that is intended to be secured by the Term Priority Collateral on a first priority basis in accordance with the terms of this Agreement and the Initial ABL Credit Agreement (as in effect on the date hereof), then a Payment in Full of Term Priority Debt shall be deemed not to have occurred for all purposes of this Agreement, and the obligations under such Refinancing of such Term Debt shall be treated as Term Debt for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein, and the Term Agent under the Term Documents effecting such Refinancing shall be the Term Agent for all purposes of this Agreement, so long as the Term Agent under such Term Documents agrees (in a writing addressed to the ABL Agent) to be bound by the terms of this Agreement.

5.6 Transfer of Pledged Collateral.

(a) The ABL Agent hereby agrees that upon the Payment in Full of ABL Priority Debt, to the extent permitted by applicable law (with all costs and expenses in connection therewith to be paid solely by the Grantors):

(i) the ABL Agent shall, without recourse or warranty, take commercially reasonable steps to transfer the possession and control of the Pledged Collateral, if any, then in its possession or control, to the Term Agent, except in the event and to the extent (A) such Collateral is sold, liquidated or otherwise disposed of by any of the ABL Claimholders or by a Grantor as provided herein in full or partial satisfaction of any of the ABL Debt or (B) any order of any court or other Governmental Authority or applicable law requires otherwise; and

(ii) in connection with the terms of any collateral access or like agreement, whether with a landlord, processor, warehouseman or other third party or any control agreement, the ABL Agent shall notify the other parties thereto that its rights thereunder have been assigned to the Term Agent (to the extent such assignment is not prohibited by the terms of such agreement) and shall confirm to such parties that the Term Agent is thereafter the "Agent" (or other comparable term) as such term is used in any such agreement and is otherwise entitled to the rights of the secured party under such agreement.

(b) The Term Agent hereby agrees that upon the Payment in Full of Term Priority Debt, to the extent permitted by applicable law (with all costs and expenses in connection therewith to be paid solely by the Grantors):

(i) The Term Agent shall, without recourse or warranty, take commercially reasonable steps to transfer the possession and control of the Pledged Collateral, if any, then in its possession or control, to the ABL Agent, except in the event and to the extent (A) such Collateral is sold, liquidated or otherwise disposed of by any of the Term Claimholders or by a Grantor as provided herein in full or partial satisfaction of any of the Term Debt or (B) any order of any court or other Governmental Authority or applicable law requires otherwise; and

(ii) in connection with the terms of any collateral access or like agreement, whether with a landlord, processor, warehouseman or other third party or any control agreement, the Term Agent shall notify the other parties thereto that its rights thereunder have been assigned to the ABL Agent (to the extent such assignment is not prohibited by the terms of such

agreement) and shall confirm to such parties that the ABL Agent is thereafter the "Agent" (or other comparable term) as such term is used in any such agreement and is otherwise entitled to the rights of the secured party under such agreement.

(c) The foregoing provisions shall not impose on any of the ABL Claimholders or any of the Term Claimholders any obligations that would conflict with prior perfected claims therein in favor of any other Person or any order or decree of any court or other Governmental Authority or any applicable law or give rise to risk of legal liability.

SECTION 6. INSOLVENCY PROCEEDINGS.

6.1 Enforceability and Continuing Priority. This Agreement shall be applicable both before and after the commencement of any Insolvency Proceeding and all converted or succeeding cases in respect thereof. The relative rights of the Claimholders in or to any distributions from or in respect of any Collateral, or proceeds of Collateral, shall continue after the commencement of any Insolvency Proceeding. Accordingly, the provisions of this Agreement are intended to be and shall be enforceable as a subordination agreement within the meaning of Section 510 of the Bankruptcy Code.

6.2 Financing.

(a) Until the Payment in Full of ABL Priority Debt, if any Grantor shall be subject to any Insolvency Proceeding and if the ABL Agent consents to the use of cash collateral (as such term is defined in Section 363(a) of the Bankruptcy Code) constituting ABL Priority Collateral (herein, "ABL Cash Collateral"), or consents (or chooses to not object) to such Grantor obtaining financing, whether from any of the ABL Claimholders or any other Person, provided under Section 364 of the Bankruptcy Code or any similar provision of any other Bankruptcy Law secured by a Lien on such ABL Priority Collateral (such financing, an "ABL DIP Financing"), and if such ABL Cash Collateral use or ABL DIP Financing, as applicable, meets the applicable ABL DIP Financing Conditions, then the Term Agent will not be permitted to object and each will be deemed to have consented to such ABL Cash Collateral use and will raise no objection to such ABL DIP Financing, as applicable, and, if ABL DIP Financing is involved, the Term Agent will subordinate and will be deemed to have subordinated its Liens in the ABL Priority Collateral to the Liens securing such ABL DIP Financing. If such ABL Cash Collateral use or ABL DIP Financing, as applicable, meets some, but not all, of the applicable ABL DIP Financing Conditions, then the Term Agent unconditionally agrees that it will only withhold its consent to such ABL Cash Collateral use and will only raise an objection to such ABL DIP Financing based upon the ABL DIP Financing Condition(s) which are not met and will not withhold its consent or object on any other basis. If ABL DIP Financing is involved and any permitted objection of the Term Agent is withdrawn, overruled, or otherwise eliminated, each Term Agent will subordinate and will be deemed to have subordinated its Liens in the ABL Priority Collateral to the Liens securing such ABL DIP Financing. The Term Agent agrees that it shall not, nor shall any of the Term Claimholders, directly or indirectly, provide, offer to provide, or support any financing competing with the ABL DIP Financing, that in each case would be secured by a Lien on the ABL Priority Collateral that is senior to or pari passu with the Liens securing the ABL Debt. If, in connection with any ABL Cash Collateral use or ABL DIP Financing, any Liens on the ABL Priority Collateral held by the ABL Claimholders to secure the ABL Debt are subject to a surcharge or are subordinated to an administrative priority claim, a professional fee "carve-out," or fees owed to the United States trustee in such proceeding, then the Liens on the ABL Priority Collateral of the Term Claimholders securing the Term Debt shall also be subordinated to such interest or claim and shall remain subordinated to the Liens on the ABL Priority Collateral of the ABL Claimholders consistent with this Agreement.

(b) Until the Payment in Full of Term Priority Debt, if any Grantor shall be subject to any Insolvency Proceeding and if the Term Agent consents to the use of cash collateral (as such term is defined in Section 363(a) of the Bankruptcy Code) constituting Term Priority Collateral (herein, "Term Cash Collateral"), or consents (or chooses to not object) to such Grantor obtaining financing, whether from the Term Claimholders or any other Person, provided under Section 364 of the Bankruptcy Code or any similar provision of any other Bankruptcy Law secured by a Lien on such Term Priority Collateral (such financing, a "Term DIP Financing"), and if such Term Cash Collateral use or Term DIP Financing, as applicable, meets the applicable Term DIP Financing Conditions, then the ABL Agent will not be permitted to object and will be deemed to have consented to such Term Cash Collateral use and will raise no objection to such Term DIP Financing, as applicable, and, if Term DIP Financing is involved, the ABL Agent will subordinate and will be deemed to have subordinated its Liens in the Term Priority Collateral to the Liens securing such Term DIP Financing. If such Term Cash Collateral use or Term DIP Financing, as applicable, meets some, but not all, of the applicable Term DIP Financing Conditions, then the ABL Agent unconditionally agrees that it will only withhold its consent to such Term Cash Collateral use and will only raise an objection to such Term DIP Financing based upon the Term DIP Financing Condition(s) which are not met and will not withhold its consent or object on any other basis. If Term DIP Financing is involved and any permitted objection of the ABL Agent is withdrawn, overruled, or otherwise eliminated, the ABL Agent will subordinate and will be deemed to have subordinated its Liens in the Term Priority Collateral to the Liens securing such Term DIP Financing. The ABL Agent agrees that it shall not, and nor shall any of the ABL Claimholders, directly or indirectly, provide, offer to provide, or support any financing competing with the Term DIP Financing, that in each case would be secured by a Lien on the Term Priority Collateral that is senior to or pari passu with the Liens securing the Term Debt. If, in connection with any Term Cash Collateral use or Term DIP Financing, any Liens on the Term Priority Collateral held by the Term Claimholders to secure the Term Debt are subject to a surcharge or are subordinated to an administrative priority claim, a professional fee "carve-out," or fees owed to the United States trustee in such proceeding, then the Liens on the Term Priority Collateral of the ABL Claimholders securing the ABL Debt shall also be subordinated to such interest or claim and shall remain subordinated to the Liens on the Term Priority Collateral of the Term Claimholders consistent with this Agreement.

(c) All Liens granted to the ABL Agent or the Term Agent in any Insolvency Proceeding, whether as adequate protection or otherwise, are intended by the parties to be and shall be deemed to be subject to the Lien priorities in Section 2.1 and the other terms and conditions of this Agreement. Except as expressly set forth herein, nothing shall prevent the Agents or the Claimholders from objecting to any plan of reorganization under the Bankruptcy Code.

(d) Notwithstanding anything to the contrary herein, including without limitation Sections 2.1 and 6.2(c) hereof, it is understood and agreed that the priority of the Liens securing (x) any ABL DIP Financing with respect to the ABL Priority Collateral shall at all times be senior to any Liens securing the Term Debt and such ABL DIP Financing shall not constitute (or be deemed to constitute) Excess ABL Debt and (y) any Term DIP Financing with respect to the Term Priority Collateral shall at all times be senior to any Liens securing the ABL Debt and such Term DIP Financing shall not constitute (or be deemed to constitute) Excess Term Debt.

6.3 Sales. Each Junior Agent agrees that it will consent to, and will not object to or oppose, or support, directly or indirectly, any other person seeking to object to or oppose, a motion that is supported by the Priority Agent (i) to Dispose of any of its Priority Collateral free and clear of the Liens of the Junior Agent under Section 363 or Section 1129 of the Bankruptcy Code or (ii) to approve any procedures for the sale or disposition of any of its Priority Collateral of any of the Grantors if (a) the Priority Agent has consented to the sale of such Collateral free and clear of the Liens of the Priority Agent, (b) such motion does not impair, subject to the priorities set forth in this Agreement, the rights of

the Junior Claimholders under Section 363(k) of the Bankruptcy Code (so long as the right of the Junior Claimholders to offset their claims against the purchase price only arises after the Priority Debt has been paid in full in cash) and (c) either (i) pursuant to court order, the Liens of the Junior Agent attach to the net proceeds of the Disposition with the same priority and validity as the Liens held by such Junior Agent on such Priority Collateral, and the Liens remain subject to the terms of this Agreement, or (ii) the proceeds of the Disposition are promptly applied in accordance with Section 4.1. The foregoing to the contrary notwithstanding, the Junior Claimholders may oppose or raise any objections to such Disposition of such Priority Collateral that could be raised by an unsecured creditor of a Grantor; provided that such opposition or objections are not inconsistent with any other term or provision of this Agreement, do not include an opposition or objection to the proposed bidding procedures, and are not based on their status as secured creditors (without limiting the foregoing, the Junior Claimholders may not oppose or raise any objections based on rights afforded by Sections 363(e) and (f) of the Bankruptcy Code to secured creditors (or any comparable provision of any other Bankruptcy Law) with respect to the Liens granted to the Junior Agent in respect of such assets). Each Junior Agent or the Junior Claimholders (either directly or through one or more acquisition vehicles) may bid for Collateral at any public or private sale thereof, including credit bidding with respect to the Junior Collateral; provided that any such bid for the Collateral by the Junior Agent or the Junior Claimholders must provide for payment in cash of the full amount necessary to cause the Payment in Full of Priority Debt.

6.4 Relief from the Automatic Stay. Until the Payment in Full of Priority Debt has occurred, the Junior Agent agrees (on behalf of itself and the Junior Claimholders it represents) not to (a) seek (or support any other Person seeking) relief from the automatic stay or any other stay in any Insolvency Proceeding or take any action in contravention thereof in respect of any Priority Collateral, without the prior written consent of the Priority Agent; provided that the Junior Agent may seek relief from the automatic stay or any other stay in any Insolvency Proceeding in respect of such Priority Collateral if and to the extent that the Priority Agent has obtained relief from or modification of such stay in respect of the Priority Collateral, or (b) oppose (or support any other Person opposing) any request by the Priority Agent or any Priority Claimholder to seek relief from the automatic stay or any other stay in any Insolvency Proceeding in respect of any Priority Collateral.

6.5 Adequate Protection.

(a) In any Insolvency Proceeding involving a Grantor:

(i) each Junior Agent, on behalf of itself and each Junior Claimholder that it represents, agrees that it shall not object to or contest, or support any other person objecting to or contesting (and instead shall be deemed to have hereby irrevocably, absolutely, and unconditionally waived any right to do so):

(A) any request by any Priority Claimholder with respect to any Priority Collateral prior to the applicable Payment in Full of Priority Debt, for adequate protection of its interest in the Priority Collateral, including a request for replacement or additional Liens on post-petition assets of the same type as such Priority Collateral; provided that any Junior Claimholder, solely in its capacity as a Priority Claimholder, may object to adequate protection in the form of cash payments to the extent such payment is sought to be paid from such Junior Claimholder's Priority Collateral or the proceeds (or advances in respect) thereof, or

(B) any objection by any Priority Claimholder to any motion, relief, action or proceeding based on such Priority Claimholders claiming a lack of adequate protection with respect to its Liens in their Priority Collateral;

(ii) if any Priority Claimholder is granted adequate protection with respect to its rights in the Priority Collateral in the form of an additional or replacement Lien with respect to assets of the type included in such Priority Collateral, then the Priority Agent agrees that the Junior Agent shall also be entitled to seek, adequate protection in the form of an additional or replacement Lien with respect to the assets that are the subject of the Priority Claimholder's additional or replacement Lien, which additional or replacement adequate protection Lien of the Junior Agent, if obtained, shall be subordinate to the adequate protection Liens in and to such assets securing the Priority Debt on the same basis as the other Liens securing the Junior Debt on the Junior Collateral are subordinated to the Liens on the Priority Collateral securing the Priority Debt under this Agreement;

(iii) no Junior Claimholder may seek adequate protection with respect to its rights in the Priority Collateral except for adequate protection permitted pursuant to Section 6.5(a)(ii) and Section 6.5(a)(iv) or adequate protection in the form of an additional or replacement Lien in and to existing or future assets of Grantors, and the applicable Priority Agent shall also be entitled to seek, a senior adequate protection Lien in and to such existing or future assets of Grantors as security for the Priority Debt and that any adequate protection Lien in and to the Priority Collateral securing the Junior Debt shall be subordinated to such senior adequate protection Lien in and to the Priority Collateral securing the Priority Debt on the same basis as the other Liens securing the Junior Debt are subordinated to the Liens on the Priority Collateral securing the Priority Debt under this Agreement;

(iv) each Claimholder may seek adequate protection with respect to its rights in the Collateral in the form of an additional or replacement Lien in and to existing or future Excluded Property; provided that, if the ABL Claimholders and the Term Claimholders each receive adequate protection in the form of Liens in and to the Excluded Property, then any such Liens in and to Excluded Property granted as adequate protection of such Claimholder's interest in and to its Priority Collateral shall be senior in all respects, and prior to, any other Claimholder's Lien in and to such Excluded Property granted as adequate protection of such other Claimholder's interest in and to its Junior Collateral;

(v) any adequate protection granted in favor of any Priority Claimholder in the form of a superpriority or other administrative expense claim and any claim in favor of any Priority Claimholder arising under Section 507(b) of the Bankruptcy Code ("Senior 507(b) Claims"), shall be pari passu with the grant of adequate protection in favor of the other Priority Claimholders in the form of a superpriority or other administrative expense claim and any Senior 507(b) Claims in favor of such other Priority Claimholders; and

(vi) any claim arising under Section 507(b) of the Bankruptcy Code in favor of any Junior Claimholder shall be pari passu with the claims arising under Section 507(b) of the Bankruptcy Code in favor of the other Junior Claimholders (collectively, "Junior 507(b) Claims"), all Junior 507(b) Claims shall be junior and subordinate in right of payment to the Senior 507(b) Claims, and the holders of the Junior 507(b) Claims agree that, in connection with any plan of reorganization in such Insolvency Proceeding, such Junior 507(b) Claims may be paid in any combination of cash, securities, or other property having a present value equal to the amount of such Junior 507(b) Claims as of the effective date of confirmation of such plan.

(b) No Junior Claimholder shall object to, oppose, or challenge the determination of the extent of any Liens held by any of the Priority Claimholders or the value of any claims of Priority Claimholders under Section 506(a) of the Bankruptcy Code or any claim by any Priority Claimholder for allowance of Priority Debt consisting of post-petition interest, fees, or expenses.

6.6 Specific Sections of the Bankruptcy Code. The Junior Claimholders shall not object to, oppose, support any objection to, or take any other action to impede, the right of any Priority Claimholder to make an election under Section 1111(b)(2) of the Bankruptcy Code. The Junior Claimholders waive any claim they may hereafter have against any Priority Claimholder arising out of the election by any Priority Claimholder of the application of Section 1111(b)(2) of the Bankruptcy Code. The Junior Claimholders agree that they will not, directly or indirectly, assert or support the assertion of, and hereby waive any right that they may have to assert or support the assertion of any claim under Section 506(c) or the "equities of the case" exception of Section 552(b) of the Bankruptcy Code as against any Priority Claimholder or with respect to any of the Priority Collateral to the extent securing the Priority Debt; provided that nothing herein shall restrict the holder of any debtor-in-possession financing from having, or seeking to have, such debtor-in-possession financing repaid, in whole or in part, from the proceeds of the assertion of any claim under Section 506(c) of the Bankruptcy Code (or any comparable provision of any other Bankruptcy Law); provided, further, that any such action does not violate Section 6.2.

6.7 No Waiver; Limitation. Subject to Sections 3.1, 3.2, 3.3 and the other provisions of this Section 6, nothing contained herein shall prohibit or in any way limit any Agent or any other Claimholder from objecting in any Insolvency Proceeding involving a Grantor to any action taken by the other Agent or any other Claimholder, including the seeking by the other Agent or any other Claimholder of adequate protection of any of its rights and remedies under the Term Documents or the ABL Documents, as applicable.

6.8 Avoidance Issues. If any Claimholder is required in any Insolvency Proceeding or otherwise to turn over, disgorge, or otherwise pay to the estate of any Grantor, because such amount was avoided or ordered to be paid or disgorged for any reason, including without limitation because it was found to be a fraudulent or preference transfer, any amount paid in respect of the Debt of such Claimholder (or if any Claimholder elects to do so upon the advice of counsel) (a "Recovery"), whether received as proceeds of security, enforcement of any right of set-off or otherwise, then the Debt of such Claimholder shall be reinstated to the extent of such Recovery and deemed to be outstanding as if such payment had not occurred, and all rights, interests, priorities, and privileges recognized in this Agreement shall apply with respect to any such Recovery. If this Agreement shall have been terminated prior to such Recovery, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties hereto from such date of reinstatement. Each Claimholder agrees that none of them shall be entitled to benefit from any avoidance action affecting or otherwise relating to any distribution or allocation made in accordance with this Agreement, whether by preference or otherwise, it being understood and agreed that the benefit of such avoidance action otherwise allocable to them shall instead be allocated and turned over for application in accordance with the priorities set forth in this Agreement.

6.9 Plan of Reorganization.

(a) If, in any Insolvency Proceeding involving a Grantor, debt obligations of the reorganized debtor secured by Liens upon any property of the reorganized debtor are distributed pursuant to a confirmed plan of reorganization or similar dispositive restructuring plan, both on account of ABL Debt and on account of Term Debt, then, to the extent the debt obligations distributed on account of the ABL Debt and on account of the Term Debt are secured by Liens upon the same property, the provisions of this Agreement will survive the distribution of such debt obligations pursuant to such plan and will apply with like effect to the Liens securing such debt obligations.

(b) The provisions of Section 1129(b)(1) of the Bankruptcy Code notwithstanding, the Claimholders agree that they will not propose, support, or vote in favor of any plan of reorganization of a Grantor that is inconsistent with the priorities or other provisions of this Agreement.

(c) If, in connection with an Insolvency Proceeding involving a Grantor, the Term Claimholders receive any cash, debt, or equity securities on account of their Term Secured Claims in respect of their interest in the ABL Priority Collateral, the Term Agent or the other Term Claimholders, as applicable, shall turnover such cash, claims or securities to the ABL Agent for application in accordance with Section 4.1, unless (i) the receipt and retention of such cash, claims or securities is permitted under Section 6.5 or Section 6.9(c) of this Agreement, or (ii) the distribution of such cash, claims or securities is made pursuant to a confirmed plan of reorganization of such Grantor that is accepted by the requisite affirmative vote of all classes composed of the secured claims of the ABL Claimholders. The Term Agent irrevocably authorizes and empowers the ABL Agent, in the name of each Term Claimholder, to demand, sue for, collect, and receive any and all such distributions on account of any Term Secured Claim in respect of such Term Claimholder's interest in the ABL Priority Collateral to which the ABL Claimholders are entitled hereunder. Nothing in this Agreement prohibits or limits the right of the Term Claimholders to receive and retain any cash, debt, or equity securities on account of Term Deficiency Claims or in respect of any other portion of their Term Secured Claims that are not on account of their interest in the ABL Priority Collateral.

(d) If, in connection with an Insolvency Proceeding involving a Grantor, the ABL Claimholders receive any cash, debt, or equity securities on account of their ABL Secured Claims in respect of their interest in the Term Priority Collateral, the ABL Agent or the other ABL Claimholders, as applicable, shall turnover such cash, claims or securities to the Term Agent for application in accordance with Section 4.1, unless (i) the receipt and retention of such cash, claims or securities is permitted under Section 6.5 or Section 6.9(d) of this Agreement, or (ii) the distribution of such cash, claims or securities is made pursuant to a confirmed plan of reorganization of such Grantor that is accepted by the requisite affirmative vote of all classes composed of the secured claims of the Term Claimholders. The ABL Agent irrevocably authorizes and empowers the Term Agent, in the name of each ABL Claimholder, to demand, sue for, collect, and receive any and all such distributions on account of any ABL Secured Claim in respect of such ABL Claimholder's interest in the Term Priority Collateral to which the Term Claimholders are entitled hereunder. Nothing in this Agreement prohibits or limits the right of the ABL Claimholders to receive and retain any cash, debt, or equity securities on account of ABL Deficiency Claims or in respect of any other portion of their ABL Secured Claims that are not on account of their interest in the Term Priority Collateral.

6.10 Post-Petition Interest.

(a) Neither the ABL Agent nor any ABL Claimholder shall oppose or seek to challenge any claim by the Term Agent or any Term Claimholder for allowance in any Insolvency Proceeding of Term Secured Claims consisting of Post-Petition Interest, fees or expenses to the extent of the value of the Lien on the Term Priority Collateral securing any Term Claimholder's claim, without regard to the existence of the Lien of the ABL Agent on behalf of the ABL Claimholders on the Term Priority Collateral; provided that nothing contained in this Agreement shall limit the right of the ABL Agent or any ABL Claimholder from objecting to the use of any cash payment of such Post-Petition Interest, fees or expenses with proceeds of ABL Priority Collateral, ABL Cash Collateral or ABL DIP Financing.

(b) Neither the Term Agent nor any Term Claimholder shall oppose or seek to challenge any claim by the ABL Agent or any ABL Claimholder for allowance in any Insolvency Proceeding of ABL Secured Claims consisting of Post-Petition Interest, fees or expenses to the extent of

the value of the Lien on the ABL Priority Collateral securing any ABL Claimholder's claim, without regard to the existence of the Lien of the Term Agent on behalf of the Term Claimholders on the ABL Priority Collateral; provided that nothing contained in this Agreement shall limit the right of the Term Agent or any Term Claimholder from objecting to the use of any cash payment of such Post-Petition Interest, fees or expenses with proceeds of Term Priority Collateral, Term Cash Collateral or Term DIP Financing.

6.11 Separate Grants of Security and Separate Classification.

(a) In furtherance of the foregoing, each Term Agent, for itself and on behalf of the Term Claimholders it represents, and the ABL Agent, for itself and on behalf of the ABL Claimholders, acknowledges and agrees that the grants of Liens pursuant to the ABL Collateral Documents and the Term Collateral Documents constitute separate and distinct grants of Liens, and because of, among other things, their differing rights in the Collateral, the Term Secured Claims are fundamentally different from the ABL Secured Claim and must be separately classified in any plan of reorganization proposed or adopted in an Insolvency Proceeding. In furtherance of the foregoing, each Term Agent, for itself and on behalf of the Term Claimholders it represents, and the ABL Agent, for itself and on behalf of the ABL Claimholders, each agrees that the Term Claimholders and the ABL Claimholders will vote as separate classes in connection with any plan of reorganization in any Insolvency Proceeding and that no Agent nor any Claimholder will seek to vote with the other as a single class in connection with any plan of reorganization in any Insolvency Proceeding.

(b) To further effectuate the intent of the parties as provided in this Section 6.11, if it is held that the claims of the Term Claimholders and the ABL Claimholders in respect of the Term Priority Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims), then each Term Agent, for itself and on behalf of the Term Claimholders it represents, and the ABL Agent, for itself and on behalf of the ABL Claimholders, hereby acknowledges and agrees that, subject to Sections 2.1 and 4.1, all distributions in respect of the Term Priority Collateral shall be made as if there were separate classes of senior and junior secured claims against the Grantors in respect of the Term Priority Collateral (with the effect being that, to the extent that the aggregate value of the Term Priority Collateral is sufficient (for this purpose ignoring all claims held by the ABL Claimholders), the Term Claimholders shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing (or would be owing if there were such separate classes of claims) in respect of Post-Petition Interest, including any additional interest payable pursuant to the Term Documents, arising from or related to a default, which is disallowed as a claim in any Insolvency Proceeding) before any distribution in respect of the Term Priority Collateral is made in respect of the claims held by the ABL Claimholders, with the ABL Agent, for itself and on behalf of the ABL Claimholders, hereby acknowledging and agreeing to turn over to the Term Agent, for itself and on behalf of the Term Claimholders it represents, amounts otherwise received or receivable by them in respect of the Term Priority Collateral to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the ABL Claimholders.

(c) To further effectuate the intent of the parties as provided in this Section 6.11, if it is held that the claims of the Term Claimholders and the ABL Claimholders in respect of the ABL Priority Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims), then each Term Agent, for itself and on behalf of the Term Claimholders it represents, and the ABL Agent, for itself and on behalf of the ABL Claimholders, hereby acknowledges and agrees that, subject to Sections 2.1 and 4.1, all distributions in respect of the ABL Priority Collateral shall be made as if there were separate classes of senior and junior secured claims against the Grantors in respect of the ABL Priority Collateral (with the effect being that, to the extent that the aggregate value of the ABL Priority Collateral is sufficient (for this purpose ignoring all claims held by the Term Claimholders),

the ABL Claimholders shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing (or would be owing if there were such separate classes of claims) in respect of Post-Petition Interest, including any additional interest payable pursuant to the ABL Documents, arising from or related to a default, which is disallowed as a claim in any Insolvency Proceeding) before any distribution in respect of the ABL Priority Collateral is made in respect of the claims held by the Term Claimholders, with each Term Agent, for itself and on behalf of the Term Claimholders it represents, hereby acknowledging and agreeing to turn over to the ABL Agent, for itself and on behalf of the ABL Claimholders, amounts otherwise received or receivable by them in respect of the ABL Priority Collateral to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the Term Claimholders.

SECTION 7. RELIANCE; WAIVERS; ETC.

7.1 Reliance. Other than any reliance on the terms of this Agreement, the ABL Agent acknowledges that it and each of the other ABL Claimholders have, independently and without reliance on any of the Term Claimholders, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into each of the ABL Documents and be bound by the terms of this Agreement and they will continue to make their own credit decision in taking or not taking any action under the ABL Documents or this Agreement. Other than any reliance on the terms of this Agreement, the Term Agent acknowledges that it and each of the other Term Claimholders it represents have, independently and without reliance on any of the ABL Claimholders, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into each of the Term Documents and be bound by the terms of this Agreement and they will continue to make their own credit decision in taking or not taking any action under the Term Documents or this Agreement.

7.2 No Warranties or Liability. The ABL Agent acknowledges and agrees that none of the Term Claimholders have made any express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectability or enforceability of any of the Term Documents, the ownership of any Collateral or the perfection or priority of any Liens thereon. Except as otherwise expressly provided herein, the applicable Term Claimholders will be entitled to manage and supervise their respective loans and extensions of credit under the Term Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate. The Term Agent acknowledges and agrees that none of the ABL Claimholders has made any express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectability or enforceability of any of the ABL Documents, the ownership of any Collateral or the perfection or priority of any Liens thereon. Except as otherwise expressly provided herein, the ABL Claimholders will be entitled to manage and supervise their respective loans and extensions of credit under the ABL Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate. The Term Claimholders shall have no duty to the ABL Claimholders, and the ABL Claimholders shall have no duty to the Term Claimholders, to act or refrain from acting in a manner that allows, or results in, the occurrence or continuance of an event of default or default under any agreements with any Grantor (including the ABL Documents and the Term Documents), regardless of any knowledge thereof which they may have or be charged with.

7.3 No Waiver of Lien Priorities.

(a) No right of any of the Claimholders, any Agent or any of them to enforce any provision of this Agreement or any Loan Document shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of any Grantor or by any act or failure to act by any other Claimholder or any Agent, or by any noncompliance by any person with the terms, provisions and

covenants of this Agreement or any of the Loan Documents, regardless of any knowledge thereof which any Agent or any other Claimholder may have (or be otherwise charged with).

(b) Without in any way limiting the generality of the provisions of Section 7.3(a) (but subject to any rights of the Grantors under the ABL Documents and subject to the provisions of Section 5.3(a)), the ABL Claimholders may, at any time and from time to time in accordance with the ABL Documents or applicable law, without the consent of, or notice to, any of the Term Claimholders, without incurring any liabilities to any of the Term Claimholders and without impairing or affecting the Lien priorities and other benefits provided in this Agreement (even if any right of subrogation or other right or remedy of any of the Term Claimholders is affected, impaired or extinguished thereby) do any one or more of the following:

(i) change the manner, place or terms of payment or change or extend the time of payment of, or amend, renew, exchange, increase or alter, the terms of any of the ABL Debt or any Lien on any ABL Collateral or guarantee thereof or any liability of any Grantor, or any liability incurred directly or indirectly in respect thereof (including any increase in or extension of the ABL Debt, without any restriction as to the tenor or terms of any such increase or extension) or otherwise amend, renew, exchange, extend, modify or supplement in any manner any Liens held by any of the ABL Claimholders, the ABL Debt or any of the ABL Documents;

(ii) sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner and in any order all or any part of the ABL Priority Collateral or any liability of any Grantor to any ABL Claimholder, or any liability incurred directly or indirectly in respect thereof;

(iii) settle or compromise any ABL Debt or any other liability of any Grantor or any security therefor or any liability incurred directly or indirectly in respect thereof and apply any sums by whomsoever paid and however realized to any liability (including the ABL Debt) in any manner or order; and

(iv) exercise or delay in or refrain from exercising any right or remedy against any Grantor or any other person, elect any remedy and otherwise deal freely with any Grantor or any ABL Priority Collateral and any guarantor or any liability of any Grantor to any of the ABL Claimholders or any liability incurred directly or indirectly in respect thereof.

(c) Except as otherwise provided herein, the Term Agent also agrees that the ABL Claimholders shall have no liability to any of the Term Claimholders, and each Term Agent hereby waives any claim of the Term Claimholders it represents against any of the ABL Claimholders arising out of any and all actions which any of the ABL Claimholders may, pursuant to the terms hereof, take, permit or omit to take with respect to:

(i) the ABL Documents;

(ii) the collection of the ABL Debt; or

(iii) the foreclosure upon, or sale, liquidation or other disposition of, or the failure to foreclose upon, or sell, liquidate or otherwise dispose of, any ABL Priority Collateral. The Term Agent agrees that the ABL Claimholders have no duty to the Term Claimholders in respect of the maintenance or preservation of the ABL Priority Collateral, the ABL Debt, or otherwise.

(d) Without in any way limiting the generality of the provisions of Section 7.3(a) (but subject to any rights of the Grantors under the Term Documents and subject to the provisions of Section 5.3(b)), the Term Claimholders may, at any time and from time to time in accordance with the Term Documents or applicable law, without the consent of, or notice to, any of the ABL Claimholders, without incurring any liabilities to any of the ABL Claimholders and without impairing or affecting the Lien priorities and other benefits provided in this Agreement (even if any right of subrogation or other right or remedy of any of the ABL Claimholders is affected, impaired or extinguished thereby) do any one or more of the following:

(i) change the manner, place or terms of payment or change or extend the time of payment of, or amend, renew, exchange, increase or alter, the terms of any of the Term Debt or any Lien on any Term Collateral or guarantee thereof or any liability of any Grantor, or any liability incurred directly or indirectly in respect thereof (including any increase in or extension of the Term Debt, without any restriction as to the tenor or terms of any such increase or extension) or otherwise amend, renew, exchange, extend, modify or supplement in any manner any Liens held by the Term Claimholders, the Term Debt or any of the Term Documents;

(ii) subject to Section 3.9, sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner and in any order all or any part of the Term Priority Collateral or any liability of any Grantor to any Term Claimholder, or any liability incurred directly or indirectly in respect thereof;

(iii) settle or compromise any Term Debt or any other liability of any Grantor or any security therefor or any liability incurred directly or indirectly in respect thereof and apply any sums by whomsoever paid and however realized to any liability (including the Term Debt) in any manner or order; and

(iv) exercise or delay in or refrain from exercising any right or remedy against any Grantor or any other person, elect any remedy and otherwise deal freely with any Grantor or any Term Priority Collateral and any guarantor or any liability of any Grantor to any of the Term Claimholders or any liability incurred directly or indirectly in respect thereof.

(e) Except as otherwise provided herein, the ABL Agent also agrees that the Term Claimholders shall have no liability to any of the ABL Claimholders, and the ABL Agent hereby waives any claim of the ABL Claimholders against any of the Term Claimholders arising out of any and all actions which any of the Term Claimholders may, pursuant to the terms hereof, take, permit or omit to take with respect to:

(i) the Term Documents;

(ii) the collection of the Term Debt; or

(iii) the foreclosure upon, or sale, liquidation or other disposition of, or the failure to foreclose upon, or sell, liquidate or otherwise dispose of, any Term Priority Collateral. The ABL Agent agrees that the Term Claimholders have no duty to the ABL Claimholders in respect of the maintenance or preservation of the Term Priority Collateral, the Term Debt, or otherwise.

(f) Until the Payment in Full of ABL Priority Debt and the Payment in Full of Term Priority Debt, each of the Term Agents and the ABL Agent agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead, or otherwise assert, or otherwise

claim the benefit of, any marshaling, appraisal, valuation, or other similar right that may otherwise be available under applicable law with respect to the other Agent's Priority Collateral or any other similar rights a junior secured creditor may have under applicable law.

7.4 Obligations Unconditional. For so long as this Agreement is in full force and effect, all rights, interests, agreements and obligations of the ABL Claimholders and the Term Claimholders, respectively, hereunder shall remain in full force and effect irrespective of:

- (i) any lack of validity or enforceability of any ABL Documents or any Term Documents;
- (ii) except as otherwise expressly restricted in this Agreement, any change in the time, manner or place of payment of, or in any other terms of, all or any of the ABL Debt or Term Debt, or any amendment or waiver or other modification, including any increase in the amount thereof, whether by course of conduct or otherwise, of the terms of any ABL Document or any Term Document;
- (iii) except as otherwise expressly restricted in this Agreement, any exchange of any security interest in any Collateral or any other collateral, or any amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the ABL Debt or Term Debt or any guarantee thereof;
- (iv) the commencement of any Insolvency Proceeding in respect of any Grantor; or
- (v) any other circumstances which otherwise might constitute a defense available to any Grantor in respect of the ABL Debt or the Term Debt.

SECTION 8. MISCELLANEOUS.

8.1 Conflicts. In the event of any conflict between the provisions of this Agreement and the provisions of any of the ABL Documents or any of the Term Documents, the provisions of this Agreement shall govern and control.

8.2 Effectiveness; Continuing Nature of this Agreement; Severability. This Agreement shall become effective when executed and delivered by the parties hereto. This is a continuing agreement of lien subordination and the Claimholders may continue, at any time and without notice to any Claimholder, to extend credit and other financial accommodations to or for the benefit of any Grantor constituting ABL Debt or Term Debt in reliance hereof. Each Agent hereby waives any right it may have under applicable law to revoke this Agreement or any of the provisions of this Agreement. The terms of this Agreement shall survive, and shall continue in full force and effect, in any Insolvency Proceeding. Any provision of this Agreement that is prohibited or unenforceable shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. All references to any Grantor shall include such Grantor as debtor and debtor-in-possession and any receiver or trustee for such Grantor in any Insolvency Proceeding. This Agreement shall terminate and be of no further force and effect:

- (i) with respect to the ABL Claimholders and the ABL Debt, on the date of the indefeasible payment in full in cash of the ABL Debt (other than ABL Hedging Obligations and Bank Product Obligations and indemnity and other contingent obligations as to which no claim has been asserted), the cancellation or expiration of all Letters of Credit issued under the

ABL Credit Agreement (unless cash collateralized, otherwise collateralized with “back to back” letters of credit or otherwise supported), and the termination of all commitments thereunder; and

(ii) with respect to the Term Claimholders and the Term Debt, on the date of the indefeasible payment in full in cash of the Term Debt (other than indemnity and other contingent obligations as to which no claim has been asserted), and the termination of all commitments thereunder.

8.3 Amendments; Waivers. No amendment, modification or waiver of any of the provisions of this Agreement shall be effective unless the same shall be in writing signed on behalf of each party hereto or its authorized agent and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the parties making such waiver or the obligations of the other parties to such party in any other respect or at any other time. Each of the ABL Agent, on behalf of itself and the other ABL Claimholders, and the Term Agent, on behalf of itself and the other Term Claimholders that it represents, agrees that, notwithstanding anything to the contrary contained in this Agreement, any ABL Document or any Term Document, (i) no Grantor shall be bound by any amendment, modification or waiver of this Agreement that materially and adversely affects any Grantor unless consented to in writing by Holdings, (ii) except as otherwise provided for herein, all references in any ABL Document or any Term Document to this Agreement (including any references to terms defined herein or provisions hereof) as they relate to any obligations or rights of, or any covenants, restrictions, limitations, defaults, events of default or agreements applicable to, any Grantor shall mean this Agreement as in effect on the date hereof or as amended or modified in accordance with the ABL Credit Agreement or the Term Credit Facility Agreement (other than any Term Hedge Agreement), as applicable, and (iii) this sentence shall inure to the benefit of the Grantors and their Subsidiaries and shall not be amended, modified or waived without the written consent of Holdings. Notwithstanding the foregoing, any Additional Term Agent or Additional Term Representative, on behalf of itself and the Term Claimholders it represents under any Additional Term Debt Agreement, may become a party to this Agreement, without any further action by any other party hereto, upon execution and delivery by Holdings and such Additional Term Agent and/or Additional Term Representative of a properly completed Additional Joinder Agreement to each Agent. In the event that any Person that is not a Guarantor on the date hereof becomes a Guarantor under the ABL Credit Agreement or the Term Credit Facility Agreement, such Person shall execute and deliver to each Agent a joinder agreement in substantially the form of Exhibit B attached hereto and shall thereafter for all purposes have the same rights, benefits and obligations as a Grantor hereto.

8.4 Information Concerning Financial Condition of Holdings and its Subsidiaries. The ABL Claimholders, on the one hand, and the Term Claimholders (other than the Term Agent and the Trustee), on the other hand, shall each be responsible for keeping themselves informed of (a) the financial condition of Holdings and its Subsidiaries and all endorsers or guarantors of the ABL Debt or the Term Debt and (b) all other circumstances bearing upon the risk of nonpayment of the ABL Debt or the Term Debt. The ABL Claimholders shall have no duty to advise the Term Claimholders of information known to them regarding such condition or any such circumstances or otherwise. The Term Claimholders shall have no duty to advise the ABL Claimholders of information known to them regarding such condition or any such circumstances or otherwise. In the event any of the ABL Claimholders or any of the Term Claimholders, in its sole discretion, undertakes at any time or from time to time to provide any such information to any other party to this Agreement, it shall be under no obligation:

(i) to make nor shall it be deemed to have made, and the ABL Claimholders and the Term Claimholders, as the case may be, shall not be under any obligation to make nor shall they be deemed to have made, any express or implied representation or warranty, including

with respect to the accuracy, completeness, truthfulness or validity of any such information so provided;

(ii) to provide any additional information or to provide any such information on any subsequent occasion;

(iii) to undertake any investigation; or

(iv) to disclose any information, which pursuant to accepted or reasonable commercial practices, such party wishes to maintain confidential or is otherwise required to maintain confidential.

8.5 Subrogation. (a) With respect to any payments or distributions in cash, property or other assets that any Term Claimholder pays over to the ABL Agent under the terms of this Agreement, such Term Claimholders shall be subrogated to the rights of the ABL Claimholders, and (b) with respect to any payments or distributions in cash, property or other assets that any ABL Claimholder pays over to the Term Agent under the terms of this Agreement, such ABL Claimholders shall be subrogated to the rights of the Term Claimholders; provided that (x) the Term Claimholders hereby agree not to assert or enforce any such rights of subrogation they may acquire as a result of any payment hereunder until the Payment in Full of ABL Priority Debt has occurred, and (y) the ABL Claimholders hereby agree not to assert or enforce any such rights of subrogation they may acquire as a result of any payment hereunder until the Payment in Full of Term Priority Debt has occurred.

8.6 SUBMISSION TO JURISDICTION; WAIVERS.

(a) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE COMMERCIAL DIVISION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF (OTHER THAN WITH RESPECT TO ACTIONS BY THE AGENT IN RESPECT OF RIGHTS UNDER ANY COLLATERAL DOCUMENT GOVERNED BY LAWS OTHER THAN THE LAWS OF THE STATE OF NEW YORK OR WITH RESPECT TO ANY COLLATERAL SUBJECT THERETO), IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT SITTING IN THE BOROUGH OF MANHATTAN. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(b) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) IN ANY COURT REFERRED TO IN THIS SECTION 8.6. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT

PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT AND AGREES NOT ASSERT ANY SUCH DEFENSE.

(c) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 8.7. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(d) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

8.7 Notices. All notices permitted or required under this Agreement shall be sent to the Term Agent and the ABL Agent, as the case may be, in accordance with the notice provisions set forth on Schedule 1 hereto. Unless otherwise specifically provided herein, any notice hereunder shall be in writing and may be personally served or sent by fax or United States mail or courier service or electronic mail in accordance with, and subject to the restrictions of, the ABL Credit Agreement and the Term Credit Facility Agreement. For the purposes hereof, the addresses of the parties hereto shall be as may be designated by such party in a written notice to all of the other parties.

8.8 Further Assurances. The ABL Agent and the Term Agent each agrees to take such further action and shall execute and deliver such additional documents and instruments (in recordable form, if requested) as the ABL Agent or the Term Agent may reasonably request to effectuate the terms of and the Lien priorities contemplated by this Agreement, all at the sole expense of Holdings. In furtherance of the foregoing, (i) the ABL Agent agrees that, if there is a Refinancing of any of the Term Debt and if the agent or other representative of the holders of the indebtedness that Refinances such Term Debt so requests, it will execute and deliver either an acknowledgement of the joinder of such agent or representative to this Agreement or an agreement with such agent or representative identical to this Agreement (subject to changing names of parties, documents and addresses, as appropriate) in favor of any such agent or representative, and (ii) the Term Agent agrees that, if there is a Refinancing of the ABL Debt and if the agent or other representative of the holders of the indebtedness that Refinances the ABL Debt so requests, it will execute and deliver either an acknowledgement of the joinder of such agent or representative to this Agreement or an agreement with such agent or representative identical to this Agreement (subject to changing names of parties, documents and addresses, as appropriate) in favor of any such agent or representative.

8.9 Applicable Law. This Agreement shall be deemed to be a contract under the laws of the State of New York and shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to its conflict of laws principles that would require the application of any other law.

8.10 Binding on Successors and Assigns. This Agreement shall be binding upon the ABL Agent, the ABL Claimholders, the Term Agent, the Term Claimholders and their respective successors and assigns.

8.11 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

8.12 Counterparts. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement or any document or instrument delivered in connection herewith by fax, electronic mail or other similar electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement or such other document or instrument, as applicable. The words "execution," "signed," "signature," and words of like import in this Agreement or any other Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

8.13 Third Party Beneficiaries. This Agreement and the rights and benefits hereof shall inure to the benefit of each of the parties hereto and its respective successors and assigns and shall inure to the benefit of and bind each of the ABL Claimholders and the Term Claimholders. Other than Section 8.3, in no event shall any Grantor be a third party beneficiary of this Agreement.

8.14 Provisions Solely to Define Relative Rights. The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of the ABL Claimholders, on the one hand, and the Term Claimholders on the other hand. No Grantor or any other creditor thereof shall have any rights hereunder and no Grantor may rely on the terms hereof; provided that the Grantors shall be entitled to rely on the provisions of this Agreement to the extent necessary for purposes of making representations and warranties under the applicable Loan Documents and to the benefit of Section 8.3 and this Section 8.14. Nothing in this Agreement shall impair, as between the Grantors and the ABL Claimholders, or as between the Grantors and the Term Claimholders, the obligations of the Grantors to pay principal, interest, premium, fees and other amounts as provided in the ABL Documents and the Term Documents, respectively. Nothing in this Agreement shall create, vary or modify the rights or duties of the ABL Claimholders, inter se, under the ABL Documents or the rights or duties of the Term Claimholders, inter se, under the Term Documents.

8.15 Integration. This Agreement reflects the entire understanding of the parties with respect to the subject matter hereof and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

8.16 Reciprocal Rights. Notwithstanding anything in this Agreement to the contrary, the terms and provisions of this Agreement shall (i) from and after the Payment in Full of ABL Priority Debt and until the Payment in Full of the Term Priority Debt, apply to and govern, mutatis mutandis, the relationship between the Term Claimholders with respect to the Term Priority Debt, on the one hand, and the ABL Claimholders with respect to the Excess ABL Debt, on the other hand, and (ii) from and after the Payment in Full of the Term Priority Debt until the Payment in Full of the ABL Priority Debt, apply to and govern, mutatis mutandis, the relationship between the ABL Claimholders with respect to the ABL

Priority Debt, on the one hand, and the Term Claimholders with respect to the Excess Term Debt, on the other hand.

8.17 Capacity of Initial Term Agent. Wilmington Trust, National Association is entering into this Agreement solely in its capacities as Trustee and Priority Lien Collateral Agent under each Term Document for which Wilmington Trust, National Association acts as Trustee and/or Priority Lien Collateral Agent, as applicable, and the rights, powers, privileges and protections afforded to each of the Trustee and the Priority Lien Collateral Agent under each Term Document for which Wilmington Trust, National Association is the Trustee and/or Priority Lien Collateral Agent shall also apply to Wilmington Trust, National Association as the Initial Term Representative and the Initial Term Agent, respectively, hereunder. The Term Claimholders have expressly authorized and instructed Wilmington Trust, National Association to execute and deliver this Agreement as Initial Term Agent and Initial Term Representative.

SECTION 9. TERM PURCHASE OPTION.

9.1 Notice of Exercise.

(a) If a Term Purchase Option Trigger shall occur, the Term Claimholders shall have the right but not the obligation at any time during the period of 15 calendar days following the delivery of written notice by the ABL Agent to the Term Agent of the occurrence of the Term Purchase Option Trigger (such period, the "Term Purchase Option Period"), to purchase all (but not less than all) of the ABL Debt from the ABL Claimholders. If the Term Claimholders desire to exercise their option to purchase the ABL Debt, the Term Agent (acting pursuant to an Act of Required Secured Parties) shall deliver a written notice (any such notice under this Section 9.1, a "Term Purchase Notice") to the ABL Agent prior to the expiration of the Term Purchase Option Period.

(b) A Term Purchase Notice, once delivered, shall be irrevocable. If a Term Purchase Option Trigger shall occur and the Term Agent does not deliver a Term Purchase Notice to the ABL Agent prior to the expiration of the Term Purchase Option Period, the Term Claimholders shall have no further right to purchase, and the ABL Claimholders shall have no further obligation to sell, the ABL Debt pursuant to this Section 9.

9.2 Purchase and Sale. If the Term Agent shall timely deliver a Term Purchase Notice to the ABL Agent, on the date specified in the Term Purchase Notice (which date shall not be less than 3 Business Days, nor more than 10 calendar days, after delivery of the Term Purchase Notice), the ABL Claimholders shall sell to the applicable Term Claimholders, and the applicable Term Claimholders shall purchase from the ABL Claimholders, all of the ABL Debt; provided that the ABL Agent and the other ABL Claimholders shall retain all rights to be indemnified or held harmless by the Grantors in accordance with the terms of the ABL Documents but shall not retain any rights to the security therefor. Upon receipt of a Term Purchase Notice, the ABL Agent shall not commence any Enforcement Action (or, if the ABL Agent shall have already commenced Enforcement Action, shall cease such Enforcement Action) against any Collateral; provided that, if for any reason, the applicable Term Claimholders shall fail to complete the purchase of the ABL Debt by the date set forth in the Term Purchase Notice, the ABL Agent shall be entitled to immediately commence (or to continue) Enforcement Action against the ABL Priority Collateral. It is understood and agreed that the Term Agent's sole responsibility in connection with a potential Term Purchase Option Trigger is to deliver the Term Purchase Notice to the ABL Agent in accordance with the Term Intercreditor Agreement.

9.3 Payment of Purchase Price. If the Term Agent shall timely deliver a Term Purchase Notice in accordance with Section 9.1(a), upon the date specified in the Term Purchase Notice,

the applicable purchasing Term Claimholders shall (i) pay to the ABL Agent for the benefit of the ABL Claimholders as the purchase price therefor an amount equal to 100% of the ABL Debt then outstanding and unpaid (including principal, interest, fees and expenses, including reasonable attorneys' fees and legal expenses and indemnification amounts to the extent a claim for such amount has been made on such date but specifically excluding any prepayment premium, termination or similar fees), (ii) furnish cash collateral to the ABL Agent in a manner and in such amounts (not to exceed 103% of the face amount thereof) as is required in accordance with the terms of the ABL Documents in connection with any issued and outstanding Letters of Credit and Bank Product Obligations, (iii) agree to reimburse the ABL Agent and the ABL Claimholders for any loss, cost, damage or expense (including reasonable attorneys' fees and legal expenses) in connection with any commissions, fees, costs or expenses related to any issued and outstanding Letters of Credit and any checks or other payments provisionally credited to the ABL Debt, and/or as to which the ABL Agent has not yet received final payment, and (iv) agree to indemnify and hold harmless the ABL Agent and the other ABL Claimholders from and against any loss, liability, claim, damage or expense (including reasonable fees and expenses of legal counsel) arising out of any claim asserted by a third party in respect of the ABL Debt as a direct result of any acts by any Term Claimholder occurring after the date of such purchase. Such purchase price and cash collateral shall be remitted by wire transfer in federal funds to such bank account as the ABL Agent may designate in writing for such purpose.

9.4 Supplemental Purchase Price. Anything contained in this Section 9 to the contrary notwithstanding, in the event that (i) the purchasing Term Claimholders receive all or a portion of any prepayment premium, make-whole obligation or early termination fee payable pursuant to the ABL Documents in cash, (ii) all ABL Debt purchased by such purchasing Term Claimholders including principal, interest and fees thereon and costs and expenses of collection thereof (including reasonable attorneys' fees and legal expenses), is repaid in full in cash, and (iii) the ABL Credit Agreement is terminated, in each case, within 180 days following the date on which the purchasing Term Claimholders pay the purchase price described above in Section 9.3, then, within three Business Days after receipt by such applicable Term Claimholders of such amounts, the purchasing Term Claimholders shall pay a supplemental purchase price to the ABL Agent, for the benefit of the ABL Claimholders, in respect of their purchase under this Section 9 in an amount equal to the portion of the prepayment premium, make-whole obligation or early termination fee received by the purchasing Term Claimholders to which the ABL Claimholders would have been entitled to receive had the purchase under this Section 9 not occurred.

9.5 Resignation. In the event that any one or more of the Term Claimholders exercises and consummates the purchase option set forth in this Section 9, (i) the ABL Agent shall have the right, but not the obligation, to immediately resign under the ABL Credit Agreement, and (ii) the purchasing Term Claimholders shall have the right, but not the obligation, to require the ABL Agent to immediately resign under the ABL Credit Agreement.

SECTION 10. ABL PURCHASE OPTION.

10.1 Notice of Exercise.

(a) If an ABL Purchase Option Trigger shall occur, the ABL Claimholders shall have the right but not the obligation at any time during the period of 15 calendar days following the earlier of (i) delivery of written notice by the Term Agent to the ABL Agent of the occurrence of the ABL Purchase Option Trigger and (ii) the ABL Agent's actual knowledge of the occurrence of such ABL Purchase Option Trigger (such period, the "ABL Purchase Option Period"), to purchase all (but not less than all) of the Term Debt from the Term Claimholders. If the ABL Claimholders desire to exercise their option to purchase the Term Debt, the ABL Agent shall deliver a written notice (any such notice under

this Section 10.1, an "ABL Purchase Notice") to the Term Agent prior to the expiration of the ABL Purchase Option Period.

(b) An ABL Purchase Notice, once delivered, shall be irrevocable. If an ABL Purchase Option Trigger shall occur and the ABL Agent does not deliver an ABL Purchase Notice to the Term Agent prior to the expiration of the ABL Purchase Option Period, the ABL Claimholders shall have no further right to purchase, and the Term Claimholders shall have no further obligation to sell, the Term Debt pursuant to this Section 10.

10.2 Purchase and Sale. If the ABL Agent shall timely deliver an ABL Purchase Notice to the Term Agent, on the date specified by the ABL Agent in the ABL Purchase Notice (which date shall not be less than 3 Business Days, nor more than 10 calendar days, after delivery of the ABL Purchase Notice), the Term Claimholders shall sell to the applicable ABL Claimholders, and the applicable ABL Claimholders shall purchase from the Term Claimholders, all of the Term Debt; provided that the Term Agent and the other Term Claimholders shall retain all rights to be indemnified or held harmless by the Grantors in accordance with the terms of the Term Documents but shall not retain any rights to the security therefor. Upon receipt of an ABL Purchase Notice, the Term Agent shall not commence any Enforcement Action (or, if the Term Agent shall have already commenced Enforcement Action, shall cease such Enforcement Action) against any Collateral; provided that, if for any reason, the ABL Claimholders shall fail to complete the purchase of the Term Debt by the date set forth in the ABL Purchase Notice, the Term Agent shall be entitled to immediately commence (or to continue) Enforcement Action against the Term Priority Collateral.

10.3 Payment of Purchase Price. If the ABL Agent shall timely deliver an ABL Purchase Notice in accordance with Section 10.1(a), upon the date specified in the ABL Purchase Notice, the applicable purchasing ABL Claimholders shall (i) pay to the Term Claimholders or their designee for the benefit of the Term Claimholders as the purchase price therefor an amount equal to 100% of the Term Debt then outstanding and unpaid (including principal, interest, fees and expenses, including reasonable attorneys' fees and legal expenses and indemnification amounts to the extent a claim for such amount has been made on such date but specifically excluding any prepayment premium, termination or similar fees), (ii) agree to reimburse the Term Agent and the Term Claimholders for any loss, cost, damage or expense (including reasonable attorneys' fees and legal expenses) in connection with any checks or other payments provisionally credited to the Term Debt, and/or as to which the Term Agent has not yet received final payment, and (iii) agree to indemnify and hold harmless the Term Agent and the other Term Claimholders from and against any loss, liability, claim, damage or expense (including reasonable fees and expenses of legal counsel) arising out of any claim asserted by a third party in respect of the Term Debt as a direct result of any acts by any ABL Claimholder occurring after the date of such purchase. Such purchase price and cash collateral shall be remitted by wire transfer in federal funds to such bank account as the Term Agent may designate in writing for such purpose.

10.4 Supplemental Purchase Price. Anything contained in this Section 10 to the contrary notwithstanding, in the event that (i) the purchasing ABL Claimholders receive all or a portion of any prepayment premium, make-whole obligation or early termination fee payable pursuant to the Term Documents in cash, (ii) all Term Debt purchased by such purchasing ABL Claimholders including principal, interest and fees thereon and costs and expenses of collection thereof (including reasonable attorneys' fees and legal expenses), is repaid in full in cash, and (iii) the Term Credit Facility Agreement is terminated, in each case, within 180 days following the date on which the purchasing ABL Claimholders pay the purchase price described above in Section 10.3, then, within three Business Days after receipt by such applicable ABL Claimholders of such amounts, the purchasing ABL Claimholders shall pay a supplemental purchase price to the Term Agent, for the benefit of the Term Claimholders, in respect of their purchase under this Section 10 in an amount equal to the portion of the prepayment

premium, make-whole obligation or early termination fee received by the purchasing ABL Claimholders to which the Term Claimholders would have been entitled to receive had the purchase under this Section 10 not occurred.

10.5 Resignation. In the event that any one or more of the ABL Claimholders exercises and consummates the purchase option set forth in this Section 10, (i) Term Agent shall have the right, but not the obligation, to immediately resign under the Term Credit Facility Agreement, and (ii) the purchasing ABL Claimholders shall have the right, but not the obligation, to require Term Agent to immediately resign under the Term Credit Facility Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first written above.

CITIBANK, N.A., as Initial ABL Agent

By: /s/ Allister Chan
Name: Allister Chan
Title: Vice President

WILMINGTON TRUST, NATIONAL
ASSOCIATION, not in its individual
capacity but solely as Initial Term
Representative and Initial Term Agent

By: /s/ Jane Y. Schweiger
Name: Jane Y. Schweiger
Title: Vice President

ACKNOWLEDGMENT

Holdings and each of Holdings' undersigned Subsidiaries hereby acknowledges that it has received a copy of the foregoing Intercreditor Agreement (as in effect on the date hereof, the "Intercreditor Agreement") and agrees to recognize all rights granted by the Intercreditor Agreement to the ABL Claimholders and the Term Claimholders, waive, to the extent permitted by law, the provisions of Section 9-615(a) of the UCC in connection with the application of payments and proceeds of Collateral in accordance with the provisions of the Intercreditor Agreement, and not do any act or perform any obligation which is not in accordance with the agreements set forth in the Intercreditor Agreement. Except as provided in Sections 8.3 and 8.13 of the Intercreditor Agreement, Holdings and each of Holdings' undersigned Subsidiaries further acknowledge and agree that they are not an intended beneficiary or third party beneficiary under the Intercreditor Agreement, as amended, restated, supplemented or otherwise modified hereafter.

[Signature Pages Follow]

Warrior Met Coal, Inc.
Warrior Met Coal Intermediate Holdco, LLC
Warrior Met Coal Gas, LLC
Warrior Met Coal Mining, LLC
Warrior Met Coal TRI, LLC
Warrior Met Coal BC, LLC
Warrior Met Coal Land, LLC
Warrior Met Coal WV, LLC
Warrior Met Coal LA, LLC
WMC Blue Creek Holdco, Inc.

By: /s/ Dale W. Boyles
Name: Dale W. Boyles
Title: Chief Financial Officer

EXHIBIT A TO THE
INTERCREDITOR AGREEMENT

[Form of]

ADDITIONAL JOINDER AGREEMENT

[Name of Additional Term Agent/Representative]
[Address of Additional Term Agent/Representative]

[Date]

[Names of the ABL Agent and Term Agent]
[Addresses of the ABL Agent and Term Agent]

The undersigned, together with its successors and assigns (the "New Secured Agent") under [identify Additional Term Debt Agreement] (the "New Secured Agreement"), is the [Additional Term Agent]/[Additional Term Representative] for Persons (the "New Secured Claimholders") wishing to become Term Claimholders under and as defined in the Intercreditor Agreement, dated as of December 6, 2021 (as amended, restated, supplemented and/or otherwise modified from time to time, the "Intercreditor Agreement" (terms used without definition herein have the meanings assigned to such terms by the Intercreditor Agreement)), among the ABL Agent thereunder and each Term Agent thereunder.

In consideration of the foregoing, the undersigned hereby:

(i) represents that the New Secured Claimholders have authorized the New Secured Agent to become a party to the Intercreditor Agreement on behalf of such New Secured Claimholders and to act as the [Additional Term Agent]/[Additional Term Representative] on behalf of such New Secured Claimholders thereunder;

(ii) acknowledges that the New Secured Agent has received a copy of the Intercreditor Agreement;

(iii) acknowledges on behalf of itself and the other New Secured Claimholders that the obligations under the New Secured Agreement constitute Term Debt for all purposes of the Intercreditor Agreement; and

(iv) accepts and acknowledges, on behalf of itself and the New Secured Claimholders, the terms of the Intercreditor Agreement applicable to the [Additional Term Agent]/[Additional Term Representative] and the other Term Claimholders and agrees on its own behalf and on behalf of the New Secured Claimholders to be bound by the terms thereof applicable to holders of Term Debt, with all the rights, duties and obligations of the Term Claimholders under the Intercreditor Agreement and to be bound by all the provisions thereof as fully as if they had been named as Term Claimholders on the effective date of the Intercreditor Agreement and agrees that the New Secured Agent's address for receiving notices pursuant to the Intercreditor Agreement shall be as follows:

[Address]

THIS ADDITIONAL JOINDER AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CONFLICT OF LAWS PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF ANY OTHER LAW.

[] is entering into the Intercreditor Agreement pursuant to this joinder agreement in its capacity as [identify capacity] under the [identify Additional Term Debt Agreement] and the rights, powers, privileges and protections afforded to the [identify capacity] under the [identify Additional Term Debt Agreement] shall also apply to [] as an [Additional Term Agent]/[Additional Term Representative] under the Intercreditor Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned has caused this Additional Joinder Agreement to be duly executed by its authorized officer as of the date first written above.

[NAME OF NEW SECURED AGENT]

By: _____
Name:
Title:

Holdings hereby represents and warrants to each Agent on the date hereof that the indebtedness or other obligations evidenced by the New Secured Agreement meets the requirements set forth in the definition of, and is hereby designated as, Additional Term Debt under the Intercreditor Agreement.

WARRIOR MET COAL, INC.,
as Holdings

By: _____
Name:
Title:

EXHIBIT B TO THE
INTERCREDITOR AGREEMENT

[Form of]

GRANTOR JOINDER AGREEMENT

[DATE]

The undersigned hereby agrees to be bound as a Grantor for purposes of the Intercreditor Agreement, dated as of December 6, 2021 (as amended, restated, supplemented and/or otherwise modified on or prior to the date hereof, the "Intercreditor Agreement"), among Citibank, N.A., as the Initial ABL Agent, Wilmington Trust, National Association, in its capacities as the Initial Term Agent and Initial Term Representative, and each Additional Term Agent and Additional Term Representative, and the undersigned hereby acknowledges receipt of a copy of the Intercreditor Agreement. In addition, the undersigned hereby agrees to recognize all rights granted by the Intercreditor Agreement to the ABL Claimholders and the Term Claimholders, waive, to the extent permitted by law, the provisions of Section 9-615(a) of the UCC in connection with the application of payments and proceeds of Collateral in accordance with the provisions of the Intercreditor Agreement, agree that it will not do any act or perform any obligation which is not in accordance with the agreements set forth in the Intercreditor Agreement. Except as provided in Sections 8.3 and 8.13 of the Intercreditor Agreement, the undersigned further acknowledges and agrees that it is not an intended beneficiary or third party beneficiary under the Intercreditor Agreement, as amended, restated, supplemented or otherwise modified hereafter. Capitalized terms used but not defined herein shall have the meanings set forth in the Intercreditor Agreement.

IN WITNESS HEREOF, the undersigned has caused this Grantor Joinder Agreement to be duly executed and delivered as of the date first written above.

[NAME OF NEW GRANTOR]

By: _____
Name:
Title:

SCHEDULE 1

NOTICES

If to the Initial Term Agent or Initial Term Representative:

Wilmington Trust, National Association
Global Capital Markets
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402
Attention: Warrior Met Coal, Inc. Administrator
Fax: 612-217-5651

With a copy (which shall not constitute notice) to:

Seward & Kissel LLP
One Battery Park
New York, NY 10004
Attention: Gregg Bateman
Email: bateman@sewkis.com

If to the Initial ABL Agent:

Citibank, N.A.
390 Greenwich St. 1st Floor
New York, NY 10013
Attn: Shane Azzara
Tel: (212) 723-3748
Fax: (646) 291-3359
E-mail: shane.azzara@citi.com

With a copy (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Attention: Justin D. Lee
Email: Justin.d.lee@weil.com

WARRIOR MET COAL, INC.
AMENDMENT TO DIRECTOR RESTRICTED STOCK UNIT AWARD AGREEMENTS

This **AMENDMENT TO DIRECTOR RESTRICTED STOCK UNIT AWARD AGREEMENTS** (this "Amendment") is made and entered into as of _____, 2020, by and between Warrior Met Coal, Inc., a Delaware corporation (the "Company"), and _____ (the "Participant"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Plan (as defined below).

WHEREAS, the Participant has received certain Awards of Restricted Stock Units pursuant to Section 9 of the Warrior Met Coal, Inc. 2017 Equity Incentive Plan (the "Plan"), each of which is reflected in a Director Restricted Stock Unit Award Agreement, by and between the Company and the Participant, dated [_____] (the "Award Agreements"); and

WHEREAS, pursuant to Section 4 of the Plan, the Compensation Committee of the Board of Directors (the "Compensation Committee") has the full power and authority to administer the Plan, including the authority to accelerate the vesting of any outstanding Awards; and

WHEREAS, the Compensation Committee believes it is desirable for the Company and the Participant to amend the Award Agreements to provide for the accelerated vesting or issuance, as applicable, of the related Awards in the event of the termination of the Participant's continuous employment with the Company as a result of the Participant's death, disability or resignation from the Board of Directors.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. Section 3(a) of each of the Award Agreements is hereby deleted and replaced with the following:

"(a) The RSUs subject to this award shall vest in three equal annual installments on each of the first three anniversaries of the Grant Date; ~~provided, that~~, except as otherwise provided below, the Participant's continuing service as a member of the Board has not terminated prior to the relevant vesting date(s). In the event of the termination of the Participant's continuing service as a member of the Board for any reason other than death, disability (as defined and determined in the sole discretion of the Committee) or Retirement (as defined below) prior to the third anniversary of the Grant Date, any RSUs held by the Participant that have not vested as of the date of such termination shall be forfeited without payment of any consideration."

2. Section 3(b) of each of the Award Agreements is hereby deleted and replaced with the following:

"(b) In the event of the termination of the Participant's continuing service as a member of the Board as a result of the Participant's death, disability (as defined and determined in the sole discretion of the Committee) or Retirement prior to the third anniversary of the Grant

Date, any unvested RSUs held by the Participant shall vest in full. The Company shall issue the vested RSUs in accordance with the timing specified in Section 3(c) below.

For purposes of this Agreement, the term "Retirement" shall mean (i) the Participant's resignation from the Board that occurs on or after the date on which the Participant attains the age of fifty-five (55) and has completed at least five (5) years of service as a member of the Board or (ii) the failure of the Participant to be re-elected to the Board by the Company's stockholders at a meeting of stockholders at which the Participant is standing for re-election, provided that the director is otherwise in "good standing" with the Board, as defined and determined in the sole discretion of the Committee."

3. Section 3(c) of each of the Award Agreements is hereby deleted and replaced with the following:

"Vested RSUs will be settled in shares of Common Stock as soon as reasonably practicable following the date on which such RSUs vest; provided, however, that in no event shall such RSUs be settled more than thirty (30) days after such vesting date. Notwithstanding the foregoing, any RSUs that become vested as a result of a Participant's Retirement pursuant to Section 3(b) above shall be settled as soon as reasonably practicable following the earlier of (i) such Participant's Separation from Service or (ii) the anniversary applicable to such portion of vested RSUs as provided in Section 3(a); provided, however, that in no event shall such vested RSUs be settled more than thirty (30) days after such "earlier of" date.

For purposes of this Agreement, the actual date of settlement for the vested RSUs shall in each case be known as the "Settlement Date." Upon the issuance of the shares to the Participant, the corresponding RSUs shall cease to be credited to the Account.

For purposes of this Agreement, the term "Separation from Service" shall mean a Participant's "separation from service" with the Company or any of its Affiliates, as defined in Code Section 409A."

4. Except as set forth herein, the Award Agreements remain in full force and effect.

5. The parties shall execute and deliver such other instruments and do such other acts as may be necessary to carry out the intent and purpose of this Amendment.

6. This Amendment may be executed in any number of counterparts. All executed counterparts shall constitute one agreement notwithstanding that all signatories are not signatories to the original or the same counterpart.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Amendment to be executed as of the date first written above.

WARRIOR MET COAL, INC.

By:
Name: Walter J. Scheller, III
Its: Chief Executive Officer

[PARTICIPANT]

WARRIOR MET COAL, INC.
Subsidiaries List

Name of Subsidiary	Jurisdiction of Organization
Warrior Met Coal Intermediate Holdco, LLC	Delaware
Warrior Met Coal Gas, LLC	Delaware
Warrior Met Coal TRI, LLC	Delaware
Warrior Met Coal Land, LLC	Delaware
Warrior Met Coal LA, LLC	Delaware
Warrior Met Coal Mining, LLC	Delaware
Warrior Met Coal BC, LLC	Delaware
Warrior Met Coal WV, LLC	Delaware
WMC Blue Creek Holdco, Inc.	Delaware
Black Warrior Methane Corp.*	Alabama
Black Warrior Transmission Corp.*	Alabama

* Represents a joint venture company of which the registrant indirectly owns 50% of the common stock.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

Registration Statement (Form S-8 No. 333-217389) pertaining to the Warrior Met Coal, Inc. 2017 Equity Incentive Plan;

Registration Statement (Form S-8 No. 333-223049) pertaining to the Warrior Met Coal, LLC 2016 Equity Incentive Plan; and

Registration Statement (Form S-3ASR No. 333-234368) pertaining to the registration of debt securities, common stock, preferred stock, rights, depositary shares, warrants, and purchase contracts;

of our reports dated February 22, 2022, with respect to the consolidated financial statements of Warrior Met Coal, Inc. and the effectiveness of internal control over financial reporting of Warrior Met Coal, Inc. included in this Annual Report (Form 10-K) of Warrior Met Coal, Inc. for the year ended December 31, 2021.

/s/ Ernst & Young LLP

Birmingham, Alabama
February 22, 2022

CONSENT OF MARSHALL MILLER & ASSOCIATES, INC.

Marshall Miller & Associates, Inc. hereby consents to the use by Warrior Met Coal, Inc. (the "Company") in connection with the Company's Annual Report on Form 10-K for the year ended December 31, 2021 (the "Annual Report"), and any amendments thereto, and to the incorporation by reference in the Company's Registration Statement on Form S-8 (No. 333-217389), the Company's Registration Statement on Form S-8 (No. 333-223049), and the Company's Registration Statement on Form S-3ASR (No. 333-234368) of information contained in our report dated February 21, 2022 relating to estimates of certain coal reserves in the Annual Report. We hereby further consent to the reference to Marshall Miller & Associates, Inc. in those filings and any amendments thereto.

Marshall Miller & Associates, Inc.

By: /s/ Steven A. Keim
Name: Steven A. Keim
Title: President

Dated: February 22, 2022

CONSENT OF MCGEHEE ENGINEERING CORP.

McGehee Engineering Corp. hereby consents to the use of information contained in our report (the "Reserve Report") dated February 1, 2022 relating to estimates of certain coal reserves held by Warrior Met Coal, Inc. (the "Company") in connection with the Company's Annual Report on Form 10-K for the year ended December 31, 2021 (the "Annual Report"), and any amendments thereto, and to the incorporation by reference in the Company's Registration Statement on Form S-8 (No. 333-217389), the Company's Registration on Form S-8 (No. 333-223049), and the Company's Registration Statement on Form S-3ASR (No. 333-234368) of information contained in the Reserve Report relating to estimates of certain coal reserves in the Annual Report. We hereby further consent to the reference to McGehee Engineering Corp. in those filings and any amendments thereto.

McGehee Engineering Corp.

By: /s/ Sanford M. Hendon
Name: Sanford M. Hendon
Title: Vice-President

Dated: February 22, 2022

CERTIFICATIONS

I, Walter J. Scheller, III, Chief Executive Officer, certify that:

1. I have reviewed this Annual Report on Form 10-K of Warrior Met Coal, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2022

By:

WARRIOR MET COAL, INC.

/s/ Walter J. Scheller, III

Walter J. Scheller, III

Chief Executive Officer

CERTIFICATIONS

I, Dale W. Boyles, Chief Financial Officer, certify that:

1. I have reviewed this Annual Report on Form 10-K of Warrior Met Coal, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2022

By:

WARRIOR MET COAL, INC.

/s/ Dale W. Boyles

Dale W. Boyles

Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of Warrior Met Coal, Inc. (the "Company"), do hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "Form 10-K") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

WARRIOR MET COAL, INC.

Date: February 22, 2022

By:

/s/ Walter J. Scheller, III

Walter J. Scheller, III

Chief Executive Officer

Date: February 22, 2022

By:

/s/ Dale W. Boyles

Dale W. Boyles

Chief Financial Officer

This certification accompanies the Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Item 4. Mine Safety Disclosures**Mine Safety and Health Administration Safety Data**

Warrior Met Coal, Inc. ("we," "our" or the "Company") is committed to the safety of its employees and to achieving a goal of providing a workplace that is incident free. In achieving this goal the Company has in place health and safety programs that include regulatory-based training, accident prevention, workplace inspection, emergency preparedness response, accident investigations and program auditing. These programs are designed to comply with regulatory mining-related coking coal safety and environmental standards. Additionally, the programs provide a basis for promoting a best-in-industry safety practice.

The operation of our mines is subject to regulation by the Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). MSHA inspects our mines on a continual basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. As required by Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, each operator of a coal or other mine is required to include certain mine safety results in its periodic reports filed with the Securities and Exchange Commission ("SEC"). Within this disclosure, we present information regarding certain mining safety and health citations which MSHA has issued with respect to our mining operations. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the coal mine, (ii) the number of citations issued will vary from inspector to inspector and mine to mine, and (iii) citations and orders can be contested and appealed and, in that process, are sometimes dismissed and remaining citations are often reduced in severity and amount.

During the year ended December 31, 2021 none of the Company's mining complexes received written notice from MSHA of (i) a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety hazards under section 104(e) of the Mine Act or (ii) the potential to have such a pattern.

The first table below presents the total number of specific citations and orders issued by MSHA to the Company and its subsidiaries, together with the total dollar value of the proposed MSHA civil penalty assessments received, during the year ended December 31, 2021. The second table presents legal actions pending before the Federal Mine Safety and Health Review Commission ("FMSHRC") for each of our mining complexes as of December 31, 2021 together with the number of legal actions initiated and the number of legal actions resolved during the year ended December 31, 2021.

Mining Complex ⁽¹⁾⁽³⁾	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Proposed MSHA Assessments ⁽²⁾ (\$ in thousands)	Fatalities
Warrior Met Coal Mining, LLC, No. 4	139	—	2	—	—	\$278.3	—
Warrior Met Coal Mining, LLC, No. 7	383	—	13	—	—	\$499.3	—

(1) MSHA assigns an identification number to each coal mine and may or may not assign separate identification numbers to related facilities such as preparation plants. We are providing the information in the table by mining complex rather than MSHA identification number because we believe that this presentation is more useful to investors. For descriptions of each of these mining operations, please refer to the descriptions under "Part 1, Item 1. Business;" and "Part 1, Item 2. Properties" in our Annual Report on Form 10-K for the year ended December 31, 2021. Idle facilities are not included in the table above unless they received a citation, order or assessment by MSHA during the current year or are subject to pending legal actions.

(2) Amounts listed under this heading include proposed assessments received from MSHA in the current year for alleged violations, regardless of the issuance date of the related citation or order.

(3) The table includes references to specific sections of the Mine Act as follows:

- *Section 104 S&S Citations* include citations for health or safety standards that could significantly and substantially contribute to serious injury if left unabated.
- *Section 104(b) Orders* represent failures to abate a citation under 104(a) within the period of time prescribed by MSHA and that the period of time prescribed for the abatement should not be further extended. This results in an order of immediate withdrawal from the area of the mine affected by the condition until MSHA determines that the violation has been abated.
- *Section 104(d) Citations and Orders* are for unwarrantable failure to comply with mandatory health and safety standards where such violation is of such a nature as could significantly or substantially contribute to the cause and effect of a coal or other mine safety or health hazard.
- *Section 110(b)(2) Violations* are for flagrant violations.
- *Section 107(a) Orders* are for situations in which MSHA determined an imminent danger existed.

Mining Complex Legal Actions ⁽¹⁾		Pending as of December 31, 2021	Initiated During 2021	Resolved During 2021
Warrior Met Coal Mining, LLC, No. 4				
	29 CFR Part 2700, Subpart B	—	—	3
	29 CFR Part 2700, Subpart C	3	20	22
	29 CFR Part 2700, Subpart D	—	—	—
	29 CFR Part 2700, Subpart E	—	—	—
	29 CFR Part 2700, Subpart F	—	—	—
	29 CFR Part 2700, Subpart H	—	—	—
Warrior Met Coal Mining, LLC, No. 7				
	29 CFR Part 2700, Subpart B	1	1	6
	29 CFR Part 2700, Subpart C	20	19	16
	29 CFR Part 2700, Subpart D	—	—	—
	29 CFR Part 2700, Subpart E	4	4	—
	29 CFR Part 2700, Subpart F	—	—	—
	29 CFR Part 2700, Subpart H	—	—	—

(1) Effective January 27, 2011, the SEC adopted amendments to its rules to implement Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “final rule”). The final rule modified previous reporting requirements and requires that the total number of legal actions pending before the FMSHRC as of the last day of the time period covered by the report be categorized according to type of proceeding, in accordance with the categories established in the Procedural Rules of FMSHRC. SEC rules require that six different categories of pending legal actions be disclosed. Categories for which there is no pending litigation for the respective mine are not listed in the table. The types of proceedings are listed as follows:

- “29 CFR Part 2700, Subpart B” These legal actions include proceedings initiated under FMSHRC Procedural Rule 29 CFR Part 2700, Subpart B such as contests of citations and orders filed prior to receipt of a proposed penalty assessment from MSHA, contests related to orders for which penalties are not assessed (such as imminent danger orders under Section 107 of the Mine Act), and emergency response plan dispute proceedings.
- “29 CFR Part 2700, Subpart C” These legal actions include proceedings initiated under FMSHRC Procedural Rule 29 CFR Part 2700, Subpart C and are contests of citations and orders after receipt of proposed penalties.
- “29 CFR Part 2700, Subpart D” These legal actions include proceedings initiated under FMSHRC Procedural Rule 29 CFR Part 2700, Subpart D and are complaints for compensation, which are cases under section 111 of the Mine Act.
- “29 CFR Part 2700, Subpart E” These legal actions include proceedings initiated under FMSHRC Procedural Rule 29 CFR Part 2700, Subpart E and are complaints of discharge, discrimination or interference and temporary reinstatement under section 105 of the Mine Act.

- “29 CFR Part 2700, Subpart F” These legal actions include proceedings initiated under FMSHRC Procedural Rule 29 CFR Part 2700, Subpart F such as applications for temporary relief under section 105(b)(2) of the Mine Act from any modification or termination of any order issued thereunder, or from any order issued under section 104 of the Mine Act (other than citations issued under section 104(a) or (f) of the Mine Act).
- “29 CFR Part 2700, Subpart H” These legal actions include proceedings initiated under FMSHRC Procedural Rule 29 CFR Part 2700, Subpart H and are appeals of judges’ decisions or orders to FMSHRC, including petitions for discretionary review and review by FMSHRC on its own motion.



**Warrior Met Coal, Inc.
Mine No. 7
Year End 2021 Reserve Analysis
Technical Report Summary**

February 21, 2022

Prepared for:
Warrior Met Coal, Inc.
16243 Highway 216
Brookwood, Alabama 35444

Prepared by:
MARSHALL MILLER & ASSOCIATES, INC.
582 Industrial Park Road
Bluefield, Virginia 24605
www.mma1.com



Statement of Use and Preparation

This Technical Report Summary (*TRS*) was prepared for the sole use of **Warrior Met Coal, Inc. (Warrior Met)** and its affiliated and subsidiary companies and advisors. Copies or references to information in this report may not be used without the written permission of Warrior.

The report provides a statement of coal resources and coal reserves for Warrior Met, as defined under the **United States Securities and Exchange Commission (SEC)**.

The statement is based on information provided by Warrior Met and reviewed by various professionals within **Marshall Miller & Associates, Inc. (MM&A)**.

MM&A professionals who contributed to the drafting of this report meet the definition of *Qualified Persons (QPs)*, consistent with the requirements of the SEC.

The information in this TRS related to coal resources and reserves is based on, and fairly represents, information compiled by the QPs. At the time of reporting, MM&A's QPs have sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity they are undertaking to qualify as a QP as defined by the SEC.

Certain information set forth in this report contains "forward-looking information", including production, productivity, operating costs, capital costs, sales prices, and other assumptions. These statements are not guarantees of future performance and undue reliance should not be placed on them. The assumptions used to develop the forward-looking information and the risks that could cause the actual results to differ materially are detailed in the body of this report.

MM&A hereby consents (i) to the use of the information contained in this report dated December 31, 2021, relating to estimates of coal resources and coal reserves controlled by Warrior Met, (ii) to the use of MM&A's name, any quotation from or summarization of this TRS in Warrior Met's SEC filings, and (iii) to the filing of this TRS as an exhibit to Warrior Met's SEC filings.

This report was prepared by:

MARSHALL MILLER & ASSOCIATES, INC.



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Statement of Use and Preparation

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A Reserve Table
B Market Memorandum Provided by Warrior Met



1 Executive Summary

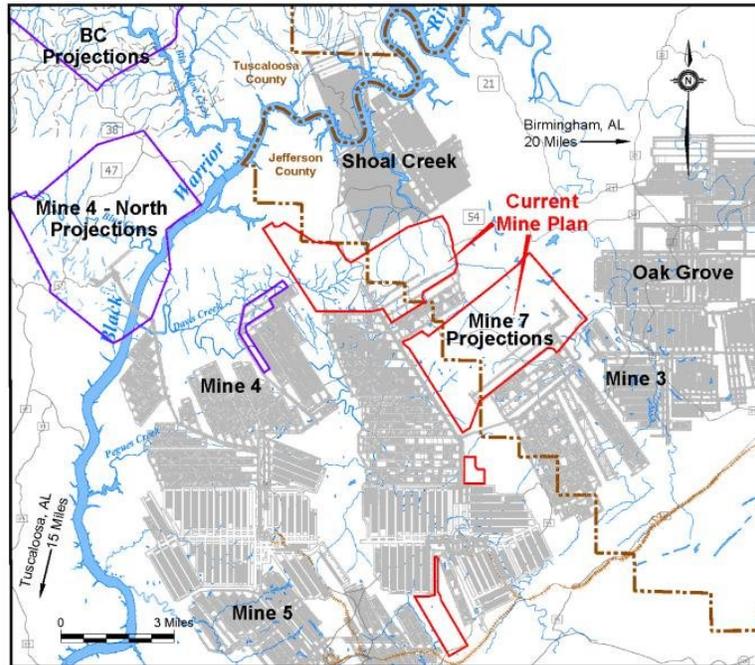
1.1 Property Description

Warrior Met Coal, Inc. (Warrior Met) authorized Marshall Miller & Associates, Inc. (MM&A) to prepare this Technical Report Summary (TRS) of its controlled coal reserves, located at its Mine No. 7 property in Jefferson and Tuscaloosa Counties, Alabama (the Property). The report provides a statement of coal resources and coal reserves for Warrior Met, as defined under the United States Securities and Exchange Commission (SEC) standards.

Coal resources and coal reserves are herein reported in metric units of measurement and are rounded to millions of tonnes (Mt).

The Mine No. 7 Complex is located in Jefferson and Tuscaloosa Counties in central Alabama. The Property is approximately 20 miles east of the town of Tuscaloosa, Alabama and 30 miles southwest of Birmingham, Alabama. The nearest major population centers are Tuscaloosa and Birmingham (see Figure 1-1). The Property, inclusive of depleted mine works and future reserve areas, is composed of approximately 43,000 total acres. Of the 43,000 acres, approximately 20,300 are associated with future mining areas. Future mining areas include 19,600 acres of leased mineral holdings and 700 acres of uncontrolled mineral holdings. Subject to Warrior Met's exercising its renewal rights thereunder, all the leases expire upon exhaustion of the relevant coal reserves, which is expected to occur in 2034 based upon the mine plan presented in this TRS. This TRS does not consider significant contiguous uncontrolled tonnages which Warrior Met may pursue in the future. As such, the reserve exhaustion date presented in this TRS is subject to extension should Warrior increase its coal reserves via acquisition of contiguous properties.

Figure 1-1: Warrior Met Mine No. 7 Complex Property Location Map



1.2 Ownership

The Property was formerly controlled by **Jim Walter Resources (Walter)**, the predecessor company of Warrior Met. Warrior Met acquired its mineral rights for the Mine No. 7 property in 2016 through purchase of the **Walter Energy (Walter)**-owned coal assets located in Alabama, following Walter’s bankruptcy in 2015. In addition to the Mine No. 7 assets, Warrior Met also acquired various other significant assets, including the **Mine No. 4** and **Blue Creek (BC)** properties.

Reserves and resources associated with these adjacent properties are not included in this report but are issued under separate cover. *Figure 1-1* outlines the location of the Property in relation to Warrior’s adjacent properties.

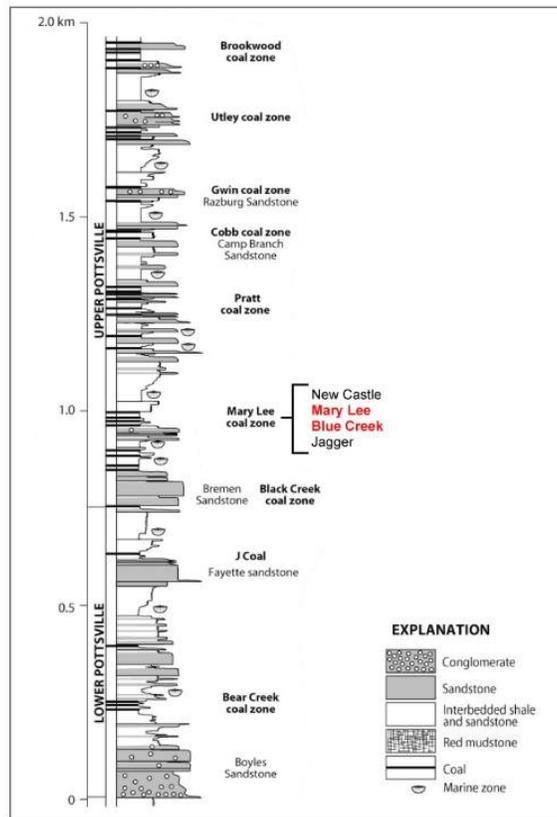
1.3 Geology

Operations at the Mine No. 7 Complex extract the Mary Lee and Blue Creek coal beds by longwall mining methods. Strata of economic interest for this TRS belong to the Pennsylvanian-age Mary Lee Coal Group or Zone (see *Figure 1-3*), and the subject seams are the principal coal seams of interest within that formation for the present evaluation. High-angle normal faults located within the Property have

a direct impact upon mine layout and design. Due to the high value of this coal, it has been extensively mined in the region.

Warrior Met reports that current market placement at Mine No. 7 is generally based on the Premium Low-Volatile Indices (PLV). Mine projections suggest that Mine No. 7's volatiles could gradually increase through reserve exhaustion, though Warrior Met anticipates that the degree to which this will impact derivation from the PLV will be minimal. The utilization of two longwalls at Mine No. 7 allows Warrior Met to strategically sequence the operation to blend coals of various volatiles. While this exercise was beyond MM&A's scope for reserve definition, the flexibility of two producing longwalls is notable. MM&A, with support from Warrior Met, has used the PLV for pricing of coals throughout the life of the operation in the prefeasibility economic analysis presented herein.

Figure 1-2: Generalized Stratigraphic Column of Warrior Basin Sequence with Mary Lee Coal Zone Highlighted in red (after Pashin, 2005)





1.4 Exploration Status

Since as early as 1916, the Property has been extensively explored by means of: continuous coring and analytic testing; rotary drilling, and ongoing development associated with coalbed methane (CBM) production; by downhole geophysical logging of gas wells; and by in-seam channel sampling during mining. The majority of the data was acquired or generated by previous owners of the Property but has been supplemented by exploration drilling conducted by Warrior Met over the past 5 years (as recently as 2021). These sources comprise the primary data used in the evaluation of the coal resources and coal reserves identified on the Property. MM&A examined the data available for the evaluation and incorporated all pertinent information into this TRS. Where data appeared to be anomalous or not representative, that data was excluded (or not honored) from the digital databases and subsequent processing by MM&A.

1.5 Operations and Development

Due to its coal reserve and seam characteristics, the Property utilizes longwall mining methods with continuous miner units to support two longwall production units.

Run-of-mine coal is transported to the surface via a skip system which transports coal to the surface vertically. Adjacent to the skip shaft is a service shaft for the transportation of workers, supplies and equipment to the coal mine. In addition to the portal located adjacent to the preparation plant, Warrior utilizes a second portal to staff works and transport employees to the second longwall unit and support sections. Bleeder shafts are installed at each longwall district.

There are two preparation plants associated with the No. 7 Mine production. The No. 7 Mine Preparation Plant has a capacity to process 1,400 raw tons per hour (1,260 raw tonnes per hour). The second plant is located at the No. 5 Mine portal site and coal is transported to that location via an overland conveyor belt installed specifically to access the No. 5 Preparation Plant. The No. 5 Plant has a capacity to process 1,000 raw tons per hour (900 raw tonnes per hour). Both plants are capable of cleaning with cyclones, spirals/reflux classifiers, and flotation circuits. Each plant location has its own unit train loadout and individual track loops.

In 2021, the operation produced an average product with the following quality characteristics (dry basis): Ash, 10.22%; Sulfur, 0.71%, Volatile Matter, 20.76%; Phosphorus, 0.0438%. Typical moisture contents for Warrior Met's shipments are in the 10-percent range.

For financial modeling purposes, in typical years, the mine produces approximately 5.3 million tonnes (Mt) of coal annually and is assumed to employ around 700 workers.

1.6 Mineral Resource

A coal resource estimate was prepared as of December 31, 2021, for the Property, summarized in *Table 1-1*. Resources presented in *Table 1-1* represent those resources associated with mine planning and

reserves. Resources are presented **inclusive** of coal reserves, not in addition to coal reserves. Resources represent in-place coal tonnages **exclusive** of interburden, but inclusive of any high-ash partings within the Mary Lee and Blue Creek coal seams. As such, in-situ tonnages and quality as presented in *Table 1-1* reflect the inclusion of high-ash partings which is ultimately removed after mining during coal preparation.

Table 1-1: Coal Resources Summary as of December 31, 2021

Seam	Coal Resource (Dry Tonnes, In Situ, Mt)				Resource Quality (Dry)		
	Measured	Indicated	Inferred	Total	Ash%	Sulfur%	VM%
Mary Lee	17.0	5.2	0.0	22.2	-	-	-
Blue Creek	54.4	14.5	0.0	68.9	-	-	-
Grand Total	71.4	19.6	0.0	91.1	19.0	1.0	20

Note: Resource tonnes are inclusive of reserve tonnes since they include the in-situ tonnes from which recoverable coal reserves are derived.
 Note 2: Coal resources are reported on a dry basis, inclusive of high-ash partings which are ultimately removed during coal preparation. Surface moisture and inherent moisture are excluded.

1.7 Mineral Reserve

Resource modeling and estimates are used as the basis for the Property's reserve calculation and is based on a reasonable Pre-Feasibility level, life-of-mine (*LOM*) mine plan and practical recovery factors. Proven and probable coal reserves were derived from the defined in-situ coal resource considering relevant processing, economic (including technical estimates of capital, revenue and cost), marketing, legal, environmental, socioeconomic, and regulatory factors. The proven and probable coal reserves on the Property are summarized below in *Table 1-2*.

Table 1-2: Coal Reserve Summary

Seam	Demonstrated Coal Reserves (Wet Tonnes, Washed or Direct Shipped, Mt)					Quality (Dry Basis)		
	By Reliability Category			By Control Type		Ash%	Sulfur%	VM%
	Proven	Probable	Total	Owned	Leased			
Mary Lee	5.3	1.0	6.3	0.0	6.3	-	-	-
Blue Creek	34.3	10.1	44.4	0.0	44.4	-	-	-
Total	39.6	11.1	50.7	0.0	50.7	10.2	0.7	22

Note 1: Marketable reserve tons are reported on a moist basis, including a combination of surface and inherent moisture. The combination of surface and inherent moisture is modeled at 10-percent, comparable to Warrior Met's current product moisture. Actual product moisture is dependent upon multiple geological factors, operational factors, and product contract specifications.

In summary, the Property includes a total of 50.7 Mt (moist basis) of marketable coal reserves as of December 31, 2021. Of that total, 78 percent are proven, and 22 percent are probable. All the reserves are leased and are considered suitable for the metallurgical coal market.



1.8 Capital Summary

MM&A assumes that major equipment rebuilds occur in a timely manner over the course of each machine's remaining operating life. Based on detailed studies of similar mines and with guidance from Warrior Met, MM&A has used a value of \$9.50 per saleable tonne mined for sustaining capital. This closely approximates Warrior Met's history. Project capital is assumed to be subject to stand-alone economic analysis prior to expenditure so it has not been included in this study. To reflect more typical spending patterns, as production winds down, sustaining capital is reduced to 75% in 2032, 25% in 2033, the penultimate year of production and eliminated in the final year.

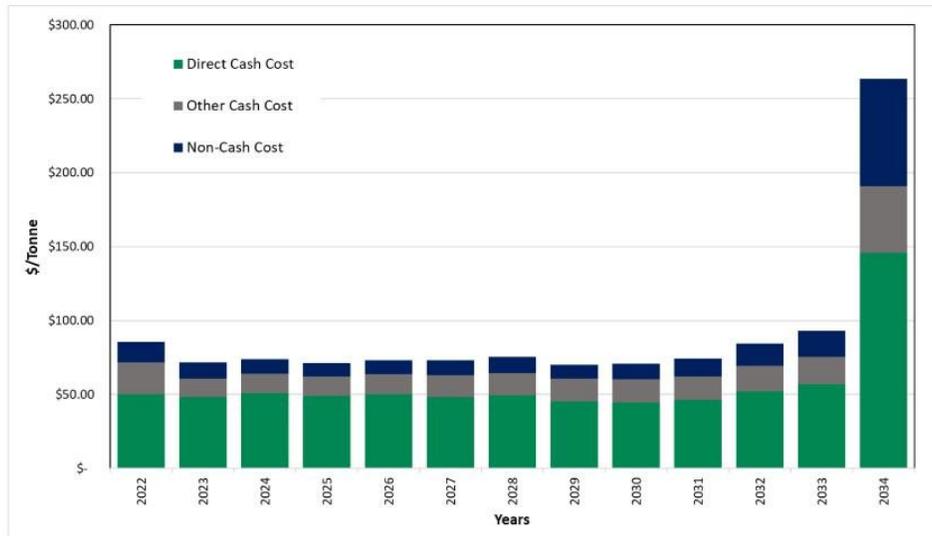
1.9 Operating Costs

MM&A used a combination of historical information and detailed operating cost estimates from a recent study of a similar property in the region. Where necessary, operating costs were adjusted to reflect differences between this mine and the studied mine. Hourly labor rates and salaries were based upon regional information and expectations. Fringe-benefit costs were developed for vacation and holidays, federal and state unemployment insurance, retirement, workers' compensation and pneumoconiosis, casualty and life insurance, healthcare, and bonuses. A cost factor for mine supplies was developed that relates expenditures to mine advance rates for roof-control costs. Other mine-supply costs are typically related to factors such as feet of section advance, ROM tonnes mined, and days worked. Other factors were developed for maintenance and repair costs, rentals, mine power, outside services and other direct mining costs.

Operating costs factors were also developed for the coal preparation plant processing, refuse handling, coal loading, property taxes, and insurance and bonding. Appropriate royalty rates were assigned for production from leased coal lands, and sales related taxes were calculated for state severance taxes, the federal black lung excise tax, and federal and state reclamation fees.

A summary of the operating costs for the Property is provided in *Figure 1-3*.

Figure 1-3: OPEX



1.10 Economic Evaluation

The pre-feasibility financial model prepared for this TRS was developed to test the economic viability of the coal resource area. The results of this financial model are not intended to represent a bankable feasibility study, required for financing of any current or future mining operations contemplated for the Warrior Met property, but are intended to establish the economic viability of the estimated coal reserves. Cash flows are simulated on an annual basis based on projected production from the coal reserves. The discounted cash flow analysis presented herein is based on an effective date of January 1, 2022.

On an un-levered basis, the NPV of the real cash flow after taxes represents the Enterprise Value of the Property. The cash flow, excluding debt service, is calculated by subtracting direct and indirect operating expenses and capital expenditures from revenue. Direct costs include labor, operating supplies, maintenance and repairs, facilities costs for materials handling, coal preparation, refuse disposal, coal loading, reclamation and general and administrative costs. Indirect costs include statutory and legally agreed upon fees related to direct extraction of the mineral. The indirect costs are the Federal black lung tax, Federal and State reclamation taxes, property taxes, coal production royalties, and income taxes.

Table 1-3 shows LOM tonnage, P&L, and EBITDA for Mine No. 7.



Table 1-3: Life-of-Mine Tonnage, P&L before Tax, and EBITDA

	Tonnes (000)	Pre-Tax P&L (\$000)	P&L per Tonne	EBITDA (\$000)	EBITDA per Tonne
Mine #7	52,681	\$4,350,109	\$82.57	\$4,945,994	\$93.89

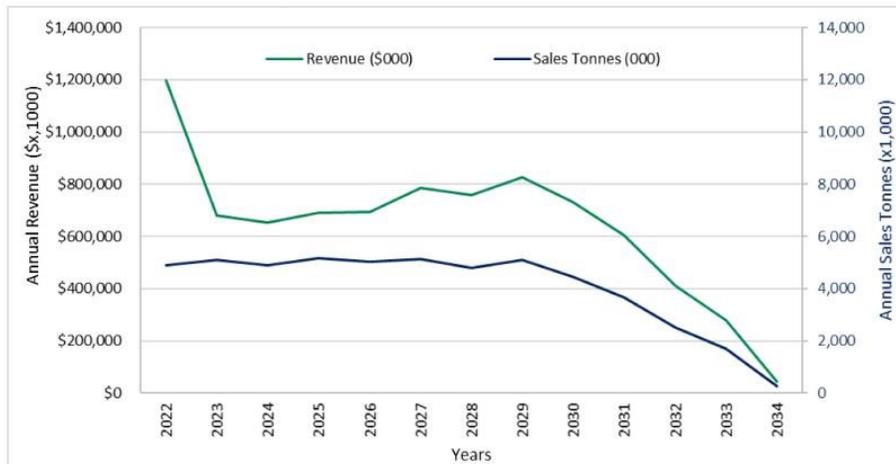
Note 1: The LOM model includes a small portion of tonnage contained within adverse tracts which are not included in reserve estimates.

Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

As shown in *Table 1-3*, Mine No. 7 shows positive EBITDA over the LOM. Overall, the Warrior Met consolidated operation shows positive LOM P&L and EBITDA of \$4.4 billion and \$4.9 billion, respectively.

Warrior Met's Mine No. 7 annual production and revenue are shown in *Figure 1-4* and the Mine's after-tax cash flow summary in constant dollars, excluding debt service, is shown in *Figure 1-5* below.

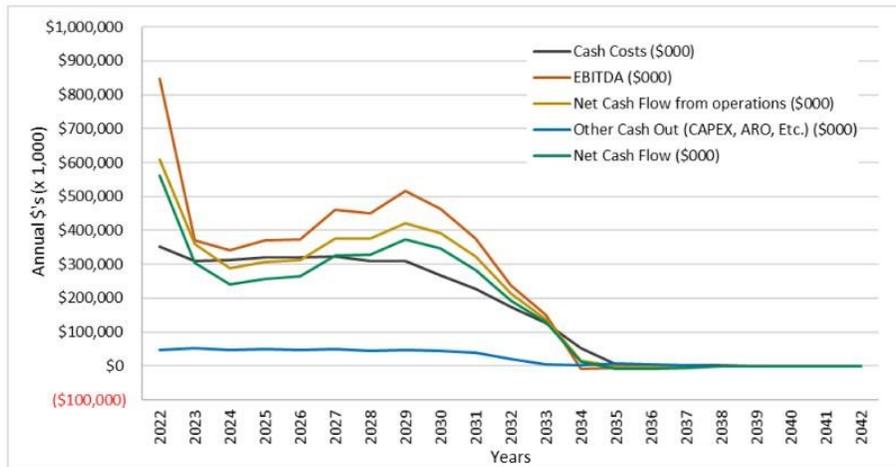
Figure 1-4: Mine 7 Production and Revenue



Note 1: The LOM model includes a small portion of tonnage contained within adverse tracts which are not included in reserve estimates.

Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

Figure 1-5: After-tax Cash Flow Summary (000)



Note 1: The LOM model includes a small portion of tonnage contained within adverse tracts which are not included in reserve estimates.
 Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

Consolidated cash flows are driven by annual sales tonnage, which averages 4.6 million tonnes per year from 2022 to 2032 where the second longwall finishes and the mine begins to ramp down, finishing in 2034. Projected revenue averages approximately \$731 million per year during the period 2022 to 2032. Revenue totals \$8.4 billion for the property's life.

Consolidated cash flow from the operation is positive throughout the projected operating period, with the exception of post-production years, due to end-of-mine reclamation spending. Consolidated cash flow from the operation averages approximately \$388 million from 2022 to 2032 and totals \$4.1 billion over the mine life. Capital expenditures total \$484 million over the property's life.

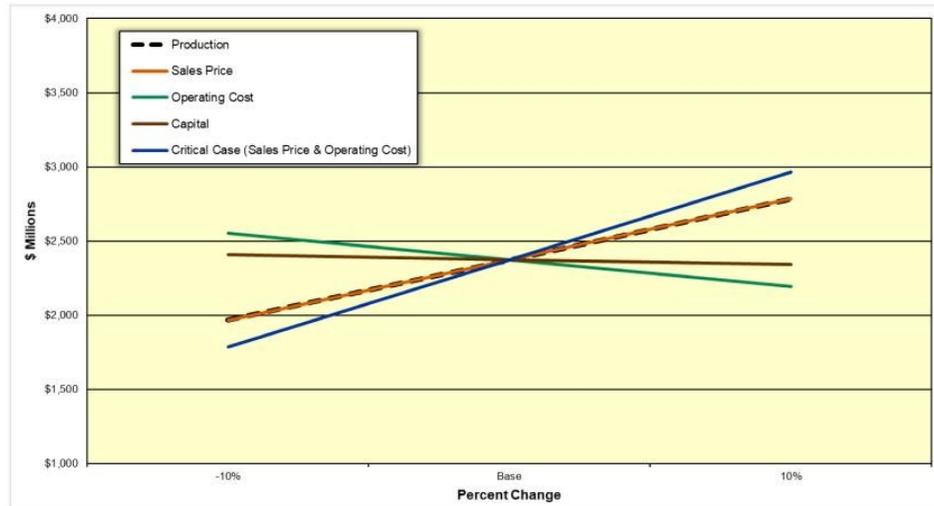
1.10.1 Cash Flow Analysis

Cash flow after tax, but before debt service, generated over the life of the property was discounted to NPV at a 9% discount rate, which represents Warrior's typical WACC. On an un-levered basis, the NPV of the property cash flows represents the Enterprise Value of the property and amounts to \$2.37 billion. The pre-feasibility financial model prepared for the TRS was developed to test the economic viability of each coal resource area. The NPV estimate was made for purposes of confirming the economics for classification of coal reserves and not for purposes of valuing Warrior Met or its Mine No. 7 assets. The mine plan was not optimized, and actual results of the operation may be different, but in all cases, the mine production plan assumes the property is under competent management.

1.10.2 Sensitivity Analysis

Sensitivity of the NPV results to changes in the key drivers is presented in the chart below. The sensitivity study shows the NPV at the 9% discount rate when Base Case sales prices, operating costs, production, plant yield and capital costs are increased and decreased +/- 10%. A critical case combining Sales price and operating cost was also done reflecting the combined effect of plus 10% operating cost with -10% sales price to -10% operating cost and +10% sales price.

Figure 1-5: Sensitivity of NPV



Note: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings.

1.11 Permitting

Warrior Met has obtained all mining and discharge permits to operate its mine and processing, loadout, or related support facilities. MM&A is unaware of any obvious or current Warrior Met permitting issues that are expected to prevent the issuance of future permits. Future permits will be required to secure additional fine and coarse refuse capacities. Mine No. 7, along with all coal producers, is subject to a level of uncertainty regarding future clean water permits due to **United States Environmental Protection Agency (EPA)** involvement with state programs.

1.12 Conclusion and Recommendations

Sufficient data has been obtained through various exploration and sampling programs and mining operations to support the geological interpretations of seam structure and thickness for coal horizons situated on the Mine No. 7 property. The data are of sufficient quantity and reliability to reasonably support the coal resource and coal reserve estimates in this TRS.



The geological data and preliminary feasibility study, which consider the mining plan, revenue, and operating and capital cost estimates are sufficient to support the classification of coal reserves provided herein.

This geologic evaluation conducted in conjunction with the preliminary feasibility study concludes that the 50.7 Mt of marketable underground coal reserves identified on the Property are economically mineable under reasonable expectations of future market prices for metallurgical coal products, estimated operation costs, and capital expenditures.

2 Introduction

2.1 Registrant and Terms of Reference

This report was prepared for the sole use of **Warrior Met Coal, Inc.** and its affiliated and subsidiary companies and advisors. The report provides a statement of coal resources and coal reserves for Warrior Met, as defined under the **United States Securities and Exchange Commission (SEC)** standards.

The report provides a statement of coal reserves for Warrior Met. Exploration results and resource calculations were used as the basis for the mine planning and the preliminary feasibility study completed to determine the extent and viability of the reserve.

Coal resources and coal reserves are herein reported in metric units of measurement and are rounded to millions of metric tonnes (*Mt*).

2.2 Information Sources

The technical report is based on information provided by Warrior Met and reviewed by MM&A's professionals, including geologists, mining engineers, civil engineers, and environmental scientists. MM&A's professionals hold professional registrations and memberships which qualify them as Qualified Persons in accordance with SEC guidelines.

Warrior Met engaged MM&A to conduct a coal reserve evaluation of the Mine No. 7 coal property as of December 31, 2021. For the evaluation, the following tasks were to be completed:

- > Process the information supporting the estimation of coal resources and reserves into geological models;
- > Develop life-of-reserve mine (*LOM*) plans and financial model;
- > Hold discussions with Warrior Met company management; and
- > Prepare and issue a Technical Report Summary providing a statement of coal reserves which would include:



- A description of the mines and facilities.
- A description of the evaluation process.
- An estimation of coal resources and reserves with compliance elements as stated under the new SEC Guidelines which will become effective for the first fiscal year commencing on or after January 1, 2022.

2.3 Personal Inspections

MM&A is well acquainted with the Mine No. 7 property, having provided a variety of services in recent years. Qualified Persons involved in this TRS have conducted multiple site visits since Warrior's acquisition of the Walter assets.

3 Property Description

3.1 Location

The Property is located in Jefferson and Tuscaloosa Counties in central Alabama, approximately 20 miles east of the city of Tuscaloosa and 30 miles southwest of the city of Birmingham in the southern region of the US. *Figure 1-1* displays the Property's location.

Mine No. 7 is adjoined by five (5) nearby longwall mining operations (both active and inactive) that have extracted coal from the same Mary Lee and Blue Creek seams:

- > Shoal Creek on the north
- > Oak Grove on the east/northeast
- > Mine No. 3 on the east
- > Mine No. 4 on the west
- > Mine No. 5 on the south

Mine No. 7 reserve areas are located in five (5) principal areas with the following projected mineable seam configurations:

- > North West; Mary Lee and Blue Creek longwall mining area
- > North Central; Mary Lee and Blue Creek longwall mining area
- > North East; Blue Creek only longwall mining area
- > Central; Blue Creek only longwall mining area
- > South; Blue Creek only longwall mining area



3.2 Titles, Claims or Leases

MM&A has not carried out a separate title verification for the coal property and has not verified leases, deeds, surveys or other property control instruments pertinent to the subject resources. Warrior Met has represented to MM&A that it controls the mining rights to the reserves as shown on its property maps, and MM&A has accepted these as being a true and accurate depiction of the mineral rights controlled by Warrior Met.

3.3 Mineral Rights

Warrior Met, through its acquisition of the Walter's assets in 2016, acquired mineral rights for the Mine No. 7 property. At the time of purchase, this acquisition also notably included the Mine No. 4 and BC Properties. Currently, Warrior Met has mineral rights on approximately 20,000 acres associated with the remaining resource and controls the surface rights where facilities are located. Life-of-mine plans reported herein require the acquisition of approximately 700 acres of additional mineral control.

It is of important note that tracts categorized as "owned" represent those in which Warrior Met owns a percentage of tract's mineral rights. In addition to Warrior Met, other parties and entities own various portions of the "owned" tracts mineral rights. Additionally, the "leased" category includes those tracts in which Warrior Met leases a percentage of the tract's mineral rights.

By assignment, as part of the Study, MM&A has not completed a review of the major leases. Due to confidentiality, only general facts related to the major leases are noted.

The majority of the coal leases have an identical initial term of 20 years from the date of execution with an additional 20-year lease term extension. A portion of the coal leases have 10-year term extensions. Certain leases have performance terms related to mining execution.

The leases can be extended so long as mining operations are being conducted on the leased premises. The leases are then held by a series of earned production royalty payments. The annual minimum royalty is reduced by the amount of earned production royalty paid on mined coal. All annual minimum royalty payments are recoupable against any earned royalty due under the coal leases on a lease-by-lease basis. The royalty rates for Mine No. 7 are estimated to be 8.0% of the sales revenue FOB the mine after deduction of all transportation and loading costs between the mine and the vessel. By assignment, MM&A has not independently verified property boundaries specific to each lease; however, MM&A has reviewed Warrior Met-supplied boundary mapping.

3.4 Encumbrances

No Title Encumbrances are known. By assignment, MM&A did not complete a query related to Title Encumbrances.



3.5 Other Risks

There is always risk involved in property control. Warrior Met has had their legal teams examine the deeds and title control in order to minimize the risk. Historically, property control has not posed any challenges related to Mine No. 7's operations. A portion of uncontrolled tracts which must be obtained by Warrior Met in order to execute the mine plan presented herein are owned by the Federal Government's **Bureau of Land Management (BLM)**. Regionally, operators (including Warrior Met's predecessors) have experienced a successful track record of obtaining mining rights to BLM properties. Warrior Met actively pursues uncontrolled properties critical for short and long term mine planning.

4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

4.1 Topography, Elevation, and Vegetation

The Property is located in the physiographic region of central Alabama within the Black Warrior Basin (*BWB*) region of the US. The area is rugged upland of moderate topography with more than 200 feet of relief adjacent to major streams. The area is dissected by streams that flow to the northwest and eventually to the Black Warrior River. Two major drainages are within the Property. Centrally located is Davis Creek and its tributaries. To the north is Shoal Creek and its tributaries. The upland topographic features are controlled by lithology, with large flat surfaces formed by underlying sandstone with steeper slopes formed by weathered shale and siltstones. Maximum relief within the Property is approximately 430 feet with elevation ranging from 270 feet above mean sea level (*MSL*) along banks of the Davis Creek to 700 feet along the top of the flat ridges.

4.2 Access and Transport

General access to the Property complex is very good via Hannah Creek Rd. Hannah Creek Rd is a well maintained, paved, two-lane road with Interstate access in close proximity to the south via Lock 17 Rd. Interstates 59 and 20 are approximately 13 miles to the south with Tuscaloosa about 15 miles to the west and Birmingham about 40 miles to the east.

Direct access to the preparation and coal handling facilities, as well as the deep mine's West portal, shaft facilities and supply yard is approximately one-quarter mile off of Hannah Creek Rd which runs southwest to northeast through the Property from Lock 17 Road. All facilities are in close proximity to high quality, public roads and lie within 3 miles of each other with exclusion of East and North portals which are approximately 3.7 miles to the northeast and 5 miles to the northwest respectively. A multitude of coalbed methane (*CBM*) and gas well roads bisect the Property providing exceptional surface access to areas overlying the mineral boundaries.



Rail transport for the mine sites utilizes a rail line that is located on the east side of the Property which runs along Davis Creek. River transport is available approximately 7 miles to the west of the plant facilities on the Black Warrior River.

4.3 Proximity to Population Centers

The Property lies in close proximity to two large population centers. The city of Tuscaloosa lies approximately 20 miles west and Birmingham lies about 30 miles northeast of the mine sites. The Tuscaloosa and Birmingham metropolitan areas have populations of approximately 250 thousand and 1.2 million respectively (as of July 2018). Both areas have large industrial and manufacturing bases with employers such as Honda, Michelin and Mercedes-Benz having production facilities in the area. The city of Birmingham is home to the Birmingham-Shuttlesworth International Airport which handles close to 3-million passengers annually.

4.4 Climate and Length of Operating Season

The typical climate in this portion of Alabama is rather humid but temperate. The average annual temperature is 66 degrees Fahrenheit. Climate is hot during the summer when temperatures are typically in the 90-degree Fahrenheit range and cool during the winter when temperatures are typically in the upper 40-degree Fahrenheit range. The warmest month is generally July, and the coldest month is generally January. Alabama receives on average 56 inches of rainfall per year. The area is somewhat prone to severe thunderstorms resulting in occasional tornado activity and the inland effects of seasonal hurricanes. Seasonal variations in climate typically do not affect underground mining in the area, however, weather events could potentially impact the efficiency of surface and preparation plant operations on a very limited basis.

4.5 Infrastructure

Infrastructure in the area surrounding the Property is very diverse, well established and robust due to the large populations and current industrial activity in the surrounding metropolitan areas of Birmingham and Tuscaloosa. All of the primary infrastructure that the mine needs to operate (power, water, transportation/roads) is available with reasonable access requirements.

Below is a list of the regional infrastructure near the Mine No. 7 operation:

Electrical Power	The immediate area contains numerous coal-fired power plants producing base-load electricity. Major transmission and distribution lines are located within the area of interest. Alabama Power is the local utility which provides electricity for the Property.
Water and Sewer	Water is sourced from local municipalities and various freshwater pumps



Roads	The area is serviced by an extensive network of well-maintained, federal, state and county highways in close proximity to the mine site.
Railroads	A major commercial railroad is located along the edge of the area. Contractual requirements dictate that the railroad is utilized to transport a significant portion of saleable production.
Barge	A barge facility on the Black Warrior River is also utilized to transport coal to port facilities for seaborne export shipments.
Airports	Birmingham-Shuttlesworth International Airport is located approximately 30 miles to the east.
Mining Service Providers, Equipment Manufacturers and Supply Companies	The Property is well serviced by major mining equipment manufacturers, rebuild facilities, and mine supply vendors. Specialized mining service providers including slope, shaft, and preparation plant construction companies are located in the immediate area.
Hospitals – Ambulance, Med Flights	There are numerous fully functioning hospitals (including major trauma centers) within a 50-mile radius of the area. The area is serviced by a network of public and private ambulance and helicopter medical flight providers.
Emergency Services – Fire, Police	<p>There are numerous fire departments and emergency medical service (EMS) providers within a 50-mile radius of the mine sites.</p> <p>The area is well serviced by a large network of federal, state and local law enforcement agencies with central dispatch and communications systems, including emergency 911 services.</p>
Schools	The region has a well-developed public education network consisting of federal, state and local government-backed schools as well as privately funded schools. These include elementary, middle, and high schools, as well as technical and vocational schools.
College/University	The region contains numerous colleges and universities as well as well-established mining universities and training centers. Namely, the University of Alabama is located in the city of Tuscaloosa and offers scientific and engineering degrees.



5 History

5.1 Previous Operation

Mine No. 7 was opened by Walter in 1974. Following bankruptcy of Walter in 2015, Warrior Met acquired the assets of Walter in 2016.

5.2 Previous Exploration

The Property has been extensively explored as early as 1916 and as recently as 2021 by subsurface drilling efforts carried out by numerous entities, the majority of which were completed prior to acquisition by Warrior Met including: **U.S. Steel; Tennessee Coal, Iron & Railroad Company;** and Walter. The majority of drilling was accomplished by means of air rotary drilling with geophysical logging for CBM wells and conventional core hole exploration (without geophysical logs).

6 Geological Setting, Mineralization and Deposit

6.1 Regional, Local and Property Geology

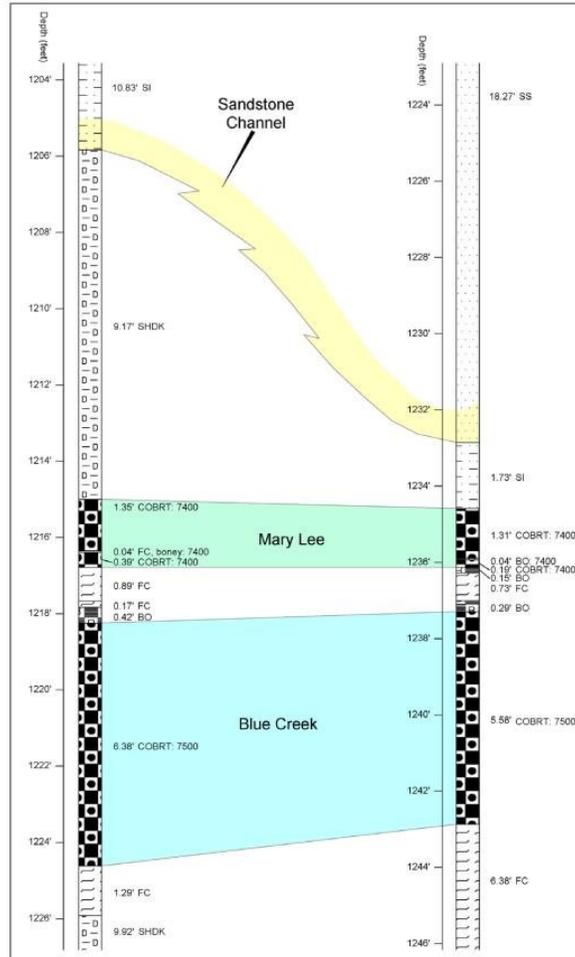
The Black Warrior coal basin (*BWB*), which encompasses the subject Property, is a foreland basin covering approximately 23,000 square miles (59,570 square kilometers) of northwestern and central Alabama. The basin extends approximately 230 miles from west to east and 188 miles from north to south. The BWB lies within the Cumberland Plateau portion of the Appalachian Highlands and contains Pennsylvanian System (300 million years) sedimentary coal-bearing strata of the Upper Pottsville Formation. Metallurgical coal deposits in northern Alabama are divided into three coal fields; the Black Warrior, the Cahaba, and the Coosa, of which the Black Warrior is the largest in both size and productivity.

Of the coal groups within the BWB, historically the most dominant is the Mary Lee group (see *Figure 6-1*). This sequence is “tagged” or identified with a 4-digit numeric system that typically includes the following strata (in descending stratigraphic order):

- > 7200 / 7300 – New Castle (typically present as Upper and Lower benches), 30 to 50 feet above the Mary Lee seam
- > 7400 – Mary Lee seam
- > 7450 – Middleman (rock parting)
- > 7480 – Rider seam (not always present) – included as part of the Middleman
- > 7490 – Parting between the Rider and Blue Creek seams (not always present) – included as part of the Middleman

- > 7500 – Blue Creek seam
- > 7600 – Jagger seam, where present, typically a few feet to tens of feet below the Blue Creek; however, may locally become part of the mineable section with the overlying Blue Creek seam.

Figure 6-1: Geologic Column of the Mary Lee – Blue Creek Sequence



The BWB is bound by the Alabama Valley and Ridge, Highland Rim, and East Gulf Coastal Plain physiographic providences. The southwestern and southeastern margins of the basin are terminated



by frontal thrust faulting of the Ouachita and Appalachian orogeny. The basin has regionally southwestward dipping strata that are overlain by Cretaceous and Tertiary age deposits.

The major structural feature within the basin is the Sequatchie anticline, which trends northeast to southwest between the Arkadelphia and Coalburg synclines. Structurally, coal horizons are typically characterized as gently dipping to the southwest and contain minor folds. However, the regional trend has locally been significantly modified by the presence of a prominent structural feature referred to as the Wiley Dome (with relief of several hundreds of feet), which is present to the northwest of the Mine No. 4 reserves, and adjacent to the BC property.

Faulting is widespread across the basin with high-angle, scissor-type normal faults and fault grabens common, which are typically oriented in a southeast to northwest alignment. Vertical displacement typically varies from only a few feet to as much as 350 feet. Exploration programs by Warrior Met attempt to pinpoint exact fault locations and displacements prior to mineral extraction in a given mining district. At times, non-detected faults have deemed panels unmineable. Such instances are rare, and Warrior Met mitigates such risks by maintaining favorable longwall panel float times.

6.2 Mineralization

Regional coal rank in the BWB generally ranges from a low-volatile coal in the southeastern portion of the basin to a high-volatile coal to the northwest. Due to the value of the Mary Lee and Blue Creek seams in the metallurgical coking coal market at the Mine No. 7 operation (and adjoining mines) to the south and east of the Property, the subject coal seams have been extensively mined in the region. Laboratory data for the Property on a dry, clean coal (1.50 – 1.55 float) basis indicates a typically low- to medium-volatile bituminous coal product. The utilization of two longwall mining units allows Warrior to sequence the mine plan at Mine No. 7 to produce a consistent volatile product.

6.3 Coal Rank

6.3.1 ASTM Method for Defining Coal Rank

The principal parameters examined in the ASTM method for the determination of rank include (but are not limited to) the following: Fixed Carbon (*FC*), Volatile Matter (*VM*), Ash, Sulfur, and Calorific content (typically in Btu/lb.), as well as Moisture content. (It should be noted that sulfur trioxide (SO_3) in coal ash, if analyzed, can also be factored in; however, this data is typically unavailable.)

As shown below, results of regional coal rank trends indicate that coals ranging from Low volatile to High volatile Bituminous coal rank are found within the BWB, according to *ASTM* criteria:

- > **Low Volatile Bituminous**, or LV_{ASTM} (VM greater than or equal to 14% and less than 22% on a *dry-mineral-matter-free* basis, or *DMMF*)
- > **Medium Volatile Bituminous**, or MV_{ASTM} (VM greater than or equal to 22% and less than 31% on a *dry-mineral-matter-free* basis, or *DMMF*)

- > **High Volatile A Bituminous**, or HVA_{ASTM} (VM greater than 31% on a *dry*-mineral-matter-free basis, or *DMMF*, and calorific content greater than or equal to 14,000 Btu/lb. on a *moist*-mineral-matter-free basis)

Furthermore, utilizing ASTM criteria, coal rank for the coals sampled on the Property range from Low Volatile to Medium Volatile bituminous.

Figure 6-2: Classification of Coals by Rank (as per ASTM Standard D 388)

Class/Group	Fixed Carbon Limits (DMMF) ¹ %		Volatile Matter Limits (DMMF) %		Gross Calorific Value Limits (Moist ² MMF) Btu/lb	
	= or >	Less Than	= or >	Less Than	= or >	Less Than
	I. Anthracitic					
Meta-anthracite	98	...	...	2	...	...
Anthracite	92	98	2	8	...	...
Semianthracite ³	86	92	8	14	...	...
II. Bituminous						
Low volatile	78	86	14	22	...	...
Medium volatile	69	78	22	31	...	...
High volatile A	...	69	31	...	14,000	...
High volatile B	...	...	...	...	13,000	14,000
High volatile C	...	...	...	...	11,500	13,000
					10,500	11,500
III. Subbituminous						
Subbituminous A	...	...	...	...	10,500	11,500
Subbituminous B	...	...	...	...	9,500	10,500
Subbituminous C	...	...	...	...	8,300	9,500
IV. Lignite						
Lignite A	...	...	...	...	6,300 ⁴	8,300
Lignite B	...	...	...	...	...	6,300

6.3.2 Coal Quality Parameters Associated with Market-based Coal Rank

It is important to note that market-based parameters are significantly different from definitions defined by ASTM for coal rank. ASTM rank is *not* defined by favorability in the marketplace. Coal quality parameters analyzed to define the market-based coal rank typically include, but are not limited to:

- > Volatile Matter% (dry basis)
- > Ash% (dry basis)
- > Sulfur% (dry basis)
- > Fluidity (ddpm)



- > Vitrinoid Reflectance%
- > Moisture%

Moreover, ASTM rank should *not* vary with time. However, as market conditions and requirements change, the levels (of ash, sulfur, etc.) considered to be “favorable”, “fair”, or “unfavorable” will vary over time. Furthermore, many coals will meet the requirements for one parameter (ash, sulfur, fluidity, etc.), fall short on another, and exceed the guideline on other parameters. It then becomes a matter of judgement as to where the coal should be placed. Ultimately, various coke makers will value a particular coal differently, depending on the quality of the other coals in their blend and the coke specifications they have to meet. Determination of the market rank of the Property coals is beyond the scope of this investigation.

6.3.2.1 Warrior Met Market Placement

Warrior Met reports that current market placement at Mine No. 7 is generally based on the Premium Low-Volatile Indices (PLV). Mine projections suggest that Mine No. 7’s volatiles could gradually increase through reserve exhaustion, though Warrior Met anticipates that the degree to which this will impact derivation from the PLV will be minimal. The utilization of two longwalls at Mine No. 7 allows Warrior Met to strategically sequence the operation to blend coals of various volatiles. While this exercise was beyond MM&A’s scope for reserve definition, the flexibility of two producing longwalls is notable. MM&A, with support from Warrior Met, has used the PLV for pricing of coals throughout the life of the operation in the prefeasibility economic analysis presented herein.

6.4 Deposits

Sediments of the Upper Pottsville Mary Lee coal zone are Lower Pennsylvanian in age and comprised of cyclic sequences that include sandstone, siltstone, shale, and coal. Located within the middle of the Black Warrior Basin stratigraphic sequence, the Mary Lee and Blue Creek horizon is situated below drainage throughout the Property and is accessed by shafts.

The lithologic variability of the Mary Lee – Blue Creek sequence and enclosing strata is illustrated on *Figures 6-3* and *6-4*, as discussed below:

- > The New Castle seam is present approximately 20 to 80 feet above the Mary Lee seam.
- > Lithologic composition of the roof strata varies throughout the Property, consisting primarily of a coarsening-upward sequence of shale or sandy shale, with occasional sandstone channels located within the immediate or main roof of the Mary Lee seam.
- > In areas where sandstone occupies the immediate roof of the Mary Lee seam, seam scouring may locally occur. Where sandstone channels are present within 4 to 6 feet above the Mary Lee (roof bolt horizon), there is potential for increased drawrock conditions and roof instability beneath the sandstone/shale contact.



-
- > Thickness and composition of the stratum comprising the Middleman are variable, ranging from: shale, carbonaceous shale, or fireclay, to sandy shale.
 - > Areas where the combined thickness of the Mary Lee – Blue Creek horizon is less than a minimum continuous miner cutting height (7.0 feet) are generally rare, and where this occurs, roof (and/or floor) strata are expected to be excavated as out-of-seam dilution (*OSD*).
 - > Areas where the thickness of the Blue Creek seam is less than a minimum longwall cutting height (5.0 feet), and *only* the Blue Creek seam is planned to be longwall mined (see *Figure 6-4*), occur in the Northeast and Central areas.
 - > Compositional variability and thickness of the floor strata of the Blue Creek seam in a fining-upward sequence varying from: very soft, thick fireclay within the immediate floor, to sandy fireclay, shale, sandy shale, and finally sandstone within the first three feet below the seam. Fireclay varies in thickness, from less than a foot to more than 10 feet. Due to inherently high clay content, this stratum is typically moisture-sensitive and may degrade when exposed to water accumulation on the mine floor.

Figure 6-3: Mine No. 7 Stratigraphic Relationships – Mary Lee and Blue Creek Longwall Mined Together

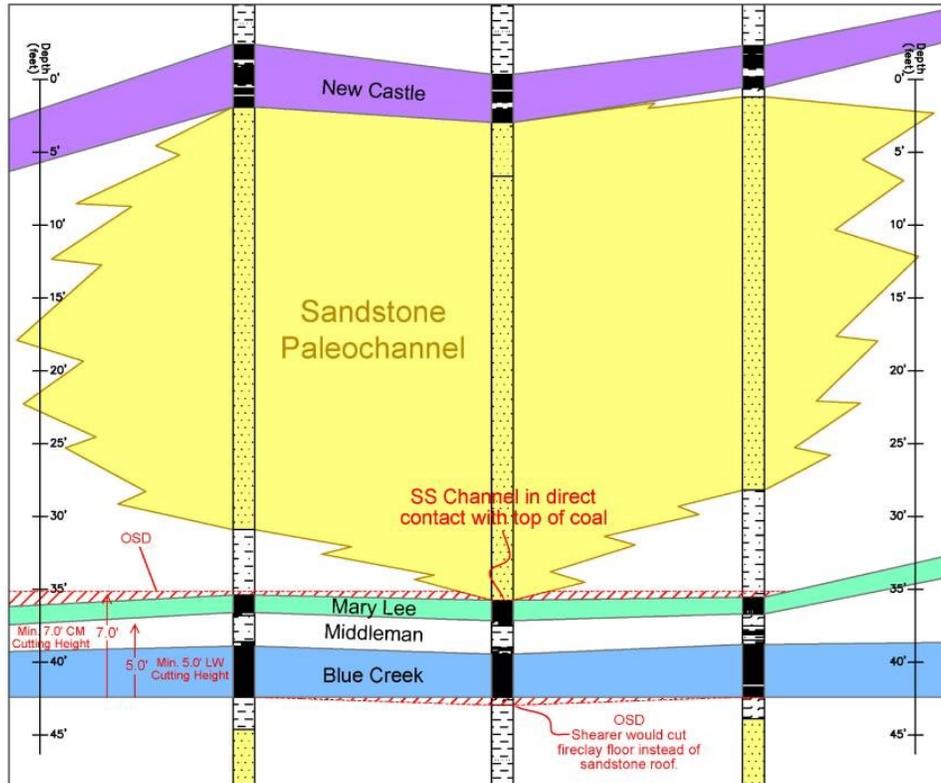
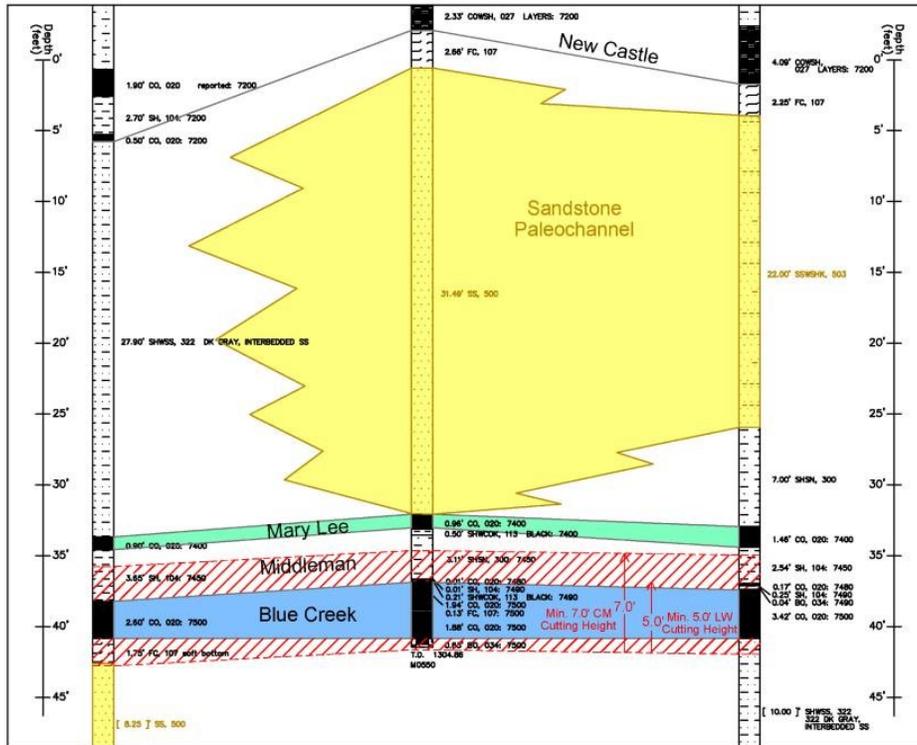


Figure 6-4: Mine No. 7 Stratigraphic Relationships –Blue Creek Only Longwall Mined



6.4.1 Mineable Seam Thickness Configurations

The mineable seam configuration of Mine No. 7 consists of the Mary Lee, Middleman, and Blue Creek seams, also referred to as “twin seam” mining, with the following thickness ranges.

- > The Mary Lee typically averages 1.5 feet throughout the mine plan area. *Detailed seam mapping exhibits are retained in MM&A’s files but are not included with this report.*
- > Between the two seams, the “Middleman” parting averages approximately 2.5 feet within areas where the Mary Lee and Blue Creek seams are projected to be longwall mined together; the parting generally thickens to the south.
- > The Blue Creek seam, which typically represents the better metallurgical quality than the overlying Mary Lee seam, averages approximately 3.5 feet in thickness within the current resource areas. *(Detailed seam mapping exhibits are retained in MM&A’s files but are not included with this report.)*



However, in the southern area, the Blue Creek seam thickens substantially, averaging 7.0 feet in thickness.

- > The combined thickness of the Mary Lee through Blue Creek interval averages approximately 7.5-feet within areas where both seams are projected to be longwall mined together. (*Detailed seam mapping exhibits are retained in MM&A's files but are not included with this report.*)

As noted from prior studies on the Property, the Blue Creek seam regionally is subject to somewhat more erratic thickness variation than the overlying Mary Lee seam. Reasons for this are not entirely clear, but may be the result of channel incision, differential compaction, presence of contemporaneous ("growth") faults, or other paleographic factors present during or subsequent to deposition of the Blue Creek paleoswamp.

7 Exploration

7.1 Nature and Extent of Exploration

Exploration information has largely been collected, analyzed, and summarized by personnel from previous owners of the Property, Warrior Met, and their consultants. Vertical drilling has been the main method of collecting exploration information along with in-seam samples since the seam does not outcrop within or near the Property. Spacing and quantity of exploratory drill holes is generally sufficient to define the coal resource within the Property.

Initial exploration on the Property was entirely by drilling to collect data for delineation of coal and CBM resources. As a general practice, continuous core hole exploration is visually logged by a driller or professional geologist, whereas CBM holes are geophysically logged. Geophysical information from CBM wells was obtained from the **Geological Survey of Alabama Oil and Gas Board (GSA)** which were interpreted by Warrior Met's predecessor to define seam thickness and elevation.

7.1.1 Summary of Exploration Data

MM&A was provided with the core hole records, or summary information from geophysical logs, as summarized below. Summaries of data related to these holes were initially provided to MM&A in the form of Microsoft® Excel spreadsheets:

- > Total number of holes: 450 drill holes utilized for mapping purposes
- > Total footage: 835,000 feet
- > Hole depths: ranging from 710 feet to 2,680 feet, averaging 1,850 feet.
- > Depth to top of Mary Lee seam: ranging from 675 feet to 2,275 feet, averaging 1,595 feet
- > An additional group of drilling records was identified and categorized as "not honored" for various reasons, and as such were ignored for mapping purposes:



- possessing poor or suspect core recovery; or
- thickness impacted by the influence of tectonic faulting; or
- seam thickness information was interpreted from older vintage and/or lower resolution geophysical logs; or
- original records were unavailable from which to confirm suspect information.

Much of the coal quality information provided to MM&A consisted of previously summarized data in the form of Microsoft® Excel spreadsheets in an Adobe® PDF (*PDF*) format. Where available, scanned copies of coal quality sheets and summary reports were also provided. The most recent drill hole quality data (2021) was derived from activity in the northeastern portions of the reserve area.

Extensive exploration in the form of subsurface drilling has been carried out on the Property by numerous entities, most of whose efforts were completed prior to acquisition by Warrior Met. Diamond core, rotary, and CBM drilling are the three primary types of exploration on the Property. Data for correlation and mining conditions are derived from core descriptions and geophysical logging (e-logging). The location of the drilling is shown on the maps included within this report.

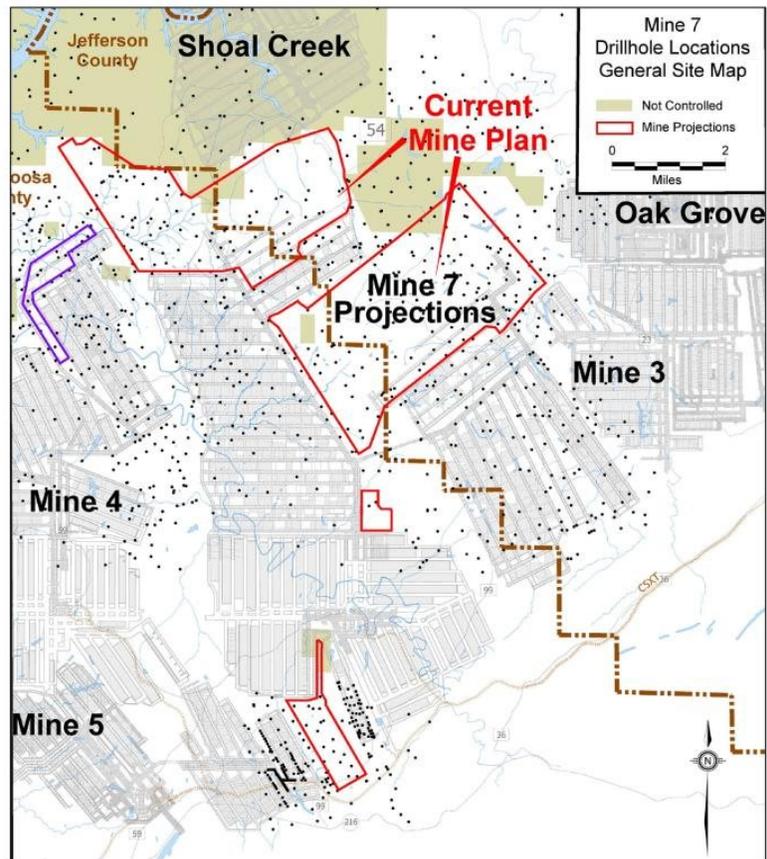
The concentration of exploration varies across the Property, with the future underground mining areas having acceptable drill hole distributions for resource and reserve modeling. Drilling on the Property is typically sufficient for delineation of potential underground mineable benches. Mapping of future mining conditions is derived from data compiled from a variety of past and present exploration programs, but projections and assumptions can be made within a reasonable degree of certainty.

Due to the long history of exploration by various parties on the Property, a wide variety of survey techniques exist for documentation of data point locations. Many of the older exploration drill holes appear to have been located by survey. However, some holes appear to have been approximately located using USGS topography maps or other methods which are less accurate.

The coordinate system utilized for mapping of the Property is the: Alabama West State Plane Coordinate System (*Alabama West*), North American Datum of 1927 (*NAD 27*).

Figure 7-1 displays the location of drillholes for the property.

Figure 7-1: Drill Hole Location Map



7.2 Non-Drilling Procedures and Parameters

Some analyses, such as rheological and petrographic properties, and sulfur types, are not as prevalent as others in the testing done on samples recovered by drilling. To supplement the information database, samples have been collected from mine stockpiles and either truck or train shipment samples. Additionally, Warrior Met conducts regular channel sampling in its active underground works as a means of predicting coal quality and tonnages. Channel samples are typically obtained in headgate and tailgate development sections prior to longwall mining.



7.3 Drilling Procedures

Core drilling methods utilize NX-size ($2\frac{1}{8}$ inch) or similar-sized core cylinders to recover core samples, which can be used to delineate geologic characteristics, and for coal quality testing and geotechnical logging. In addition to the core holes, rotary drilled holes also exist on most of the Property. Data for the rotary drilled holes are mainly derived from downhole geophysical logs, which are used to interpret coal and rock thickness and depth since logging of the drill cuttings is not reliable. CBM holes are always logged geophysically, and the resulting interpreted data are incorporated into the geological model. Exploratory drilling generally requires drilling to depths from 1,140 to 1,900 feet to penetrate the target coal seams on the Property.

A wide variety of core-logging techniques exist for the Property. For many of the core holes, the primary data source is a generalized lithology description by the driller, which may be supplemented by a more detailed core log completed by a geologist. These drilling logs were provided to MM&A as a geological database. MM&A geologists were not involved in the production of original core logs but did perform a basic check of information within the provided database.

7.4 Hydrology

Mine No. 7 is an active mine and Warrior Met reports that it has experienced minimal hydrologic concerns or material issues. Notably, Mine No. 4, a sister operation to Mine No. 7, recently completed development under the Black Warrior River to access its northern reserve areas. Future mining is projected to occur in areas exhibiting similar hydrogeological conditions as past mining including stream undermining, undermining of aquifers and mining through hydraulically fractured (frac'd) coalbed methane wells. Based upon the successful history of the operation with regards to hydrogeological features, MM&A assumes that the operation will not be hindered by such issues in the future.

7.5 Geotechnical Data

The general mining plan for this underground mine was developed by Warrior Met. Section layouts, pillar sizes, and panel dimensions largely mimic what Warrior Met has recently utilized in its active sections. Depths of cover should not significantly change over the life of the operation in comparison to current and historic values. Warrior Met and its predecessor have successfully mined adjacent to and through faults without significant geotechnical issues. MM&A does not anticipate that geotechnical issues will significantly hinder development or longwall mining activity for the mine plan presented in this TRS.



8 Sample Preparation Analyses and Security

8.1 Prior to Sending to the Lab

Most of the coal samples have been obtained from the Property by subsurface exploration using core drilling techniques. The protocol for preparing and testing the samples has varied over time and is not well documented for the older holes drilled on the Property. Typical core-drilling sampling methods for coal in the United States involves drilling through the seam, removing the core from the barrel, describing the lithology, wrapping the sample in a sealed plastic sleeve and placing it lengthwise into a covered core box, and carefully marking hole ID and depth intervals on each box and lid, allowing the core to be delivered to a laboratory in correct stratigraphic order, and with original moisture content. This process has been the norm for both historical and ongoing exploration activities at the Property.

This work is typically performed by the supervising driller, geologist, or company personnel. Samples are most often delivered to the company by the driller after each shift or acquired by company personnel or representatives. Most of the coal core samples were obtained by previous or current operators on the Property. MM&A did not participate in the collection, sampling, and analysis of the core samples. However, it is reasonable to assume, given the consistency of quality from previous operators, that these samples were generally collected and processed under industry best practices. This assumption is based on MM&A's familiarity with the operating companies and the companies used to perform the analyses.

8.2 Lab Procedures

Coal-quality testing has been performed over many years by operating companies using different laboratories and testing regimens. Some of the samples have raw analyses and washabilities on the full seam (with coal and rock parting layers co-mingled) and are mainly useful for characterizing the coal quality for projected production from underground mining. Other samples have coal and rock analyzed separately, the results of which can be manipulated to forecast underground mining quality. Care has been taken to use only those analyses that are representative of the coal quality parameters for the appropriate mining type for each sample.

Standard procedure upon receipt of core samples by the testing laboratory is to: 1) log the depth and thickness of the sample; then 2) perform testing as specified by a representative of the operating company. Each sample is then analyzed in accordance with procedures defined under **American Society for Testing and Materials (ASTM)** standards including, but not limited to washability (ASTM D4371); ash (ASTM D3174); sulfur (ASTM D4239); Btu/lb. (ASTM D5865); volatile matter (ASTM D3175); Free Swell Index (*FSI*) (ASTM D720). While not confirmed by MM&A, it is assumed that best practices and ASTM (or equivalent standards at the time of testing) were utilized in laboratory quality testing.



9 Data Verification

9.1 Procedures of Qualified Person

MM&A reviewed the Warrior Met supplied digital geologic database. The database consists of data records, which include drill hole information for holes that lie within and adjacent to the Property and records for supplemental underground coal seam thickness measurements. Geophysical logs were used wherever available to assist in confirming the seam correlation and to verify proper seam thickness measurements and recovery of coal samples. Upon completion of the database verification, copies of each entry were printed on a test case basis, and cross referenced to the original document (where available) for verification. Once the initial integrity of the database was established, stratigraphic columnar sections were generated using cross-sectional analysis to establish or confirm coal-seam correlations.

After establishing and/or verifying proper seam correlation, seam data-control maps and geological cross-sections were generated and again used to verify seam correlations and data integrity. Once the database was fully vetted, seam thickness, base-of-seam elevation, roof and floor lithology, and overburden maps were independently generated for use in the mine planning process.

9.2 Limitations

As with any exploration program, localized anomalies cannot always be discovered. The greater the density of the samples taken, the less the risk. Once an area is identified as being of interest for inclusion in the mine plan, additional samples are taken to help reduce the risk in those specific areas. In general, provision is made in the mine planning portion of the study to allow for localized anomalies that are typically classed more as a nuisance than a hinderance.

9.3 Opinion of Qualified Person

Sufficient data have been obtained through various exploration and sampling programs and mining operations to support the geological interpretations of seam structure and thickness for coal horizons situated on the Property. The data are of sufficient quantity and reliability to reasonably support the coal resource and coal reserve estimates in this TRS.

10 Mineral Processing and Metallurgical Testing

10.1 Testing Procedures

Separate tabulations have been compiled for basic chemical analyses (both raw and washed quality), petrographic data, rheological data and chlorine, ash, ultimate and sulfur analysis. The latter two data



types are not as prevalent and have been supplemented by samples collected from mine stockpiles and either truck- or train-shipment samples.

Available coal-quality data were tabulated by resource area in a Microsoft® EXCEL workbook and the details of that work are maintained on file at the offices of Warrior Met and MM&A. These tables also provide basic statistical analyses of the coal quality data sets, including average value; maximum and minimum values; and the number of samples available to represent each quality parameter of the seam. Coal samples that were deemed by MM&A geologists to be unrepresentative were not used for statistical analysis of coal quality, as documented in the tabulations. A representative group of drill hole samples from the Property were then checked against the original drill laboratory reports to verify accuracy and correctness.

The amount and areal extent of coal sampling for geological data is generally sufficient to represent the quality characteristics of the coal horizons and allow for proper market placement of the subject coal seams. For some of the coal deposits there are considerable laboratory data from core samples that are representative of full extent of the resource area; and for others there are more limited data to represent the resource area. For example, in the active operation with considerable previous mining, there may be limited quality data within some of the remaining resource areas; however, in those cases the core sampling data can be supplemented with operational data from mining and shipped quality samples representative of the resource area.

MM&A extrapolated exploration-based quality information, generally summarized at a 1.50 or 1.55 float gravity, to determine yields which would correspond to a 10.2-ash product (dry basis) currently produced at the mine. Furthermore, MM&A conducted plant simulations based upon Warrior Met's processing plant circuitry to determine yields that would be practically achievable for a 10.2-ash product. MM&A utilized its regional knowledge of the Mary Lee and Blue Creek horizons and its processing expertise gained from projects completed for Warrior Met, including typical washability (multiple gravities) and sizing information. Organic efficiencies were considered to account for misplaced coal and reject material. After considering typical processing inefficiencies, in general, the 1.50 float yield data obtained from exploration data roughly corresponds to a 10.2-ash product. However, in some areas, yields were further reduced from those obtained by 1.50 float averages to produce a 10.2-ash product.

10.2 Relationship of Tests to the Whole

The extensive sampling and testing procedures typically followed in the coal industry result in an excellent correlation between samples and marketable product. As shipped analyses of the coal from the Property were reviewed to verify that the coal quality and characteristics were as expected. The Property has a long history of saleable production with in the mid-volatile metallurgical markets, which is expected to change to high-volatile placement as development and longwall mining continue in the



North reserve area. Degradation of coking coal characteristics over time is not anticipated to be an issue.

10.3 Lab Information

Currently, each sample is analyzed at a company-operated coal-testing laboratory located in Brookwood, Alabama that operates in accordance with procedures defined under ASTM standards including, but not limited to washability (ASTM D4371); ash (ASTM D3174); sulfur (ASTM D4239); Btu/lb. (ASTM D5865); volatile matter (ASTM D3175); Free Swell Index (*FSI*) (ASTM D720). MM&A was not able to confirm that exact ASTM standards were used on older coal quality samples. Consistency in coal quality data suggests that similar parameters were likely utilized for quality analysis.

10.4 Relevant Results

No critical factors have been found that would adversely affect the recovery of the reserve. Any quality issues that occur, either localized or generally are accounted for in the marketing study done for this TRS.

11 Mineral Resource Estimates

MM&A independently created a geologic model to define the coal resources at the Property. Coal resources were estimated as of December 31, 2021. Resources are reported **inclusive** of coal reserves for Mine No. 7. Resources presented herein are utilized for mine planning purposes, and subsequently, reserve estimates. Resources are **not** reported in addition to coal reserves. There are **no** resources **exclusive** of reserves included in this TRS. Due to constraints imposed by differences in coal quality testing methodology, resources represent in-place coal tonnages and in-place coal quality, exclusive of the interburden between the Mary Lee and Blue Creek seams (a.k.a. *Middleman*). Ash bands and partings within the Mary Lee and Blue Creek horizons are included in tonnage and quality projections for the property's resource.

11.1 Assumptions, Parameters and Methodology

Geological data was imported into Carlson Mining[®] (formerly SurvCADD[®]) geological modelling software in the form of Microsoft[®] Excel files incorporating drill hole collars, seam and thickness picks, bottom seam elevations and raw and washed coal quality. These data files were validated prior to importing into the software. Once imported, a geologic model was created, reviewed and verified with a key element being a gridded model of coal seam thickness. Resource tonnes were estimated by using the seam thickness grid based on each valid point of observation and by defining resource confidence arcs around the points of observation. Points of observation for Measured and Indicated confidence arcs were defined for all valid drill holes that intersected the seam using standards deemed acceptable by MM&A based on a detailed geologic evaluation and a statistical analysis of all drill holes within the



projected reserve areas as described in *Section 11.1.1*. The geological evaluation incorporated an analysis of seam thickness related to depositional environments, adjacent roof and floor lithologies, and structural influences.

After validating coal seam data and establishing correlations, the thickness and elevation for seams of economic interest were used to generate a geologic model. Due to the relative structural simplicity of the deposits and the reasonable continuity of the tabular coal beds, the principal geological interpretation necessary to define the geometry of the coal deposits is the proper modeling of their thickness and elevation. Both coal thickness and quality data are deemed by MM&A to be reasonably sufficient within the resource areas. Therefore, there is a reasonable level of confidence in the geologic interpretations required for coal resource determination based on the available data and the techniques applied to the data.

Table 11-1 below provides the geological mapping and coal tonnage estimation criteria used for the coal resource and reserve evaluation. These cut-off parameters have been developed by MM&A based on its experience with the Warrior Met property and are typical of mining operations in the Black Warrior coal basin. This experience includes technical and economic evaluations of numerous properties in the region for the purposes of determining the economic viability of the subject coal reserves.

Table 11-1: General Reserve and Resource Criteria

Item	Parameters	Technical Notes & Exceptions*
• General Reserve Criteria		
Reserve Classification	Reserve and Resource	
Reliability Categories	Reserve (Proven and Probable) Resource (Measured and Indicated)	Measured Resources and Proven Reserves Only Considered if located with 0.75 miles of a quality location or 0.25 miles of an active mining section. Further, Measured Resources and Proven Reserves Must be Located with 0.25 miles of a point of observation or active section.
Effective Date of Resource Estimate	December 31, 2021	Coal resources were updated for depletion based on information from Warrior Met. Effective date for coal resources is as of December 31, 2021.
Effective Date of Reserve Estimate	December 31, 2021	Coal reserves were updated for depletion based on information from Warrior Met. Effective date for coal reserves is as of December 31, 2021.
Seam Density	Variable, dependent upon seam characteristics (based on available drill hole quality).	
• Underground-Mineable Criteria		
Map Thickness	Total seam thickness	
Minimum Seam Thickness	4.5 feet	
Minimum Mining Thickness	5.0 Feet for Longwall 7.0 Feet for Continuous Mining	
Minimum In-Seam Wash Recovery	Accounted for in seam thickness cutoffs. Minimum Annual Wash Recovery (inclusive of dilution) of approximately 30%. LOM Average = 47%.	
Wash Recovery Applied to Coal Reserves	Based on average yield for drill holes within reserve area and simulated plant models to produce a 10.2-percent ash product.	

Figure 11-1: Histogram of the Total Seam Thickness for the Mary Lee and Blue Creek Seams Present in the Mine-7 Complex

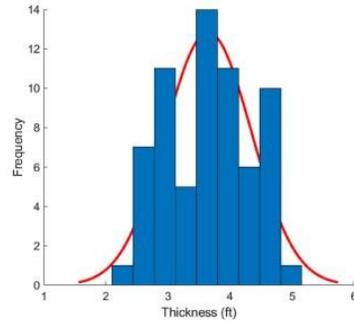
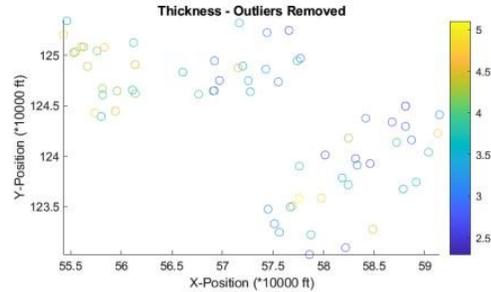
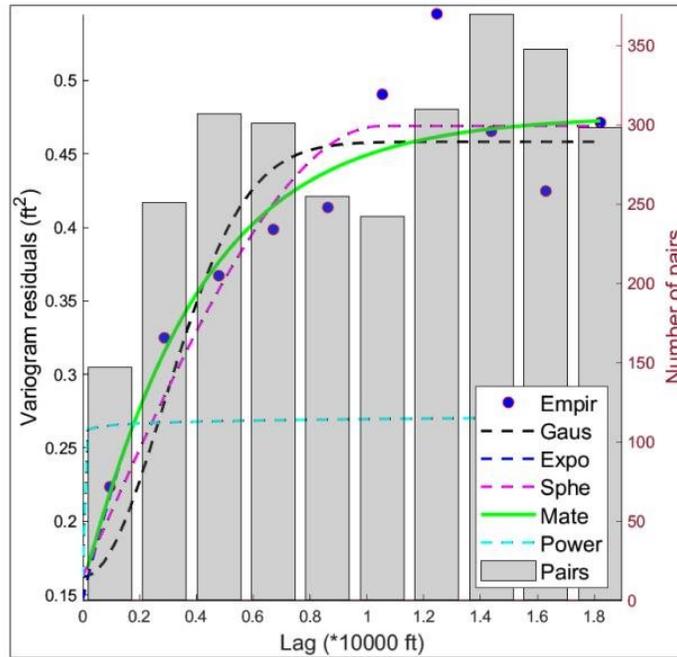


Figure 11-2: Scatter plot of the Total Seam Thickness for the Mary Lee and Blue Creek Seams Present in the Mine-7 Complex



Following the completion of data processing, a variogram of the data set was created, *Figure 11-3*. The variogram plots average square difference against the separation distance between the data pairs. The separation distance is broken up into separate bins defined by a uniform lag distance (e.g., for a lag distance of 499 feet the bins would be 0 – 499 feet, 502 – 1,000 feet, etc.). Each pair of data points that are less than one lag distance apart are reported in the first bin. If the data pair is further apart than one lag distance but less than two lag distances apart, then the variance is reported in the second bin. The numerical average for differences reported for each bin is then plotted on the variogram. Care was taken to define the lag distance in such a way as to not overestimate any nugget effect present in the data set. Lastly, modeled equations, often spherical, gaussian, or exponential, are applied to the variogram in order to represent the data set across a continuous spectrum.

Figure 11-3: Variogram of the Total Seam Thickness for the Mary Lee and Blue Creek Seams Present in the Mine-7 Complex



The estimation variance is then calculated using information from the modeled variogram as well as charts published by Journel and Huijbregts (1978). This value estimates the variance from applying a single central measurement to increasingly larger square blocks. Care was taken to ensure any nugget effect present was added back into the data. This process was repeated for each test block size.

The final step of the process is to calculate the global estimation variance. In this step the number square blocks that would fit inside the selected study area is determined for each block size that was investigated in the previous step. The estimation variance is then divided by the number of blocks that would fit inside the study area for each test block size. Following this determination, the data is then transformed back to represent the relative error in the 95th-percentile range.

Figure 11-4 shows the results of the DHSA performed on the Blue Creek seam data for Mine No. 7. DHSA provides hole to hole spacing values, these distances need to be converted to radius from a central point in order to compare to the historical standards. A summary of the radius data is shown below in Table 11-2. DHSA prescribes measured, indicated, and inferred drill hole spacings be determined at the 10-percent, 20-percent, and 50-percent levels of relative error, respectively.

Figure 11-4: Result of DHSA for the Mary Lee and Blue Creek Seams Present in the Mine-7 Complex

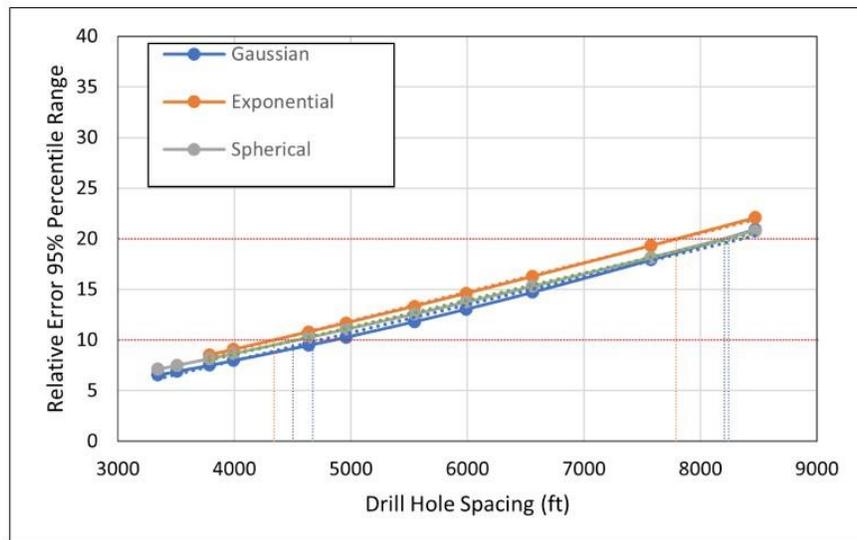


Table 11-2: DHSA Results Summary for Radius from a Central Point

Model:	Measured Radial Distance (10% Relative Error) (mi)	Indicated Radial Distance (20% Relative Error) (mi)	Inferred Radial Distance (50% Relative Error) (mi)
Gaussian:	0.44	0.78	1.80
Spherical:	0.43	0.78	1.83
Exponential:	0.41	0.74	1.72

Comparing the results of the DHSA to the historical standards, it is evident that the historical standards are more conservative than even the most conservative DHSA model with regards to determining measured resources. The Exponential model recommends using a radius of 0.41 miles for measured resources compared to the historical value of 0.25 miles. With respect to indicated resources the DHSA falls in line closely with the historical standards. The Gaussian and Spherical models recommend using a radius 0.78 miles, while the Exponential model recommends a radius of 0.74 miles. These values align closely with the historical radius of 0.75 miles. These results have led the QP's to report the data following the historical classification standards, rather than use the results of the DHSA.

11.1.1.1 Additional Commentary on Measured and Indicated Breakdowns

As previously mentioned, Warrior Met's exploration dataset is unique in that it includes data derived from low-resolution and higher-resolution geophysical logs. Although the low-resolution data is not used for geological modeling to support resource and reserve calculations, it is valuable to confirm the presence or absence of the subject coal beds. To account for the unique combination of data available



for geological modeling and reserve definitions, the following assumptions have been made by the report authors to derive Measured and Indicated resource (and subsequently, Proven and Probable reserve) criteria.

1. Coal tonnes must be located within ¼ mile (3,960-feet) of an exploration drillhole with quality information or ¼ mile (1,480 feet) from active mine workings to be considered “Measured” (and “Proven”) status. Coal tonnes located outside of this ¼ mile buffer are only considered for “Indicated” (and “Probable”) status.
2. Once applying a ¼ mile (3,960-feet) buffer to quality-based data and mine works, coal tonnes must be located with ¼ mile of any point of observation to have “Measured” (and “Proven”) status, including gas wells.
3. “Indicated” (and “Probable”) coal tonnes represent those tonnes located within the ¼-mile buffer from quality-based information yet are located between ¼ and ¾ mile from any point of observation, including gas wells.
4. “Indicated” (and “Probable”) coal tonnes also reflect those tonnes located outside of the ¼-mile buffer from quality-based points and are located within ¾ mile from any point of observation.
5. Inferred tonnes are not applicable to this exercise, as all tonnes meet the aforementioned “Measured” and “Indicated” criteria.

11.2 Qualified Person’s Estimates

Mineral resources, representing in-situ coal in which a portion of reserves are derived, are presented below. Based on the work described and detailed modelling of the areas considering all the parameters defined, a coal resource estimate, summarized in *Table 11-3*, was prepared as of December 31, 2021, for property controlled by Warrior Met. Resources are presented *inclusive* of coal reserves, not in addition to coal reserves. Resources represent in-place coal tonnages *exclusive* of the interburden, but inclusive of any high-ash partings within the Mary Lee and Blue Creek coal seams. As such, in-situ tonnages and quality as presented in Table 1-1 reflect the inclusion of high-ash partings which is ultimately removed after mining during coal preparation.

Table 11-3: Coal Resources Summary as of December 31, 2021

Seam	Coal Resource (Dry Tonnes, In Situ, Mt)				Resource Quality (Dry)		
	Measured	Indicated	Inferred	Total	Ash%	Sulfur%	VM%
Mary Lee	17.0	5.2	0.0	22.2	-	-	-
Blue Creek	54.4	14.5	0.0	68.9	-	-	-
Grand Total	71.4	19.6	0.0	91.1	19.0	1.0	20

*Note: Resource tonnes are inclusive of reserve tonnes since they include the in-situ tonnes from which recoverable coal reserves are derived.
 Note 2: Coal resources are reported on a dry basis, inclusive of high-ash partings which are ultimately removed during coal preparation.
 Surface moisture and inherent moisture are excluded.*

12 Mineral Reserve Estimates

12.1 Assumptions, Parameters and Methodology

Coal Reserves are classified as *proven* or *probable* considering “modifying factors” including mining, metallurgical, economic, marketing, legal, environmental, social, and governmental factors.

- > **Proven Coal Reserves** are the economically mineable part of a measured coal resource, adjusted for diluting materials and allowances for losses when the material is mined. It is based on appropriate assessment and studies in consideration of and adjusted for reasonably assumed modifying factors. These assessments demonstrate that extraction could be reasonably justified at the time of reporting.
- > **Probable Coal Reserves** are the economically mineable part of an indicated coal resource, and in some circumstances a measured coal resource, adjusted for diluting materials and allowances for losses when the material is mined. It is based on appropriate assessment and studies in consideration of and adjusted for reasonably assumed modifying factors. These assessments demonstrate that extraction could be reasonably justified at the time of reporting.

Upon completion of delineation and calculation of coal resources, MM&A generated a LOM plan for the Property based upon LOM Projections provided by Warrior Met. The footprint of the LOM plan is shown on the resource maps in *Figure 7-1*. The mine plan was generated based on the forecasted mine plans and permit plans provided by Warrior Met with modifications by MM&A where necessary due to current property control limits, modifications to geologic mapping, or other factors determined during the evaluation.

Carlson Mining software was used to generate the LOM plan for Mine No. 7. The mine plan was sequenced based on productivity schedules provided by Warrior Met. MM&A judged the productivity estimates and plans to be reasonable based on experience and current industry practice and Warrior Met’s historical performance at Mine No. 7.

At Mine No. 7, a minimum mining height of 5-feet was used for longwall mining methods and 7-feet for continuous mining methods. For coal seams thinner than the assigned mining height, the difference between the coal seam height and assigned mining height consists of OSD. Mine recovery generally varies between 30 and 40 percent for continuous mining panels, and 100 percent for longwall. Plant recovery is a function of in-seam recovery, OSD and adjustments to produce a 10.2-ash product. Typical entry width is 20 feet.

Raw, ROM production data outputs from LOM plan sequencing were processed into Microsoft® EXCEL spreadsheets and summarized on an annual basis for processing into the economic model. Average seam densities were estimated to determine raw coal tonnes produced from the LOM plan. Average mine recovery and wash recovery factors were applied to determine coal reserve tonnes.



Coal reserve tonnes in this evaluation are reported at a 10.0-percent moisture and represent the saleable product from the Property.

Pricing data as provided by Warrior Met is described in *Section 16.2*. The pricing data assumes an FOB Railcar or barge price of approximately \$244 per metric tonne for calendar year 2022. The price decreases to approximately \$133 per metric tonne in 2023 then increases annually based on the most recent supply and demand forecast utilized in developing sales realization estimates.

The coal resource mapping and estimation process, described in the report, was used as a basis for the coal reserve estimate. Proven and probable coal reserves were derived from the defined coal resource considering relevant processing, economic (including technical estimates of capital, revenue, and cost), marketing, legal, environmental, socio-economic, and regulatory factors and are presented on a moist, recoverable basis.

As is customary in the US, the categories for proven and probable coal reserves are based on the distances from valid points of measurement as determined by the QP for the area under consideration. For this evaluation, measured resource, which may convert to a proven reserve, is based on a 0.25-mile radius from a valid point of observation.

Points of observation include exploration drill holes, degas holes, and mine measurements which have been fully vetted and processed into a geologic model. The geologic model is based on seam depositional modeling, the interrelationship of overlying and underlying strata on seam mineability, seam thickness trends, the impact of seam structure (i.e., faulting), intra-seam characteristics, etc. Once the geologic model was completed, a statistical analysis, described in *Section 11.1.1* was conducted and a 0.25-mile radius from a valid point of observation was selected to define Measured Resources.

Likewise, the distance between 0.25 and 0.75 of a mile radius was selected to define Indicated Resources. Indicated Resources may convert to Probable Reserves.

There are no Inferred Resources (greater than a 0.75-mile radius from a valid point of observation) at Mine No. 7.

12.2 Qualified Person's Estimates

Reserve tonnage estimates provided herein report coal reserves derived from the in-situ resource tonnes presented in *Table 11-3*, and not in addition to coal resources. Proven and probable coal reserves were derived from the defined coal resource considering relevant mining, processing, infrastructure, economic (including estimates of capital, revenue, and cost), marketing, legal, environmental, socio-economic and regulatory factors. The coal reserves, as shown in *Table 12-1*, are based on a technical evaluation of the geology and a preliminary feasibility study of the coal deposits. The extent to which the coal reserves may be affected by any known environmental, permitting, legal,



title, socio-economic, marketing, political, or other relevant issues has been reviewed rigorously. Similarly, the extent to which the estimates of coal reserves may be materially affected by mining, metallurgical, infrastructure and other relevant factors has also been considered.

Table 12-1: Coal Reserve Summary

Seam	Demonstrated Coal Reserves (Wet Tonnes, Washed or Direct Shipped, Mt)			By Control Type		Quality (Dry Basis)		
	By Reliability Category			Owned	Leased	Ash%	Sulfur%	VM%
	Proven	Probable	Total					
Mary Lee	5.3	1.0	6.3	0.0	6.3	-	-	-
Blue Creek	34.3	10.1	44.4	0.0	44.4	-	-	-
Total	39.6	11.1	50.7	0.0	50.7	10.2	0.7	22

Note 1: Marketable reserve tons are reported on a moist basis, including a combination of surface and inherent moisture. The combination of surface and inherent moisture is modeled at 10-percent, comparable to Warrior Met's current product moisture. Actual product moisture is dependent upon multiple geological factors, operational factors, and product contract specifications.

The results of this TRS define an estimated 50.7 Mt of proven and probable marketable coal reserves. Of that total, 78 percent are proven, and 22 percent are probable. All of the Mine No. 7 reserves are leased and are considered suitable for the metallurgical coal market, and all of the reserves are assigned.

12.3 Qualified Person's Opinion

The estimate of coal reserves was determined in accordance with SEC standards.

The LOM mining plan for Mine No. 7 was prepared to the level of preliminary feasibility. Mine projections were prepared with a timing schedule to match production with coal seam characteristics. Production timing was carried out from current locations to depletion of the coal reserve area. Coal reserve estimates could be materially affected by the risk factors described in *Section 22.2*.

Based on the preliminary feasibility study and the attendant economic review, MM&A believes this is a fair and accurate estimation of Mine No. 7 coal reserves.

13 Mining Methods

13.1 Geotechnical and Hydrologic Issues

The mining plan for Mine No. 7 was developed by Warrior Met and modified by MM&A to fit property constraints. Mine geometry, including pillar sizing and panel sizing is typical of ranges currently utilized by Warrior Met in its active operations. Mine recoveries in engineering mining projections are typical of those currently achieved by Warrior Met. MM&A does not anticipate insurmountable challenges with regards to geotechnical issue at the operations based upon 1) Warrior's (and predecessor's)



historic success in high resource recovery; 2) Consistent geological criteria in future mining areas and 3) ongoing exploration programs to mitigate risks related to geological and geotechnical (fault) issues.

Pillar stability was tested by MM&A using the *Analysis of Coal Pillar Stability (ACPS)* program that was developed by the **National Institute for Occupational Safety and Health (NIOSH)**. MM&A reviewed the results from the ACPS analysis and considered them in the development of the LOM plan.

Hydrology has not been a material issue of concern at Mine No. 7. Mining of future reserves is projected to occur in areas which exhibit similar hydrogeological characteristics as those formerly mined areas.

13.2 Production Rates

Mine No. 7 is currently active with two longwalls supported by continuous mining units. The mine plan and productivity expectations reflect historical performance and efforts have been made to adjust the plan to reflect future conditions. MM&A is confident that the mine plan is reasonably representative to provide an accurate estimation of coal reserves. Mine development and operation have not been optimized within the TRS. Rather, the plan is developed at the Pre-Feasibility level to gain a realistic estimate of potential operational and capital costs to demonstrate the economic viability of the subject reserves.

Productivity for continuous mining sections and continuous miner sections reflect typical rates incurred in the region. At steady state, the mine produces approximately 4.6 million clean tonnes per year.

Carlson Mining software was used by MM&A to generate the mine plan for the underground mineable coal seams. The mine plan was sequenced based on productivity schedules provided by Warrior Met, which were based on historically achieved productivity levels. All production forecasting ties assumed production rates to geological models as constructed by MM&A's team of geologists and mining engineers.

13.3 Mining Related Requirements

Although the continuous miner sections are significantly more expensive to operate on a cost-per-tonne basis, they are necessary to open up areas of the mine by developing main entries and gate roads in preparation for the longwall. The LOM plan included in this TRS requires six continuous mining support sections operating until 2027, then reducing until the last section finishes development in 2032.

13.4 Required Equipment and Personnel

Mine No. 7, along with Mine No. 4, are currently Warrior Met's only longwall operations. The longwall shearing machines are used for extraction of coal at the production face. A chain conveyor is used to remove coal from the longwall face for discharge onto the conveyor belt which then ultimately delivers it to the skip system. Development for the longwalls is conducted by the extraction of coal from the production faces using continuous miners and haulage using shuttle cars to a feeder-breaker located



at the tail of the section conveyor belt. The feeder-breaker crushes large pieces of coal and rock and regulates coal feed onto the mine conveyor. Roof-bolting machines are used to support the roof on the development sections of the longwall mine and battery scoops are available to clean the mine entries and assist in delivery of mine supplies to work areas. Other supplemental equipment such as personnel carriers, supply vehicles, etc., are also used daily.

Mine conveyors typically range in width up to 6 feet. Multiple belt flights are arranged in series to deliver raw coal to the underground storage. Along the main and sub-main entries and panels, a travel way is provided for personnel and materials by rubber-tired equipment or on rail. A skip system is used to transport ROM coal from the underground storage bunker to the surface where the coal may be sampled, crushed and washed in the preparation plant and stockpiled to await shipment.

Surface ventilation fans are installed as needed to provide a sufficient volume of air to ventilate production sections, coal haulage and transport entries, battery charging stations, and transformers in accordance with approved plans. High-voltage cables deliver power throughout the mine where transformers reduce voltage for specific equipment requirements. *The Mine Improvement and New Emergency Response Act of 2006 (MINER Act)* requires that carbon monoxide detection systems be installed along mine conveyor belts and that electronic two-way tracking and communications systems be installed throughout the underground mine. Water is required to control dust at production sections and along conveyor belts, and to cool electric motors. Water is available from nearby sources and is distributed within the mine by pipelines as required. At steady state, the mine is projected to employ approximately 700 employees.

When needed, Warrior Met utilizes contractors to conduct in-mine horizontal drilling for degasification ahead of mining. Locally, coalbed methane has been produced extensively from surface-based degasification wells.

14 Processing and Recovery Methods

14.1 Description or Flowsheet

There are two preparation plants associated with the No. 7 Mine production. The No. 7 Mine Preparation Plant has a capacity to process 1,260 raw tonnes per hour. The second plant is located at the No. 5 Mine portal site and coal is transported to that location via an overland conveyor belt installed specifically to access the No. 5 Preparation Plant. The No. 5 Plant has a capacity to process 900 raw tonnes per hour. Both plants are capable of cleaning with cyclones, spirals/reflux classifiers, and flotation circuits.



14.2 Requirements for Energy, Water, Material and Personnel

Personnel have historically been sourced from the surrounding communities in Tuscaloosa, Jefferson and Bibb Counties, and have proven to be adequate in numbers to operate the mine. As mining is common in the surrounding areas, the workforce is generally familiar with mining practices, and many are experienced miners.

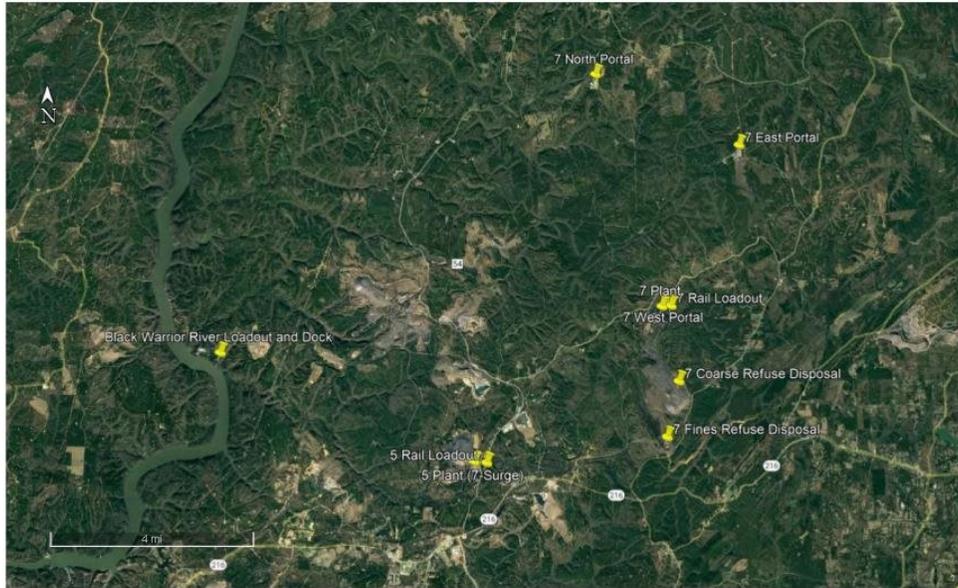
The Mine No. 7 Complex has sources of water, power, personnel, and supplies readily available for use. Water is sourced locally from a combination of municipal and freshwater sources. Electricity is sourced from Alabama Power. The service industry in the areas surrounding the mine complex has historically provided supplies, equipment repairs and fabrication, etc.

15 Infrastructure

The Warrior Met-owned Mine No. 7 Preparation Plant receives coal from the mine via a skip hoist system which transports extracted coal from an underground bunker to the surface facility. The No. 5 preparation plant is also used to process coal which is transported from the No. 7 plant via an overland conveyor. Rail and barges serve as the primary means of transportation from the plants.

As an active operation, the necessary support infrastructure for Mine No. 7 is in place. In addition to the plant and loadout, there are also portal facilities, including personnel access to the mine and ventilation fans. A photo of the existing facilities is shown in *Figure 15-1*.

Figure 15-1: Mine No. 7 Surface Facilities



16 Market Studies

16.1 Market Description

The quality characteristics for the subject coal resources and coal reserves have been reviewed in detail by MM&A. The drill hole data was utilized to develop average coal quality characteristics for the mine site.

Current typical quality specifications for the Mine No. 7 products are as shown in *Table 16-1*. This information was provided by Warrior Met and reflects average shipment quality for 2021.

Table 16-1: 2021 Average Product Quality

	Mine No. 7
Moisture (%)	10.50%
Ash (% dry basis)	10.22%
Sulfur (% dry basis)	0.70%
Volatile Matter (% dry basis)	20.76%
Phosphorus (% dry basis)	0.0438%

All of the mine's production serves the metallurgical markets, which is currently marketed as a metallurgical product and priced according to the PLV.

16.2 Price Forecasts

Warrior Met provided MM&A with price forecasts based on the PLV forecast through 2030. Pricing was held constant beyond that date. Historically, the price received for this coal has reportedly varied plus or minus several percent from the PLV pricing depending on short-term demand or quality adjustments; for the purpose of this study, 98 percent of the PLV was used. To develop the Price received FOB the Barge or Railcar, transportation and loading were backed out of the FOB vessel price. The adjusted pricing is detailed in *Table 16-2*. As noted in discussions of coal quality, volatile percentages are anticipated to slightly increase over time at Mine No. 7. Warrior Met does not anticipate such variations to be of material significance to modify the PLV price basis.

Table 16-2: Adjusted Pricing (per tonne)

	LOM	2022	2023	2024	2025
Price FOB Vessel	\$184.08	\$276.00	\$156.00	\$157.00	\$157.00
Transportation	\$25.30	\$31.55	\$22.96	\$23.07	\$23.07
Revenue FOB Rail or Barge	\$158.78	\$244.45	\$133.04	\$133.93	\$133.93
	2026	2027	2028	2029	2030
Price FOB Vessel	\$162.00	\$178.00	\$184.00	\$188.00	\$191.00
Transportation	\$23.60	\$25.17	\$25.56	\$25.82	\$26.02
Revenue FOB Rail or Barge	\$138.40	\$152.83	\$158.44	\$162.18	\$164.98
	2031	2032	2033	2034	2035
Price FOB Vessel	\$191.00	\$191.00	\$191.00	\$191.00	\$191.00
Transportation	\$26.02	\$26.02	\$26.02	\$26.02	\$0.00
Revenue FOB Rail or Barge	\$164.98	\$164.98	\$164.98	\$164.98	\$0.00

16.3 Contract Requirements

Some contracts are necessary for successful marketing of the coal. For Mine No. 7, since all mining, preparation and marketing is done in-house, the remaining contracts required include:

- > **Transportation** – The mine’s contracts with the railroad and transportation companies for barges on the Black Warrior River to transport the coal to either the domestic customers or to the Mobile export terminal for overseas shipment.
- > **Handling** – Contracts for loading vessels for export sales are necessary. These are typically handled by annual negotiations based on projected shipments.
- > **Sales** – Sales contracts are a mix of spot and contract sales.



17 Environmental Studies, Permitting and Plans, Negotiations or Agreements with Local Individuals

17.1 Results of Studies

MM&A has not conducted environmentally based services or studies for Warrior Met. Permitting activities are managed internally by Warrior Met.

17.2 Requirements and Plans for Waste Disposal

Based on data provided by Warrior Met, the current Mine No. 7 plant coarse refuse disposal site adjacent to the preparation plant has a capacity of 7.0 million cubic yards as currently designed. Warrior Met projects that the current coarse impoundment has a remaining life of 3.3 years. Planned permitting (targeting submittal in 2023) has identified an additional 43-million yards of capacity, equating to 20.6 years.

Additionally, Warrior Met reports that currently active and permitted fines disposal sites have a remaining capacity of 3,600 acre-ft, equivalent to 6.2 years of capacity.

Warrior Met reports that the Mine No. 5 plant currently has a coarse refuse capacity of 975,000 yards, with a permit pending for an additional 40,000 yards. This equates to a remaining capacity of 39 years. Mine No. 5's remaining fines capacity is approximately 2,500 acre-ft, equal to 7.6 years.

17.3 Permit Requirements and Status

All mining operations are subject to federal and state laws and must obtain permits to operate mines, coal preparation and related facilities, haul roads, and other incidental surface disturbances necessary for mining to occur. Permits generally require that the permittee post a performance bond in an amount established by the regulatory program to provide assurance that any disturbance or liability created during mining operations is properly restored to an approved post-mining land use and that all regulations and requirements of the permits are fully satisfied before the bond is returned to the permittee. Significant penalties exist for any permittee who fails to meet the obligations of the permits including cessation of mining operations, which can lead to potential forfeiture of the bond. Any company, and its directors, owners and officers, which are subject to bond forfeiture can be denied future permits under the program.¹

New permits or permit revisions will occasionally be necessary to facilitate the expansion or addition of new mining areas on the property, such as amendments to existing permits and new permits for mining of reserve areas. Exploration permits also are required. Property under lease includes provisions for exploration among the terms of the lease. New or modified mining permits are subject

¹ Monitored under the Applicant Violator System (AVS) by the Federal Office of Surface Mining.



to a public advertisement process and comment period, and the public is provided an opportunity to raise objections to any proposed mining operation. MM&A is not aware of any specific prohibition of mining on the subject property and given sufficient time and planning, Warrior Met should be able to secure new permits to maintain its active mining operation within the context of current regulations. Necessary permits are in place to support current production on the Property. Portions of the Property are located near local communities.

Warrior Met has obtained all mining and discharge permits to operate the mine and processing, loadout, or related facilities. MM&A is unaware of any obvious or current Warrior Met permitting issues that are expected to prevent the issuance of future permits or permit revisions. Mine No. 7, along with all coal producers, is subject to a level of uncertainty regarding future clean water permits due to **United States Environmental Protection Agency (EPA)** involvement with state programs.

Future permitting activities will be required for additional refuse expansion as summarized in the preceding report section. A portion of these permits are underway, but additional permitting will be required to secure ample refuse storage capacity to mine and process all future reserves on the property.

The active mining permits currently held by Warrior Met are shown in *Table 17-1*.



Table 17-1: Mine No. 7 Mining Permits

Facility Name	Issuing Agency	Permit Number	Permit Type	Permit Expiration	Comments
Mine No. 5	ASMC	P-3256	Mining Permit	3/1/2023	
Mine No. 7	ASMC	P-3247	Mining Permit	3/1/2023	
Mine No. 7	ADEM	AL0029181	NPDES	2/28/2026	
Blue Creek Energy Mine No. 1	ADEM	AL0081477	NPDES	5/6/2016	Renewal Under Review
Barge Loading Facility	ADEM	AL0075558	NPDES	1/31/2022	Renewal Under Review
Central Shop	ADEM	ALG140042	General Storm Water	9/30/2022	
Barge Loading Facility	USACE	AL02-00696-L	LOP	Unknown	
Barge Loading Facility	USACE	ALG02-00697-L	LOP	Unknown	
Mine No. 5	MSHA	01-01322	Mine ID	N/A	
Mine No. 7	MSHA	01-01401	Mine ID	N/A	
Central Shop	MSHA	01-02515	Mine ID	N/A	
Central Supply	MSHA	01-03193	Mine ID	N/A	



17.4 Local Plans, Negotiations or Agreements

The workforce at Mine No. 7 is represented by the **United Mine Workers of America (UMWA)**. As of the effective date of this report, the unionized labor force at Mine No. 7 is on strike. This TRS makes no attempt to estimate the remaining duration of the strike, as MM&A is not privy to the status of negotiations between the UMWA and Warrior Met. Production rates and schedules expressed in this TRS are generalized and are intended to reflect reasonable expectations of performance through the utilization of a well-trained workforce.

17.5 Mine Closure Plans

Applicable regulations require that mines be properly closed, and reclamation commenced immediately upon abandonment. In general, site reclamation includes removal of structures, backfilling, regrading, and revegetation of disturbed areas. Sediment control is required during the establishment of vegetation, and bond release generally requires a minimum five-year period of site maintenance, water sampling, and sediment control following mine completion and rough grading. For most mines, unless special issues arise, reclamation and monitoring costs continue for about 7 years after cessation of production. Reclamation of underground mines includes closure and sealing of mine openings such as portals and shafts in addition to the items listed above.

Estimated costs for mine closure for all the Mine No. 7 facilities plus the Mine No. 5 Preparation Plant and overland conveyor, including water quality monitoring during site reclamation, are included in the financial model. As with all mining companies, an accretion calculation is performed annually so the necessary Asset Retirement Obligations (ARO) can be shown as a liability on the balance sheet.

Costs have been included for closure of some existing facilities prior to exhaustion of the mine. As Bleeder shafts are determined to no longer be needed, they are sealed and as refuse disposal areas are filled and replaced, reclamation is done. The costs for this non-ARO reclamation work have been accrued for on a per-tonne basis in the model.

17.6 Qualified Person's Opinion

Mine No. 7 is an operating facility; all necessary permits for current production have been obtained. MM&A knows of no reason that any permit revisions that may be required cannot be obtained.

Estimated expenditures for site closure and reclamation are included in the financial model for this site.



18 Capital and Operating Costs

18.1 Capital Cost Estimate

The production sequence selected for a property must consider the proximity of each reserve area to coal preparation plants, river docks and railroad loading points, along with suitability of production equipment to coal seam conditions. Future needs were accounted for by utilizing a \$/tonne estimate for future mining.

MM&A assumes that major equipment rebuilds occur over the course of each machine's remaining assumed operating life. Based on detailed studies of similar mines and based on guidance from Warrior Met, MM&A has used a value of \$9.50 per saleable tonne mined for sustaining capital. This closely approximates Warrior Met's history. Project capital is assumed to be subject to stand-alone economic analysis prior to expenditure so it has not been included in this study. To reflect more typical spending patterns, as production winds down, sustaining capital is reduced to 75% in 2032, 25% in 2033, the penultimate year of production and eliminated in the final year.

For the purpose of calculating tax liability, it is necessary to forecast Depreciation. Sustaining Capital as it is purchased has been assumed to have an average depreciable life of 5 years. The current Asset inventory is assumed to depreciate on a decreasing basis by 2025.

18.2 Operating Cost Estimate

MM&A used a combination of historical information and detailed operating cost estimates from a recent study of a similar property in the region. Where necessary, operating costs were adjusted to reflect differences between this mine and the studied mine. Hourly labor rates and salaries were based upon regional information and expectations. Fringe-benefit costs were developed for vacation and holidays, federal and state unemployment insurance, retirement, workers' compensation and pneumoconiosis, casualty and life insurance, healthcare, and bonuses. A cost factor for mine supplies was developed that relates expenditures to mine advance rates for roof-control costs. Other mine-supply costs are typically related to factors such as feet of section advance, ROM tonnes mined, and days worked. Other factors were developed for maintenance and repair costs, rentals, mine power, outside services and other direct mining costs.

Operating costs factors were also developed for the coal preparation plant processing, refuse handling, coal loading, property taxes, and insurance and bonding. Appropriate royalty rates were assigned for production from leased coal lands, and sales related taxes were calculated for state severance taxes, the federal black lung excise tax, and federal and state reclamation fees.

Mandated sales related costs such as black lung excise tax are summarized in *Table 18-1*.

Table 18-1: Estimated Coal Production Taxes and Sales Costs

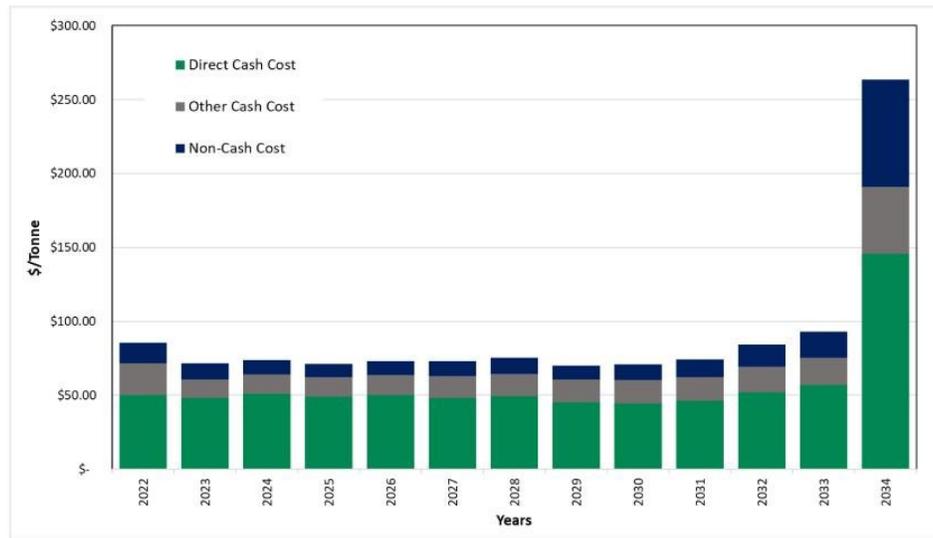
Description of Tax or Sales Cost	Basis of Assessment	Cost
Federal Black Lung Excise Tax - Underground	Per Tonne	\$1.21
Federal Reclamation Fees – Underground	Per Tonne (Moisture Adjusted)	\$0.123
Alabama Severance Tax	Per Tonne (Moisture Adjusted)	\$0.344
Royalties	Percentage of Revenue (FOB Mine)	8%

Notes:

1. Federal black lung excise tax is paid only on coal sold domestically. MM&A assumed 15% of total coal sales to be domestic in the economic analysis discussed below.

A summary of the projected operating costs is shown in *Figure 18-1*.

Figure 18-1: OPEX



19 Economic Analysis

19.1 Assumptions, Parameters and Methods

A pre-feasibility LOM plan was prepared by MM&A for the Mine No. 7 operation. MM&A prepared mine projections and production timing forecasts based on coal seam characteristics. Production timing was carried out to depletion (exhaustion) of the coal reserve areas, which is projected for the year 2034. All costs and prices are based on 2022 constant United States real dollars.

The mine plan, productivity expectations and cost estimates generally reflect historical performance by Warrior Met and efforts have been made to adjust plans and costs to reflect future conditions. MM&A



is confident that the mine plan and financial model are reasonably representative to provide an accurate estimation of coal reserves.

A capital forecast was developed by MM&A for mine development, infrastructure, and on-going capital requirements for the life of the mine. Staffing levels were prepared, and operating costs estimated by MM&A. MM&A utilized historical cost data provided by Warrior Met and its own knowledge and experience to estimate direct and indirect operating costs.

The preliminary feasibility financial model, prepared for this TRS, was developed to test the economic viability of the coal reserve areas. The results of this financial model are not intended to represent a bankable feasibility study, required for financing of any current or future mining operations, but are intended to prove the economic viability of the estimated coal reserves. All costs and prices are based on 2022 constant United States dollars.

On an unlevered basis, the NPV of the real cash flows after taxes was estimated for the purpose of classifying coal reserves. The cash flows, excluding debt service, are calculated by subtracting direct and indirect operating expenses and capital expenditures from revenue. Direct costs include labor, operating supplies, maintenance and repairs, facilities costs for materials handling, coal preparation, refuse disposal, coal loading, sampling and analysis services, reclamation and general and administrative costs. Indirect costs include statutory and legally agreed upon fees related to direct extraction of the mineral. The indirect costs are the federal black lung tax, federal reclamation taxes, property taxes, local transportation prior to delivery at rail or barge loading sites, coal production royalties, sales and use taxes, income taxes and State severance taxes. Warrior Met's historical costs provided a useful reference for MM&A's cost estimates.

Sales revenue is based on the metallurgical coal price information provided to MM&A by Warrior Met, based on the PLV forecast.

Projected debt service is excluded from the P&L and cash flow model to determine enterprise value.

The financial model expresses coal sales prices, operating costs, and capital expenditures in current day dollars without adjustment for inflation. Capital expenditures and reclamation costs are included based on estimates for the mine by year.

Warrior Met will pay royalties for the various current and projected operations. The royalty rates vary by mining method and location. The royalty rates for Mine No. 7 are estimated to be 8.0% of the sales revenue FOB the mine after deduction of all transportation and loading costs between the mine and the vessel.

The projection model also includes consolidated income tax calculations at the Warrior Met level, incorporating federal and state income taxes with an overall effective rate of 19%. To the extent the



mine generates net operating losses for tax purposes, the losses are assumed offset other corporate taxable income. The term “cash flows” is used in this report refer to after tax cash flows.

Consolidated cash flows are driven by annual sales tonnage, which averages 4.6 million tonnes per year from 2022 to 2032 where the second longwall finishes and the mine begins to ramp down, finishing in 2034. Projected revenue averages approximately \$731 million per year during the period 2022 to 2032. Revenue totals \$8.4 billion for the property’s life.

Consolidated cash flow from the operation is positive throughout the projected operating period, with the exception of post-production years, due to end-of-mine reclamation spending. Consolidated cash flow from the operation averages approximately \$388 million from 2022 to 2032 and totals \$4.1 billion over the mine life. Capital expenditures total \$484 million over the property’s life.

19.2 Results

The pre-feasibility financial model, prepared by MM&A for this TRS, was developed to test the economic viability of each coal resource area. The results of this financial model are not intended to represent a bankable feasibility study, as may be required for financing of any current or future mining operations contemplated but are intended to prove the economic viability of the estimated coal reserves. Optimization of the LOM plan was outside the scope of the engagement.

Table 19-1: Life-of-Mine Tonnage, P&L before Tax, and EBITDA

	Tonnes (000)	Pre-Tax P&L (\$000)	P&L per Tonne	EBITDA (\$000)	EBITDA per Tonne
Mine #7	52,681	\$4,350,109	\$82.57	\$4,945,994	\$93.89

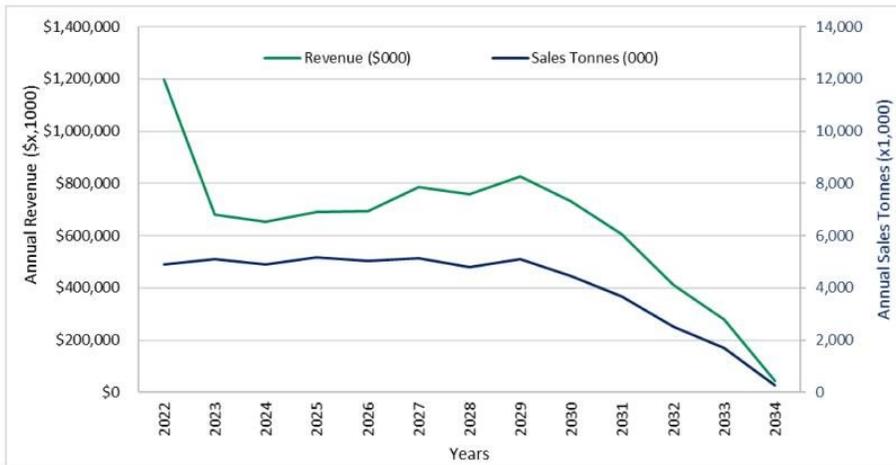
Note 1: The LOM model includes a small portion of tonnage contained within adverse tracts which are not included in reserve estimates.

Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as “reserve”. The exercise should not be construed to represent a valuation of Warrior Met’s holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met’s historical performance and MM&A’s knowledge of mine productivity and cost structures for comparable operations.

As shown in *Table 19-1*, Mine No. 7 shows positive EBITDA over the LOM. Overall, the Warrior Met consolidated operation shows positive LOM P&L and EBITDA of \$4.4 billion and \$4.9 billion, respectively.

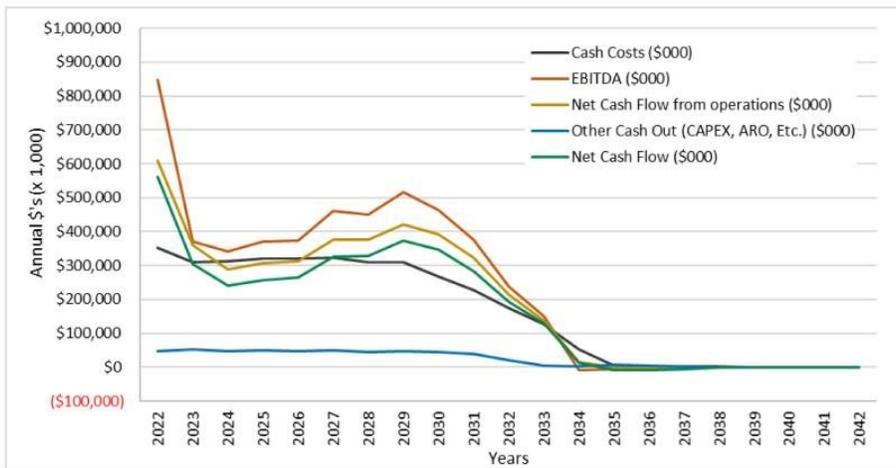
Warrior Met’s Mine No. 7 annual production and revenue are shown in *Figure 19-1* and the Mine’s after-tax cash flow summary in constant dollars, excluding debt service, is shown in *Figure 19-2* below.

Figure 19-1: Mine 7 Production and Revenue



Note 1: The LOM model includes a small portion of tonnage contained within adverse tracts which are not included in reserve estimates.
 Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

Figure 19-2: After-tax Cash Flow Summary (000)

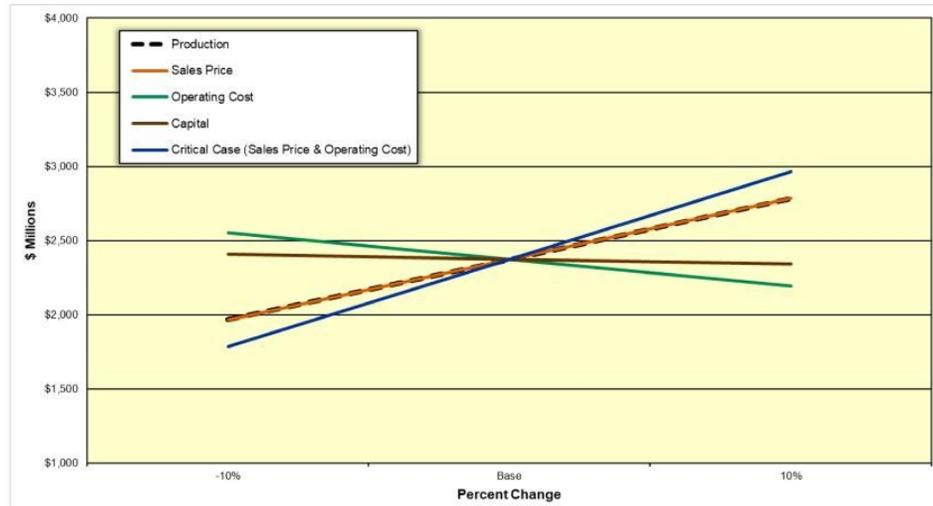


Note 1: The LOM model includes a small portion of tonnage contained within adverse tracts which are not included in reserve estimates.
 Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

19.3 Sensitivity

Sensitivity of the NPV results to changes in the key drivers is presented in the chart below. The sensitivity study shows the NPV at the 9% discount rate when base case sales prices, operating costs, and capital costs are increased and decreased within a +/- 10% range.

Figure 19-3: Sensitivity of NPV



Note: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings.

20 Adjacent Properties

20.1 Information used

Warrior Met's Mine No. 7 is located immediately adjacent (east) of Mine No. 4 and southeast of the Blue Creek Property. Exploration databases encompass all three of these holdings and serve as the basis for geological modeling.

21 Other Relevant Data and Information

MM&A has performed various technical studies of the Property over the past decade. MM&A utilized this former work as the basis of an updated study which meets those standards set forth by the SEC. Additionally, MM&A has a longstanding history of various geological and mining-based studies in the



Black Warrior Basin, with specific projects conducted for Warrior Met in several adjacent areas to the Property during due diligence activities. This experience was utilized in the development of this TRS.

22 Interpretation and Conclusions

22.1 Conclusion

Sufficient data have been obtained through various exploration and sampling programs and mining operations to support the geological interpretations of seam structure and thickness for coal horizons situated on the Property. The data is of sufficient quantity and reliability to reasonably support the coal resource and coal reserve estimates in this TRS.

The geological data and preliminary feasibility study, which consider mining plans, revenue, and operating and capital cost estimates are sufficient to support the classification of coal reserves provided herein.

This geologic evaluation conducted conjunction with the preliminary feasibility study is sufficient to conclude that the 50.7 Mt of marketable underground coal reserves identified on the Property are economically mineable under reasonable expectations of market prices for metallurgical coal products, estimated operation costs, and capital expenditures.

22.2 Risk Factors

Risks have been identified for operational, technical and administrative subjects addressed in the Pre-Feasibility Study. A risk matrix has been constructed to present the risk levels for all the risk factors identified and quantified in the risk assessment process.

The purpose of the characterization of the risk components is to inform the stakeholders of key aspects of the Warrior Met property that can be impacted by events whose consequences can affect the success of the venture. The significance of an impacted aspect of the operation is directly related to both the probability of occurrence and the severity of the consequences. The initial risk for a risk factor is herein defined as the risk level after the potential impact of the risk factor is addressed by competent and prudent management utilizing control measures readily available. Residual risk for a risk factor is herein defined as the risk level following application of special mitigation measures if management determines that the initial risk level is unacceptable. Initial risk and residual risk can be quantified numerically, derived by the product of values assigned to probability and consequence ranging from very low risk to very high risk.

The probability and consequence parameters are subjective numerical estimates made by practiced mine engineers and managers. Both are assigned values from 1 to 5 for which the value 1 represents the lowest probability and least consequence, and the value 5 represents the highest probability and

greatest consequence. The products, which define the Risk Level, are classified from very low to very high.

Risk Level Table (R = P x C)

Risk Level (R)
Very Low (1 to 2)
Low (3 to 5)
Moderate (6 to 11)
High (12 to 19)
Very High (20 to 25)

Risk aspects identified and evaluated during this assignment total 12. No residual risks are rated Very High. Two (2) residual risks are rated High. Four (4) of the risk aspects could be associated with Moderate residual risk. Six (6) of the risk aspects were attributed Low or Very Low residual risks.

22.2.1 Governing Assumptions

The listing of the aspects is not presumed to be exhaustive. Instead that listing is presented based on the experiences of the contributors to the TRS.

1. The probability and consequence ratings are subjectively assigned, and it is assumed that this subjectivity reasonably reflects the condition of the active and projected mine operations.
2. The control measures shown in the matrices presented in this chapter are not exhaustive. They represent a condensed collection of activities that the author of the risk assessment section has observed to be effective in coal mining scenarios.
3. Mitigation measures listed for each risk factor of the operation are not exhaustive. The measures listed, however, have been observed by the author to be effective.
4. The monetary values used in ranking the consequences are generally accepted quantities for the coal mining industry.

22.2.2 Limitations

The risk assessment proposed in this report is subject to the limitations of the information currently collected, tested, and interpreted at the time of the writing of the report.

22.2.3 Methodology

The numerical quantities (i.e., risk levels) attributable to either “initial” or “residual” risks are derived by the product of values assigned to probability and consequence ranging from very low risk to very high risk.



$$R = P \times C$$

Where: R = Risk Level
 P = Probability of Occurrence
 C = Consequence of Occurrence

The Probability (P) and Consequence (C) parameters recited in the formula are subjective numerical estimates made by practiced mine engineers and managers. Both P and C are assigned integer values ranging from 1 to 5 for which the value 1 represents the lowest probability and least consequence, and the value 5 represents the highest probability and greatest consequence. The products (R = P x C) which define the Risk Level, are thereafter classified from very low to very high.

Risk Level Table

Risk Level (R)
Very Low (1 to 2)
Low (3 to 5)
Moderate (6 to 11)
High (12 to 19)
Very High (20 to 25)

Very high initial risks are considered to be unacceptable and require corrective action well in advance of development. In short, measures must be applied to reduce very high initial risks to a tolerable level.

As shown and discussed above, after taking into account the operational, technical, and administrative actions that have been applied or are available for action when required, the residual risk can be determined. The residual risk provides a basis for the management team to determine if the residual risk level is acceptable or tolerable. If the risk level is determined to be unacceptable, further actions should be considered to reduce the residual risk to acceptable or tolerable levels to provide justification for continuation of the operation.

22.2.4 Development of the Risk Matrix

Risks have been identified for the technical, operational, and administrative subjects addressed in the TRS.

22.2.4.1 Probability Level Table

Table 22-1: Probability Level Table

Category	Probability Level (P)		
1	Remote	Not likely to occur except in exceptional circumstances.	<10%
2	Unlikely	Not likely to occur; small in degree.	10 - 30%
3	Possible	Capable of occurring.	30 - 60%
4	Likely	High chance of occurring in most circumstances.	60 - 90%
5	Almost Certain	Event is expected under most circumstances; impossible to avoid.	>90%



The lowest rated probability of occurrence is assigned the value of 1 and described as remote, with a likelihood of occurrence of less than 2 percent. Increasing values are assigned to each higher probability of occurrence, culminating with the value of 5 assigned to incidents considered to be almost certain to occur.

22.2.4.2 Consequence Level Table

Table 22-2 lists the consequence levels.

Table 22-2: Consequence Level Table

Correlation of Events in Key Elements of the Program to Event Severity Category							
Category	Severity of the Event	Financial Impact of the Event	Unplanned Loss of Production (Impact on Commercial Operations)	Events Impacting on the Environment	Events Affecting the Program's Social and Community Relations	Resultant Regulatory / Sovereign Risk	Events Affecting Occupational Health & Safety
1	Insignificant	< USD \$0.5 million	≤ 12 hours	Insignificant loss of habitat; no irreversible effects on water, soil and the environment.	Occasional nuisance impact on travel.	-	Event recurrence avoided by corrective action through established procedures (Engineering, guarding, training).
2	Minor	USD \$0.5 million to \$2.0 million	≤ 1 day	No significant change to species populations; short-term reversible perturbation to ecosystem function.	Persistent nuisance impact on travel. Transient adverse media coverage.	-	First aid – lost time. Event recurrence avoided by corrective action through established procedures.
3	Moderate	USD \$2.0 million to \$10.0 million	≤ 1 week	Appreciable change to species population; medium-term (≤10 years) detriment to ecosystem function.	Measurable impact on travel and water/air quality. Significant adverse media coverage / transient public outrage.	Uncertainty securing or retaining essential approval / license. Change to regulations (tax; bonds; standards).	Medical Treatment – permanent incapacitation. Avoiding event recurrence requires modification to established corrective action procedures.
4	Major	USD \$10.0 million to \$50.0 million	1 to 2 weeks	Change to species population threatening viability; long-term (>10 years) detriment to ecosystem function.	Long-term, serious impact on travel and use of water resources; degradation of air quality; sustained and effective public opposition.	Suspension / long-delay in securing essential approval / license. Change to laws (tax; bonds; standards).	Fatality. Avoiding event recurrence requires modification to established corrective action procedures and staff retraining.
5	Critical	>USD \$50.0 million	>1 month	Species extinction; irreversible damage to ecosystem function.	Loss of social license.	Withdraw / failure to secure essential approval / license.	Multiple fatalities. Avoiding event recurrence requires major overhaul of policies and procedures.

The lowest rated consequence is assigned the value of 1 and is described as Insignificant Consequence parameters include non-reportable safety incidents with zero days lost accidents, no environmental damage, loss of production or systems for less than one week and cost of less than USD \$0.5 million. Increasing values are assigned to each higher consequence, culminating with the value of 5 assigned to critical consequences, the parameters of which include multiple-fatality accidents, major environmental damage, and loss of production or systems for longer than six months and cost of greater than USD \$50.0 million.

Composite Risk Matrix $R = P \times C$ and Color-Code Convention

The risk level, defined as the product of probability of occurrence and consequence, ranges in value from 1 (lowest possible risk) to 25 (maximum risk level). The values are color-coded to facilitate identification of the highest risk aspects.

Table 22-3: Risk Matrix

P x C = R		Consequence (C)				
		Insignificant	Minor	Moderate	Major	Critical
		1	2	3	4	5
Probability Level (P)	Remote	1	2	3	4	5
	Unlikely	2	4	6	8	10
	Possible	3	6	9	12	15
	Likely	4	8	12	16	20
	Almost Certain	5	10	15	20	25

22.2.5 Categorization of Risk Levels and Color Code Convention

Very high risks are considered to be unacceptable and require corrective action. Risk reduction measures must be applied to reduce very high risks to a tolerable level.

22.2.6 Description of the Coal Property

The Mine No. 7 Complex is located in Jefferson and Tuscaloosa Counties, Alabama and operates a longwall section with supporting continuous mining sections. The operation is projected to continue in the present mode until reserves are depleted in 2034.

22.2.7 Summary of Residual Risk Ratings

Each risk factor is numbered, and a risk level for each is determined by multiplying the assigned probability by the assigned consequence. The risk levels are plotted on a risk matrix to provide a composite view of the Warrior Met risk profile. The average risk level is 6.3, which is defined as Moderate.

Table 22-4: Risk Assessment Matrix

Consequence	Critical	>\$50 MM	8,9				
	Major	\$10-50MM				6	
	Moderate	\$2-10 MM	1	4	3	11	
	Minor	\$0.5-\$2 MM	7,2	2	12	5	
	Low	<\$0.5 MM			10		
			<10% Remote	10-30% Unlikely	30-60% Possible	60-90% Likely	>90% Almost Certain

22.2.8 Risk Factors

A high-level approach is utilized to characterize risk factors that are generally similar across a number of active and proposed mining operations in the region. Risk factors that are unique to a specific operation or are particularly noteworthy are addressed individually.

22.2.8.1 Geological and Coal Resource

Coal mining is accompanied by risk that, despite exploration efforts, mining areas will be encountered where geological conditions render extraction of the resource to be uneconomic (such as faulting), or coal quality characteristics that may disqualify the product for sale into target markets.

Offsetting the geological and coal resource risk are the massive size of the controlled property which allows large areas to be mined in the preferred mine areas sufficiently away from areas where coal quality and/or mineability may be less favorable. This flexibility, combined with the extensive work done to define the reserve, reduces the risk at Mine No. 7 below that of other mine properties.

Table 22-5: Geological and Coal Resource Risk Assessment (Risks 1 and 2)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Recoverable coal tonnes recognized to be significantly less than previously estimated.	Reserve base is adequate to serve market commitments and respond to opportunities for many years. Local adverse conditions may increase frequency and cost of production unit relocations.	Previous and ongoing exploration and extensive regional mining history provide a high level of confidence of coal seam correlation, continuity of the coal seams, and coal resource tonnes.	2	3	6	Optimize mine plan to increase resource recovery; develop mine plan to provide readily available alternate mining locations to sustain expected production level.	1	3	3
Coal quality locally proves to be lower than initially projected.	If uncontrolled, production and sale of coal that is out of specification can result in rejection of deliveries, cancellation of coal sales agreements and damage to reputation.	Exploration and vast experience and history in local coal seams provide confidence in coal quality; limited excursions can be managed with careful product segregation and blending.	2	3	6	Develop mine plan to provide readily available alternate mining locations to sustain expected production level; modify coal sales agreements to reflect coal quality. Conduct additional drilling to lower risk associated with quality concerns in suspect areas.	1	2	2

22.2.8.2 Environmental

Water quality and other permit requirements are subject to modification and such changes could have a material impact on the capability of the operator to meet modified standards or to receive new permits and modifications to existing permits. Permit protests may result in delays or denials to permit applications.

Environmental standards and permit requirements have evolved significantly over the past 50 years and to-date, mining operators and regulatory bodies have been able to adapt successfully to evolving environmental requirements.

Table 22-6: Environmental (Risks 3 and 4)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Environmental performance standards are modified in the future.	Delays in receiving new permits and modifications to existing permits; cost of testing and treatment of water and soils	Work with regulatory agencies to understand and influence final standards; implement testing, treatment and other actions to comply with new standards.	3	4	12	Modify mining and reclamation plans to improve compliance with new standards while reducing cost of compliance.	3	3	9
New permits and permit modifications are increasingly delayed or denied.	Interruption of production and delayed implementation of replacement production from new mining areas.	Comply quickly with testing, treatment and other actions required; continue excellent compliance performance within existing permits.	2	4	8	Establish and maintain close and constructive working relationships with regulatory agencies, local communities and community action groups. Prepare and submit permits well in advance of needs.	2	3	6

22.2.8.3 Regulatory Requirements

Federal and state health and safety regulatory agencies occasionally amend mine laws and regulations. The impact is industry wide. Mining operators and regulatory agencies have been able to adapt successfully to evolving health and safety requirements.

Table 22-7: Regulatory Requirements (Risk 5)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Federal and state mine safety and health regulatory agencies amend mine laws and regulations.	Cost of training, materials, supplies and equipment; modification of mine examination and production procedures; modification of mining plans.	Participate in hearings and workshops when possible to facilitate understanding and implementation; work cooperatively with agencies and employees to facilitate implementation of new laws and regulations.	4	3	12	Familiarity and experience with new laws and regulations results in reduced impact to operations and productivity and improved supplies and equipment options.	4	2	8

22.2.8.4 Market and Transportation

Most of the current and future production is expected to be directed to domestic and international metallurgical markets. Historically the metallurgical markets have been cyclical and highly volatile.

Table 22-8: Market (Risk 6)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Volatile coal prices drop precipitously.	Loss of revenue adversely affects profitability; reduced cash flow may disrupt capital expenditures plan.	Cost control measures implemented; capital spending deferred.	4	5	20	High-cost operations closed, and employees temporarily furloughed.	4	4	16

Occasional delay or interruption of rail, river and terminals service may be expected. The operator can possibly minimize the impact of delays by being a preferred customer by fulfilling shipment obligations promptly and maintaining close working relationships. Multiple shipment means (rail and barge) helps minimize this risk.



Table 22-9: Transportation (Risk 7)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Rail or river transport is delayed; storage and shipping access at river and ocean terminals is not available.	Fulfillment of coal sales agreements delayed; limited coal storage at mines may increase cost of rehandling; production may be temporarily idled.	Provide adequate storage capacity at mines; coordinate continuously with railroad and shipping companies to respond quickly and effectively to changing circumstances.	2	3	6	Provide back-up storage facility along with personnel, equipment and rehandle plan to sustain production and fulfill sales obligations timely. Utilize multiple methods of transportation (rail & barge)	1	2	2

22.2.8.5 Mining Plan

Occupational health and safety risks are inherent in mining operations. Comprehensive training and retraining programs, internal safety audits and examinations, regular mine inspections, safety meetings, along with support of trained fire brigades and mine-rescue teams are among activities that greatly reduce accident risks. Employee health-monitoring programs coupled with dust and noise monitoring and abatement reduce health risks to miners.

As underground mines are developed and extended, observation of geological, hydrogeological and geotechnical conditions lead to modification of mine plans and procedures to enable safe work within the mine environment.

Highlighted below are selected examples of safety and external factors relevant to Warrior Met operations.

22.2.8.5.1 Methane Management

Coalbed methane is present in coal operations below drainage. Often the methane concentration in shallow coal seams is at such low levels that it can be readily managed with frequent testing and monitoring, vigilance, and routine mine ventilation. Very high methane concentrations may be present at greater depths, as experienced in the Mary Lee and Blue Creek seams at the Mine No. 7 Complex in Alabama. High methane concentrations may require degasification of the coal seams to assure safe mining. Mine No. 7 has operated safely for many years in one of the most intense methane environments in the United States through careful management of coal seam degasification, gob degasification and mine-ventilation procedures.



Table 22-10: Methane Management (Risk 8)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Methane hazard is present in mines operating below drainage.	Injury or loss of life; possible ignition of gas and mine explosion; potential loss of mine and equipment temporarily or permanently; additional mine fan, mine power, ventilation, monitoring and examination requirements.	Low to moderate levels can be managed with frequent examinations, testing and monitoring within the mine ventilation system. Excellent rock dust maintenance minimizes explosion propagation risk should an ignition occur.	2	5	10	Very high-level methane concentrations may require coal seam degasification and gob degasification if longwall or pillar extraction methods are employed.	1	5	5

22.2.8.5.2 Mine Fires

Mine fires, once common at mine operations, are rare today. Most active coal miners have not encountered a mine fire. Vastly improved mine power and equipment electrical systems, along with safe mine practices, reduce mine fire risks. Crew training and fire brigade support and training improve response for containment and control if a fire occurs. Spontaneous combustion within coal mines, which is the source of most fires that occur today, is not expected to occur at Mine No. 7.

Table 22-11: Mine Fires (Risk 9)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Mine fire at underground or operation.	Injury or loss of life; potential loss of mine temporarily or permanently; damage to equipment and mine infrastructure.	Inspection and maintenance of mine power, equipment and mine infrastructure; good housekeeping; frequent examination of conveyor belt entries; prompt removal of accumulations of combustible materials.	1	5	5	If spontaneous combustion conditions are present, enhanced monitoring and examination procedures will be implemented; mine design will incorporate features to facilitate isolation, containment and extinguishment of spontaneous combustion locations.	1	5	5

22.2.8.5.3 Availability of Supplies and Equipment

The industry has periodically experienced difficulty receiving timely delivery of mine supplies and equipment. Availability issues often accompanied boom periods for coal demand. Any future delivery of supplies and equipment delays are expected to be temporary with limited impact on production.



Table 22-12: Availability of Supplies and Equipment (Risk 10)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Disruption of availability for supplies and equipment.	Temporary interruption of production.	Force majeure provision in coal sales agreements to limit liability for delayed or lost sales.	3	2	6	Work closely with customers to assure delayed coal delivery rather than cancelled sales; monitor external conditions and increase inventory of critical supplies; accelerate delivery of equipment when possible.	3	1	3

22.2.8.5.4 Labor

Work stoppage due to labor protests are considered unlikely and are accompanied by limited impact should it occur. Excellent employee relations and communications limit the exposure to outside protesters. Loss of supervisors and skilled employees to retirement is inevitable; the impact can be lessened with succession planning and training and training and mentorship of new employees.

Table 22-13: Labor – Work Stoppage (Risk 11)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Work stoppage due to strikes, slowdowns or secondary boycott activity.	Loss of production and coal sales; damaged customer and employee relations; reputation loss.	Maintain excellent employee relations and communications; maintain frequent customer communications. Train salary employees for hourly tasks in case of long-term strike.	4	4	16	Develop plan for employee communications and legal support to minimize impact of secondary boycott activities.	4	3	12

Table 22-14: Labor – Retirement (Risk 12)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Retirement of supervisors and skilled employees.	Loss of leadership and critical skills to sustain high levels of safety, maintenance and productivity.	Monitor demographics closely and maintain communications with employees who are approaching retirement age; maintain employee selection and training programs.	3	3	9	Maintain selection of candidates and implementation of in-house or third-party training for electricians and mechanics; develop employee mentoring program.	3	2	6



23 Recommendations

Warrior Met is continuing to work both internally and with outside assistance to continue to further define their resource base and to optimize the LOM plan.

24 References

1. Various sources of geological information, including a digital exploration database, coal quality laboratory information, drillers' and geologists' logs, and geophysical logs.
2. Various engineering, permitting and mine plans as presented to MM&A by Warrior Met.
3. Various previous engineering and reserve reports conducted on behalf of Warrior Met by MM&A.
4. Publicly available information from various State and Federal agencies.
5. Various mapping information obtained via the public domain.

25 Reliance on Information Provided by Registrant

For the purpose of this TRS, MM&A utilized the Geological and Coal Quality data provided by Warrior Met. This information was subjected to verification of its integrity and completeness.

Historical productivity and operating costs were also supplied by Warrior Met. This information was combined with the experience and knowledge of the QP's to forecast the LOM plan.

Warrior Met supplied a long-term price forecast based on published benchmark pricing. This benchmark pricing was adjusted by Warrior Met to reflect the effects of quality and transportation borne after FOB plant costs were calculated.

A summary of the information provided by Warrior Met relied upon by MM&A for the purposes of this TRS is provided in *Table 25-1*.



Table 25-1: Information from Registrant Relied Upon by MM&A

Category	Information Provided by Warrior Met	Report Section
Legal	Mineral control and surface control rights as shown on maps	3.2, 3.3
Geological	Geologic data including digital databases and original source data including geologist logs, driller's logs, geophysical logs	9.1
Coal Quality	Database of coal quality information supplemented with original source laboratory sheets where available	10.1
Mining	Historical productivities and manpower from operating mines	13.2, 13.4
Coal Preparation	Flow sheet and other information representing current and future methods of coal processing	14.1
Marketing	Long-term price forecast used in financial projections and relevant transportation costs	16.2
Waste Disposal	Engineering data and estimates representing remaining capacities for coarse and fine coal waste disposal	17.2
Environmental	Permit and bonding information	17.3
Costs	Historical and budgetary operating cost information used to derive cost drivers for reserve financial modeling	18.2
Discount Rate	9% Discount Rate for NPV Derivation Provided by Warrior Met	19.1, 19.2, 19.3

APPENDIX

A

RESERVE TABLE



Warrior Met Coal, LLC

Mine #7 Evaluation

Underground Mineable Reserves as of December 31, 2021

Table 1 (Metric Tonnes)



Moisture 10% Washed recoverable tons shown on 10.0% moisture basis
Preparation Plant Efficiency 100% Included in Wash Recovery*

Seam	Tons/ Acre-ft.	Wash Recovery*	Resource Thickness		Resource Acres			In Place Tonnes			Clean, Moist, Demonstrated Tonnes			
			Measured	Indicated	Measured	Indicated	Total	Measured	Indicated	Total	Proven	Probable	Total	
Mine #7														
Area 1 Northwest (Leased)														
Continuous Mining	ML	2,039	63.85%	1.25	1.29	1,870	92	1,962	4,330,810	219,980	4,550,790	375,920	29,020	404,940
Longwall Mining	ML	2,039	63.85%									1,636,750	62,540	1,699,290
Continuous Mining	BC	1,971	72.33%	4.08	4.22	1,870	92	1,962	13,643,220	695,240	14,338,460	1,359,210	103,820	1,463,030
Longwall Mining	BC	1,971	72.33%									5,760,520	220,220	5,980,740
Total				5.33	5.51				17,974,030	915,220	18,889,250	9,132,400	415,600	9,548,000
Adverse														
Continuous Mining	ML	2,039	63.85%	1.26	0.00	6	0	6	14,850	0	14,850	3,380	0	3,380
Longwall Mining	ML	2,039	63.85%									1,330	0	1,330
Continuous Mining	BC	1,971	72.33%	4.24	0.00	6	0	6	48,150	0	48,150	12,390	0	12,390
Longwall Mining	BC	1,971	72.33%									4,940	0	4,940
Total				5.51	0.00				63,000	0	63,000	22,040	0	22,040
Area 2 North Central (Leased)														
Continuous Mining	ML	2,011	72.19%	1.11	1.17	1,941	395	2,336	3,931,380	845,040	4,776,420	215,310	70,180	285,490
Longwall Mining	ML	2,011	72.19%									2,396,680	469,100	2,865,780
Continuous Mining	BC	1,903	83.49%	3.44	3.75	1,941	395	2,336	11,524,750	2,558,990	14,083,740	731,400	248,470	979,870
Longwall Mining	BC	1,903	83.49%									8,137,390	1,635,210	9,772,600
Total				4.55	4.92				15,456,130	3,404,030	18,860,160	11,480,780	2,422,960	13,903,740
Adverse														
Continuous Mining	ML	2,011	72.19%	1.09	1.13	98	120	219	196,310	248,270	444,580	12,030	20,420	32,450
Longwall Mining	ML	2,011	72.19%									120,120	137,370	257,490
Continuous Mining	BC	1,903	83.49%	3.49	3.58	98	120	219	592,590	744,320	1,336,910	42,030	70,930	112,960
Longwall Mining	BC	1,903	83.49%									419,460	475,820	895,280
Total				4.58	4.71				788,900	992,590	1,781,490	593,640	704,540	1,298,180
Area 3 North East (Leased)														
Continuous Mining	ML	1,957	83.42%	1.43	1.40	3,439	1,650	5,090	8,741,740	4,093,030	12,834,770	641,960	390,550	1,032,510
Longwall Mining	ML	1,957	83.42%									0	0	0
Continuous Mining	BC	1,903	86.14%	3.51	3.44	3,439	1,650	5,090	20,824,140	9,792,880	30,617,020	1,545,720	934,860	2,480,580
Longwall Mining	BC	1,903	86.14%									13,309,200	6,236,010	19,545,210
Total				4.94	4.84				29,565,880	13,885,910	43,451,790	15,496,880	7,561,420	23,058,300
Adverse														
Continuous Mining	ML	1,957	83.42%	1.61	1.41	63	39	102	181,380	96,060	277,440	18,840	18,030	36,870
Longwall Mining	ML	1,957	83.42%									0	0	0
Continuous Mining	BC	1,903	86.14%	3.65	3.17	63	39	102	398,710	210,710	609,420	42,700	40,070	82,770
Longwall Mining	BC	1,903	86.14%									173,920	78,980	252,900
Total				5.26	4.58				580,090	306,770	886,860	235,460	137,080	372,540

Warrior Met Coal, LLC

Mine #7 Evaluation

Underground Mineable Reserves as of December 31, 2021

Table 1 (Metric Tonnes)



Moisture 10% Washed recoverable tons shown on 10.0% moisture basis
 Preparation Plant Efficiency 100% Included in Wash Recovery*

Seam	Tons/ Acre-ft.	Wash Recovery*	Resource Thickness		Resource Acres			In Place Tonnes			Clean, Moist, Demonstrated Tonnes				
			Measured	Indicated	Measured	Indicated	Total	Measured	Indicated	Total	Proven	Probable	Total		
Area 4 South (Leased)															
Continuous Mining	ML	0	0.00%	0.00	0.00	0	0	0	0	0	0	0	0	0	
Longwall Mining	ML	0	0.00%									0	0	0	
Continuous Mining	BC	2,107	60.43%	7.06	0.00	625	0	625	8,429,150	0	8,429,150	804,270	0	804,270	
Longwall Mining	BC	2,107	60.43%									2,677,310	0	2,677,310	
Total				7.06	0.00				8,429,150	0	8,429,150	3,481,580	0	3,481,580	
Adverse															
Continuous Mining	ML	0	0.00%	0.00	0.00	0	0	0	0	0	0	0	0	0	
Longwall Mining	ML	0	0.00%									0	0	0	
Continuous Mining	BC	2,107	60.43%	6.75	0.00	27	0	27	346,730	0	346,730	81,830	0	81,830	
Longwall Mining	BC	2,107	60.43%									0	0	0	
Total				6.75	0.00				346,730	0	346,730	81,830	0	81,830	
Area 7 Central (Leased)															
Continuous Mining	ML	0	0.00%	0.00	0.00	0	0	0	0	0	0	0	0	0	
Longwall Mining	ML	0	0.00%									0	0	0	
Continuous Mining	BC	2,107	60.43%	0.00	4.32	0	173	173	0	1,425,100	1,425,100	0	130,550	130,550	
Longwall Mining	BC	2,107	60.43%									0	609,120	609,120	
Total				0.00	4.32				0	1,425,100	1,425,100	0	739,670	739,670	
Grand Total															
Continuous Mining - ML_Only													1,233,190	489,750	1,722,940
Longwall Mining - ML_Only						7,250	2,137	9,388	17,003,930	5,158,050	22,161,980	4,033,430	531,640	4,565,070	
Continuous Mining - BC_Only												4,440,600	1,417,700	5,858,300	
Longwall Mining - BC_Only						7,875	2,310	10,185	54,421,260	14,472,210	68,893,470	29,884,420	8,700,560	38,584,980	
Total									71,425,190	19,630,260	91,055,450	39,591,640	11,139,650	50,731,290	
Owned									0	0	0	0	0	0	
Leased									71,425,190	19,630,260	91,055,450	39,591,640	11,139,650	50,731,290	
Total									71,425,190	19,630,260	91,055,450	39,591,640	11,139,650	50,731,290	
Adverse									1,778,720	1,299,360	3,078,080	932,970	841,620	1,774,590	

*Average total seam thickness by mine

Definitions: Total seam is the thickness of coal and non-coal partings from the top to the base of the seam, excluding the middleman.

Wash recovery is estimated via a plant simulation utilizing multi-gravity data available to target a 10.2% ash product from exploration data and MM&A's experience in the subject coal horizons.

APPENDIX

B

MARKET MEMORANDUM PROVIDED BY WARRIOR MET



Key price expectations (nominal US dollars)

Price	Description	Basis	2022	2023	2024	2025	2026	2027	2028	2029	2030
MCC1	Low vol PHCC	FOB Australia	281	159	160	160	165	182	188	192	195

Note: This modeling is based on Chinese restrictions on Australian coal continuing through the end of 2022; an earlier or later end will meaningfully change our outlook, with higher CFR and lower FOB prices. PHCC = Prime hard coking coal, HCC = Hard coking coal, PCI = Pulverized coal injection; SSCC = Semi-soft coking coal; quarterly prices are quarter averages, including current quarter.



**Warrior Met Coal, Inc.
Mine No. 4
Year End 2021 Reserve Analysis
Technical Report Summary**

February 21, 2022

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Statement of Use and Preparation

This Technical Report Summary (*TRS*) was prepared for the sole use of **Warrior Met Coal, Inc. (Warrior Met)** and its affiliated and subsidiary companies and advisors. Copies or references to information in this report may not be used without the written permission of Warrior.

The report provides a statement of coal resources and coal reserves for Warrior Met, as defined under the **United States Securities and Exchange Commission (SEC)**.

The statement is based on information provided by Warrior Met and reviewed by various professionals within **Marshall Miller & Associates, Inc. (MM&A)**.

MM&A professionals who contributed to the drafting of this report meet the definition of *Qualified Persons (QPs)*, consistent with the requirements of the SEC.

The information in this TRS related to coal resources and reserves is based on, and fairly represents, information compiled by the QPs. At the time of reporting, MM&A's QPs have sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity they are undertaking to qualify as a QP as defined by the SEC.

Certain information set forth in this report contains "forward-looking information", including production, productivity, operating costs, capital costs, sales prices, and other assumptions. These statements are not guarantees of future performance and undue reliance should not be placed on them. The assumptions used to develop the forward-looking information and the risks that could cause the actual results to differ materially are detailed in the body of this report.

MM&A hereby consents (i) to the use of the information contained in this report dated December 31, 2021, relating to estimates of coal resources and coal reserves controlled by Warrior Met, (ii) to the use of MM&A's name, any quotation from or summarization of this TRS in Warrior Met's SEC filings, and (iii) to the filing of this TRS as an exhibit to Warrior Met's SEC filings.

This report was prepared by:

MARSHALL MILLER & ASSOCIATES, INC.



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Appendices

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1 Executive Summary

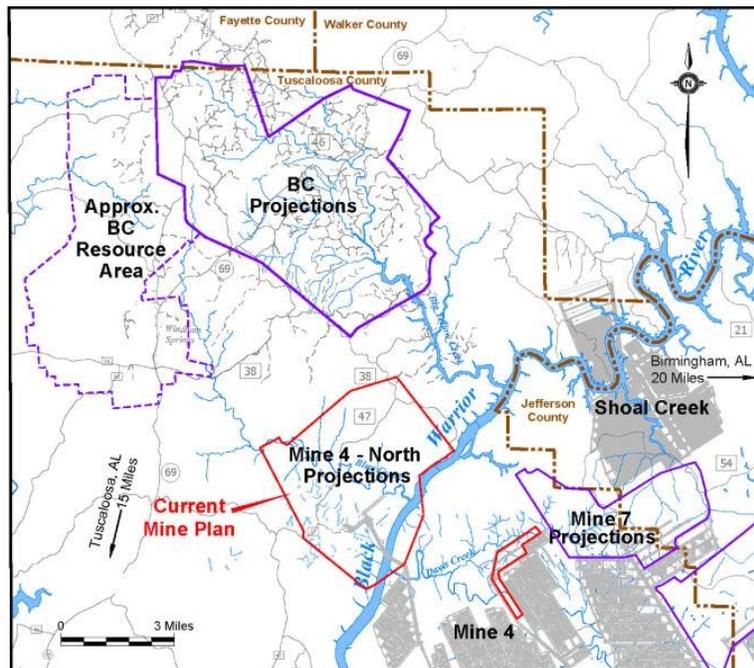
1.1 Property Description

Warrior Met Coal, Inc. (Warrior Met) authorized Marshall Miller & Associates, Inc. (MM&A) to prepare this Technical Report Summary (TRS) of its controlled coal reserves, located at its Mine No. 4 property in Tuscaloosa County, Alabama (the Property). The report provides a statement of coal resources and coal reserves for Warrior Met, as defined under the **United States Securities and Exchange Commission (SEC)** standards.

Coal resources and coal reserves are herein reported in metric units of measurement and are rounded to millions of tonnes (*Mt*).

The Mine No. 4 Complex is located in Tuscaloosa County in central Alabama. The Property is approximately 20 miles east of the town of Tuscaloosa, Alabama and 30 miles southwest of Birmingham, Alabama. The nearest major population centers are Tuscaloosa and Birmingham (see *Figure 1-1*). The Property, inclusive of depleted mine works and future reserve areas, is composed of approximately 46,000 total acres. Of the 46,000 acres, approximately 17,700 are associated with future mining areas. Future mining areas include approximately 14,900 acres of leased mineral holdings and approximately 2,800 acres of uncontrolled mineral holdings. Subject to Warrior Met's exercising its renewal rights thereunder, all the leases expire upon exhaustion of the relevant coal reserves, which is expected to occur in 2042 based upon the mine plan presented in this TRS. This TRS does not consider significant contiguous uncontrolled tonnages which Warrior Met may pursue in the future. As such, the reserve exhaustion date presented in this TRS is subject to extension should Warrior increase its coal reserves via acquisition of contiguous properties.

Figure 1-1: Warrior Met Mine No. 4 Complex Property Location Map



1.2 Ownership

The Property was formerly controlled by **Jim Walter Resources (Walter)**, the predecessor company of Warrior Met. Warrior Met acquired its mineral rights for the Mine No. 4 property in 2016 through purchase of the **Walter Energy (Walter)**-owned coal assets located in Alabama, following Walter’s bankruptcy in 2015. In addition to the Mine No. 4 assets, Warrior Met also acquired various other significant assets, including the **Mine No. 7** and **Blue Creek (BC)** properties.

Reserves and resources associated with these adjacent properties are not included in this report but are issued under separate cover. *Figure 1-1* outlines the location of the Property in relation to Warrior’s adjacent properties.

1.3 Geology

Operations at the Mine No. 4 Complex extract the Mary Lee and Blue Creek coal beds by longwall mining methods. Strata of economic interest for this TRS belong to the Pennsylvanian-age Mary Lee Coal Group or Zone (see *Figure 1-3*), and the subject seams are the principal coal seams of interest within that formation for the present evaluation. High-angle normal faults located within the Property have

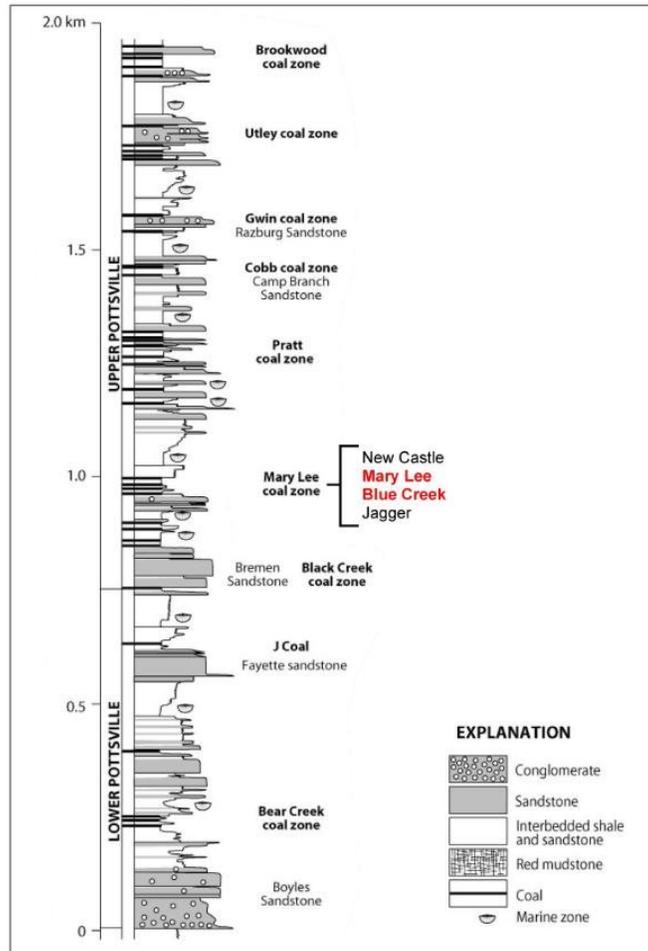


a direct impact upon mine layout and design. Due to the high value of this coal, it has been extensively mined in the region.

Warrior Met reports that current market placement at Mine No. 4 is generally based on the Premium Low-Volatile Indices (*PLV*). Mine projections suggest that WMC will continue to produce coal in the current “East” district for the next 1-2 years.

As development activities continue to transition to the “North” district and the longwall mines out the “East” district, coal produced from Mine No. 4 will likely incur an increase in volatile matter. Based on regional trends and laboratory data, volatile matter contents for the subject coals in the western area will gradually edge upward. Although the potential exists for pricing to change as the volatiles vary in future areas as they are developed, MM&A, with support from Warrior Met, has used the *PLV* as a basis for pricing.

Figure 1-2: Generalized Stratigraphic Column of Warrior Basin Sequence with Mary Lee Coal Zone Highlighted in red (after Pashin, 2005)



1.4 Exploration Status

Since as early as 1916, the Property has been extensively explored by means of: continuous coring and analytic testing; rotary drilling, and ongoing development associated with coalbed methane (CBM) production; by downhole geophysical logging of gas wells; and by in-seam channel sampling during mining. The majority of the data was acquired or generated by previous owners of the Property but has been supplemented by exploration drilling conducted by Warrior Met over the past 5 years (as



recently as 2021). These sources comprise the primary data used in the evaluation of the coal resources and coal reserves identified on the Property. MM&A examined the data available for the evaluation and incorporated all pertinent information into this TRS. Where data appeared to be anomalous or not representative, that data was excluded (or not honored) from the digital databases and subsequent processing by MM&A.

1.5 Operations and Development

Due to its coal reserve and seam characteristics, the Property utilizes longwall mining methods with continuous miner units to support the longwall production unit.

Run-of-mine coal is transported to the surface via a skip system which transports coal to the surface vertically. Adjacent to the skip shaft is a service shaft for the transportation of workers, supplies and equipment to the coal mine. Warrior Met is nearing the completion of a new portal site, closer to active faces and future mining reserve areas. Bleeder shafts are installed at each longwall district.

Run-of-mine coal is processed in a preparation plant with a capacity of 1,300 raw tons-per-hour (1,180 tonnes/hour). In 2021, the operation produced an average product with the following quality characteristics (dry basis): Ash, 10.23%; Sulfur, 0.81%, Volatile Matter, 26.27%; Phosphorus, 0.0301%. Typical moisture contents for Warrior Met’s shipments are in the 10-percent range.

In typical years, the mine produces approximately 2.0 million tonnes (Mt) of coal annually and employs around 400 workers.

1.6 Mineral Resource

A coal resource estimate was prepared as of December 31, 2021, for the Property, summarized in *Table 1-1*. Resources presented in *Table 1-1* represent those resources associated with mine planning and reserves. Resources are presented *inclusive* of coal reserves, not in addition to coal reserves. Resources represent in-place coal tonnages *exclusive* of the interburden, but inclusive of any high-ash material resident within the Mary Lee and Blue Creek coal seams. As such, in-situ tonnages and quality as presented in *Table 1-1* reflect the inclusion of high-ash material which is ultimately removed after mining during coal preparation.

Table 1-1: Coal Resources Summary as of December 31, 2021

Seam	Coal Resource (Dry Tonnes, In Situ, Mt)				Resource Quality (Dry)		
	Measured	Indicated	Inferred	Total	Ash%	Sulfur%	VM%
Mary Lee	16.9	0.4	0.0	17.3	-	-	-
Blue Creek	43.4	1.1	0.0	44.5	-	-	-
Grand Total	60.2	1.5	0.0	61.7	15.9	0.9	29

Note: Resource tonnes are inclusive of reserve tonnes since they include the in-situ tonnes from which recoverable coal reserves are derived.

Note 2: Coal resources are reported on a dry basis, inclusive of high-ash partings which are ultimately removed during coal preparation. Surface moisture and inherent moisture are excluded.



1.7 Mineral Reserve

Resource modeling and estimates are used as the basis for the Property’s reserve calculation and is based on a reasonable Pre-Feasibility level, life-of-mine (*LOM*) mine plan and practical recovery factors. Proven and probable coal reserves were derived from the defined in-situ coal resource considering relevant processing, economic (including technical estimates of capital, revenue and cost), marketing, legal, environmental, socioeconomic, and regulatory factors. The proven and probable coal reserves on the Property are summarized below in *Table 1-2*.

Table 1-2: Coal Reserve Summary

Seam	Demonstrated Coal Reserves (Wet Tonnes, Washed or Direct Shipped, Mt)					Quality (Dry Basis)		
	By Reliability Category			By Control Type		Ash%	Sulfur%	VM%
	Proven	Probable	Total	Owned	Leased			
Mary Lee	11.1	0.3	11.4	0.0	11.4	-	-	-
Blue Creek	27.3	0.7	28.0	0.0	28.0	-	-	-
Total	38.4	1.0	39.4	0.0	39.4	10.2	0.8	31

Note 1: Marketable reserve tonnes are reported on a moist basis, including a combination of surface and inherent moisture. The combination of surface and inherent moisture is modeled at 10-percent, comparable to Warrior Met’s current product moisture. Actual product moisture is dependent upon multiple geological factors, operational factors, and product contract specifications.

In summary, the Property includes a total of 39.4 Mt (moist basis) of marketable coal reserves as of December 31, 2021. Of that total, 97 percent are proven, and 3 percent are probable. All the reserves are leased and are considered suitable for the metallurgical coal market.

1.8 Capital Summary

MM&A assumes that major equipment rebuilds occur in a timely manner over the course of each machine’s remaining operating life. Based on detailed studies of similar mines and with guidance from Warrior Met, MM&A has used a value of \$9.50 per saleable tonne mined for sustaining capital. This closely approximates Warrior Met’s history. Project capital is assumed to be subject to stand-alone economic analysis prior to expenditure so it has not been included in this study. To reflect typical spending patterns, sustaining capital is reduced to 25% in the penultimate year of production and eliminated in the final year.

1.9 Operating Costs

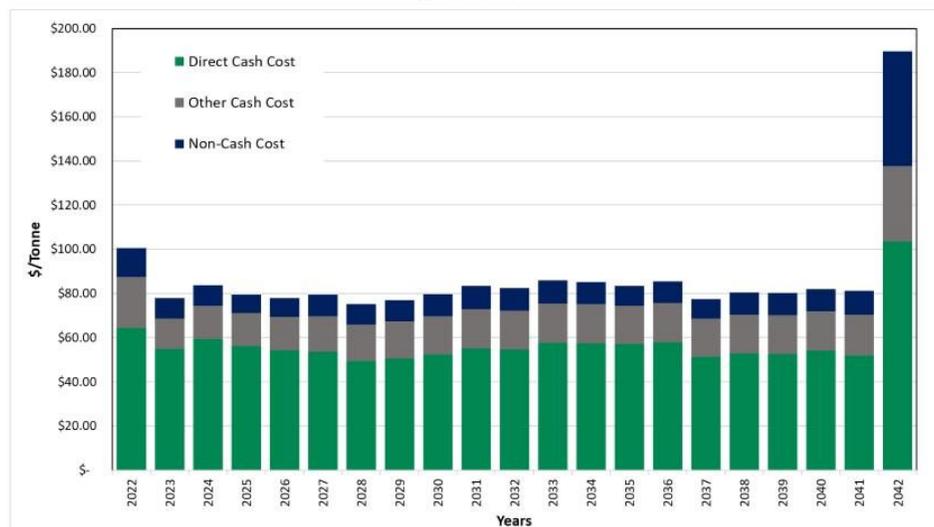
MM&A used a combination of historical information and detailed operating cost estimates from a recent study of a similar property in the region. Where necessary, operating costs were adjusted to reflect differences between this mine and the studied mine. Hourly labor rates and salaries were based upon regional information and expectations. Fringe-benefit costs were developed for vacation and holidays, federal and state unemployment insurance, retirement, workers’ compensation and pneumoconiosis, casualty and life insurance, healthcare, and bonuses. A cost factor for mine supplies

was developed that relates expenditures to mine advance rates for roof-control costs. Other mine-supply costs are typically related to factors such as feet of section advance, ROM tonnes mined, and days worked. Other factors were developed for maintenance and repair costs, rentals, mine power, outside services and other direct mining costs.

Operating costs factors were also developed for the coal preparation plant processing, refuse handling, coal loading, property taxes, and insurance and bonding. Appropriate royalty rates were assigned for production from leased coal lands, and sales related taxes were calculated for state severance taxes, the federal black lung excise tax, and federal and state reclamation fees.

A summary of the operating costs for the Property is provided in *Figure 1-3*.

Figure 1-3: OPEX



*The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

1.10 Economic Evaluation

The pre-feasibility financial model prepared for this TRS was developed to test the economic viability of the coal resource area. The results of this financial model are not intended to represent a bankable feasibility study, required for financing of any current or future mining operations contemplated for the Warrior Met property, but are intended to establish the economic viability of the estimated coal reserves. Cash flows are simulated on an annual basis based on projected production from the coal reserves. The discounted cash flow analysis presented herein is based on an effective date of January 1, 2022.



On an un-levered basis, the NPV of the real cash flow after taxes represents the Enterprise Value of the Property. The cash flow, excluding debt service, is calculated by subtracting direct and indirect operating expenses and capital expenditures from revenue. Direct costs include labor, operating supplies, maintenance and repairs, facilities costs for materials handling, coal preparation, refuse disposal, coal loading, reclamation and general and administrative costs. Indirect costs include statutory and legally agreed upon fees related to direct extraction of the mineral. The indirect costs are the Federal black lung tax, Federal and State reclamation taxes, property taxes, coal production royalties, and income taxes.

Table 1-3 shows LOM tonnage, P&L, and EBITDA for Mine No. 4.

Table 1-3: Life-of-Mine Tonnage, P&L before Tax, and EBITDA

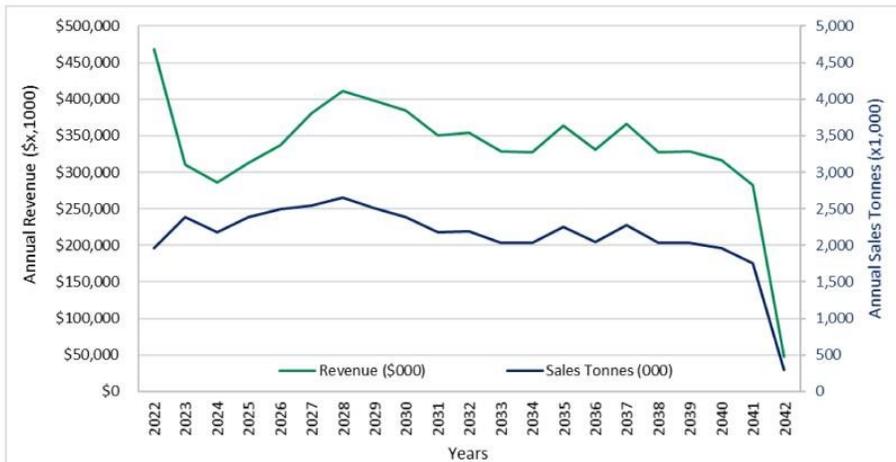
	Tonnes (000)	Pre-Tax P&L (\$000)	P&L per Tonne	EBITDA (\$000)	EBITDA per Tonne
Mine #4	44,579	\$3,312,220	\$74.30	\$3,781,194	\$84.82

Note 1: The LOM model includes a small portion of tonnage contained within adverse tracts which are not included in reserve estimates.
Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

As shown in Table 1-3, Mine No. 4 shows positive EBITDA over the LOM. Overall, the Warrior Met consolidated operation shows positive LOM P&L and EBITDA of \$3.3 billion and \$3.8 billion, respectively.

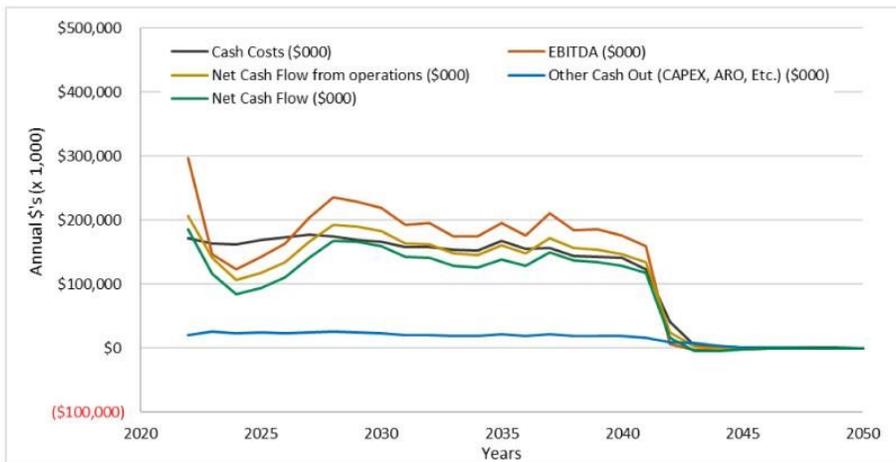
Warrior Met's Mine No. 4 annual production and revenue are shown in Figure 1-4 and the Mine's after-tax cash flow summary in constant dollars, excluding debt service, is shown in Figure 1-5 below.

Figure 1-4: Mine 4 Production and Revenue



Note 1: The LOM model includes a small portion of tonnage contained within adverse tracts which are not included in reserve estimates.
 Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

Figure 1-5: After-tax Cash Flow Summary (000)



Note 1: The LOM model includes a small portion of tonnage contained within adverse tracts which are not included in reserve estimates.
 Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.



Consolidated cash flows are driven by annual sales tonnage, which average approximately 2.2 million tonnes per year until dropping in 2042, the final year. Projected consolidated revenue averages just over \$348 million per year, excluding the final year. Revenue totals \$7.0 billion for the property's life.

Consolidated cash flow from the operation is positive throughout the projected operating period, with the exception of post-production years, due to end-of-mine reclamation spending. Consolidated cash flow from the operation totals \$3.2 billion over the mine life. Capital expenditures total \$428 million over the property's life.

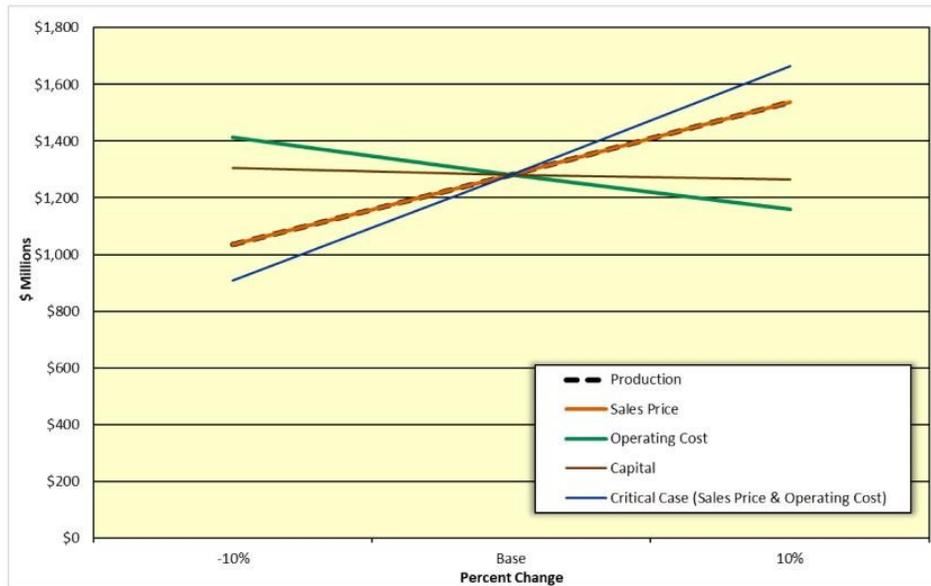
1.10.1 Cash Flow Analysis

Cash flow after tax, but before debt service, generated over the life of the property was discounted to NPV at a 9% discount rate, which represents Warrior's typical WACC. On an un-levered basis, the NPV of the property cash flows represents the Enterprise Value of the property and amounts to \$1.28 billion. The pre-feasibility financial model prepared for the TRS was developed to test the economic viability of each coal resource area. The NPV estimate was made for purposes of confirming the economics for classification of coal reserves and not for purposes of valuing Warrior Met or its Mine No. 4 assets. The mine plan was not optimized, and actual results of the operation may be different, but in all cases, the mine production plan assumes the property is under competent management.

1.10.2 Sensitivity Analysis

Sensitivity of the NPV results to changes in the key drivers is presented in the chart below. The sensitivity study shows the NPV at the 9% discount rate when Base Case sales prices, operating costs, production, plant yield and capital costs are increased and decreased +/- 10%. A critical case combining Sales price and operating cost was also done reflecting the combined effect of plus 10% operating cost with -10% sales price to -10% operating cost and +10% sales price.

Figure 1-6: Sensitivity of NPV



Note: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings.

1.11 Permitting

Warrior Met has obtained all mining and discharge permits to operate its mine and processing, loadout, or related support facilities. MM&A is unaware of any obvious or current Warrior Met permitting issues that are expected to prevent the issuance of future permits. Future permits will be required to secure additional fine and coarse refuse capacities. Mine No. 4, along with all coal producers, is subject to a level of uncertainty regarding future clean water permits due to **United States Environmental Protection Agency (EPA)** involvement with state programs.

1.12 Conclusion and Recommendations

Sufficient data has been obtained through various exploration and sampling programs and mining operations to support the geological interpretations of seam structure and thickness for coal horizons situated on the Mine No. 4 property. The data are of sufficient quantity and reliability to reasonably support the coal resource and coal reserve estimates in this TRS.

The geological data and preliminary feasibility study, which consider the mining plan, revenue, and operating and capital cost estimates are sufficient to support the classification of coal reserves provided herein.



This geologic evaluation conducted in conjunction with the preliminary feasibility study concludes that the 39.4 Mt of marketable underground coal reserves identified on the Property are economically mineable under reasonable expectations of future market prices for metallurgical coal products, estimated operation costs, and capital expenditures.

2 Introduction

2.1 Registrant and Terms of Reference

This report was prepared for the sole use of **Warrior Met Coal, Inc.** and its affiliated and subsidiary companies and advisors. The report provides a statement of coal resources and coal reserves for Warrior Met, as defined under the **United States Securities and Exchange Commission (SEC)** standards.

The report provides a statement of coal reserves for Warrior Met. Exploration results and resource calculations were used as the basis for the mine planning and the preliminary feasibility study completed to determine the extent and viability of the reserve.

Coal resources and coal reserves are herein reported in metric units of measurement and are rounded to millions of metric tonnes (*Mt*).

2.2 Information Sources

The technical report is based on information provided by Warrior Met and reviewed by MM&A's professionals, including geologists, mining engineers, civil engineers, and environmental scientists. MM&A's professionals hold professional registrations and memberships which qualify them as Qualified Persons in accordance with SEC guidelines.

Warrior Met engaged MM&A to conduct a coal reserve evaluation of the Mine No. 4 coal property as of December 31, 2021. For the evaluation, the following tasks were to be completed:

- > Process the information supporting the estimation of coal resources and reserves into geological models;
- > Develop life-of-reserve mine (*LOM*) plans and financial model;
- > Hold discussions with Warrior Met company management; and
- > Prepare and issue a Technical Report Summary providing a statement of coal reserves which would include:
 - A description of the mines and facilities.
 - A description of the evaluation process.



- An estimation of coal resources and reserves with compliance elements as stated under the new SEC Guidelines which will become effective for the first fiscal year commencing on or after January 1, 2022.

2.3 Personal Inspections

MM&A is well acquainted with the Mine No. 4 property, having provided a variety of services in recent years. Qualified Persons involved in this TRS have conducted multiple site visits since Warrior's acquisition of the Walter assets.

3 Property Description

3.1 Location

The Property is located in Tuscaloosa County in central Alabama, approximately 20 miles east of the city of Tuscaloosa and 30 miles southwest of the city of Birmingham in the southern region of the US. *Figure 1-1* displays the Property's location.

Mine No. 4 reserve areas are located in two principal areas in relation to the Black Warrior River, which serves as a surface boundary between them:

- > East Reserves are located east of the Black Warrior River, where mining is nearly completion.
- > North Reserves are located west of the Black Warrior River, where underground access from the East has been driven beneath the river. A new portal site has been developed west of the Black Warrior River to support mining of remaining reserves through exhaustion.

3.2 Titles, Claims or Leases

MM&A has not carried out a separate title verification for the coal property and has not verified leases, deeds, surveys or other property control instruments pertinent to the subject resources. Warrior Met has represented to MM&A that it controls the mining rights to the reserves as shown on its property maps, and MM&A has accepted these as being a true and accurate depiction of the mineral rights controlled by Warrior Met.

3.3 Mineral Rights

Warrior Met, through its acquisition of the Walter's assets in 2016, acquired mineral rights for the Mine No. 4 property. At the time of purchase, this acquisition also notably included the Mine No. 7 and BC Properties. Currently, Warrior Met has mineral rights on approximately 14,900 acres associated with the remaining resource and controls the surface rights where facilities are located. Life-of-mine plans reported herein require the acquisition of approximately 2,800 acres of additional mineral control.



It is of important note that tracts categorized as “owned” represent those in which Warrior Met owns a percentage of tract’s mineral rights. In addition to Warrior Met, other parties and entities own various portions of the “owned” tracts mineral rights. Additionally, the “leased” category includes those tracts in which Warrior Met leases a percentage of the tract’s mineral rights.

By assignment, as part of the Study, MM&A has not completed a review of the major leases. Due to confidentiality, only general facts related to the major leases are noted.

The majority of the coal leases have an identical initial term of 20 years from the date of execution with an additional 20-year lease term extension. A portion of the coal leases have 10-year term extensions. Certain leases have performance terms related to mining execution.

The leases can be extended so long as mining operations are being conducted on the leased premises. The leases are then held by a series of earned production royalty payments. The annual minimum royalty is reduced by the amount of earned production royalty paid on mined coal. All annual minimum royalty payments are recoupable against any earned royalty due under the coal leases on a lease-by-lease basis. The royalty rates for Mine No. 4 are estimated to be 8.0% of the sales revenue FOB the mine after deduction of all transportation and loading costs between the mine and the vessel. By assignment, MM&A has not independently verified property boundaries specific to each lease; however, MM&A has reviewed Warrior Met-supplied boundary mapping.

3.4 Encumbrances

No Title Encumbrances are known. By assignment, MM&A did not complete a query related to Title Encumbrances.

3.5 Other Risks

There is always risk involved in property control. Warrior Met has had their legal teams examine the deeds and title control in order to minimize the risk. Historically, property control has not posed any challenges related to Mine No. 4’s operations. A significant portion of uncontrolled tracts which must be obtained by Warrior Met in order to execute the mine plan presented herein are owned by the Federal Government’s **Bureau of Land Management (BLM)**. Regionally, operators (including Warrior Met’s predecessors) have experienced a successful track record of obtaining mining rights to BLM properties. Warrior actively pursues uncontrolled properties critical for short and long term mine planning.



4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

4.1 Topography, Elevation, and Vegetation

The Property is located in the physiographic region of central Alabama within the Black Warrior Basin (*BWB*) region of the US. The area is rugged upland of moderate topography with more than 200 feet of relief adjacent to major streams.

The property east of the Black Warrior River is dissected by streams that flow to the west and eventually to the Black Warrior River. Two major drainage basins lie east of the Black Warrior River and consist of Davis Creek and its tributaries towards the northern boundary and Pegues Creek and its tributaries towards the southern boundary.

The property west of the Black Warrior River is dissected by Blue Creek and its tributaries which flow to the east and eventually to The Black Warrior River.

The upland topographic features are controlled by lithology, with large flat surfaces formed by underlying sandstone with steeper slopes formed by weathered shale and siltstones. Maximum relief within the Property is approximately 525 feet with elevation ranging from 185 feet above mean sea level (*MSL*) along banks of the Black Warrior River to 710 feet along the top of the flat ridges.

4.2 Access and Transport

General access to the Property complex is very good via State Route 59 (Lock 17 Rd). Lock 17 Rd is a well maintained, paved, two-lane road with Interstate access in close proximity to the south. Interstates 59 and 20 are approximately 12 miles to the south with Tuscaloosa about 15 miles to the west and Birmingham about 40 miles to the east.

Access to the preparation and coal handling facilities, as well as the supply yard at the mine slope is directly off of Lock 17 Rd. which runs south to north through the Property. The deep mine's portal and shaft facilities lie along an unimproved road approximately one-half mile off of Lock 17 Rd. All of the facilities are in close proximity to high quality, public roads and lie within 2 miles of each other. A multitude of coalbed methane (*CBM*) and gas well roads bisect the Property providing exceptional surface access to areas overlying the mineral boundaries.

Rail transport for the mine sites utilizes a rail line that is located on the east side of the Property southwest of the intersection of Lock 17 Rd and Davis Rd. River transport is available approximately 4 miles to the west of the plant facilities on the Black Warrior River.

Coal is being shipped into the seaborne metallurgical markets. As part of a commercial real estate transaction with Alabama State Port Authority in 2014, Warrior Met secured expansion capacity of the McDuffie Terminal to accommodate planned production.



4.3 Proximity to Population Centers

The Property lies in close proximity to two large population centers. The city of Tuscaloosa lies approximately 20 miles west and Birmingham lies about 30 miles northeast of the mine sites. The Tuscaloosa and Birmingham metropolitan areas have populations of approximately 250 thousand and 1.2 million respectively (as of July 2018). Both areas have large industrial and manufacturing bases with employers such as Honda, Michelin and Mercedes-Benz having production facilities in the area. The city of Birmingham is home to the Birmingham-Shuttlesworth International Airport which handles close to 3-million passengers annually.

4.4 Climate and Length of Operating Season

The typical climate in this portion of Alabama is rather humid but temperate. The average annual temperature is 66 degrees Fahrenheit. Climate is hot during the summer when temperatures are typically in the 90-degree Fahrenheit range and cool during the winter when temperatures are typically in the upper 40-degree Fahrenheit range. The warmest month is generally July, and the coldest month is generally January. Alabama receives on average 56 inches of rainfall per year. The area is somewhat prone to severe thunderstorms resulting in occasional tornado activity and the inland effects of seasonal hurricanes. Seasonal variations in climate typically do not affect underground mining in the area, however, weather events could potentially impact the efficiency of surface and preparation plant operations on a very limited basis.

4.5 Infrastructure

Infrastructure in the area surrounding the Property is very diverse, well established and robust due to the large populations and current industrial activity in the surrounding metropolitan areas of Birmingham and Tuscaloosa. All of the primary infrastructure that the mine needs to operate (power, water, transportation/roads) is available with reasonable access requirements.

Below is a list of the regional infrastructure near the Mine No. 4 operation:

Electrical Power	The immediate area contains numerous coal-fired power plants producing base-load electricity. Major transmission and distribution lines are located within the area of interest. Alabama Power is the local utility which provides electricity for the Property.
Water and Sewer	Water is sourced from local municipalities and various freshwater pumps.
Roads	The area is serviced by an extensive network of well-maintained, federal, state and county highways in close proximity to the mine site.



Railroads	A major commercial railroad is located along the edge of the area. Contractual requirements dictate that the railroad is utilized to transport a significant portion of saleable production.
Barge	A barge facility on the Black Warrior River is also utilized to transport coal to port facilities for seaborne export shipments.
Airports	Birmingham-Shuttlesworth International Airport is located approximately 30 miles to the east.
Mining Service Providers, Equipment Manufacturers and Supply Companies	The Property is well serviced by major mining equipment manufacturers, rebuild facilities, and mine supply vendors. Specialized mining service providers including slope, shaft, and preparation plant construction companies are located in the immediate area.
Hospitals – Ambulance, Med Flights	There are numerous fully functioning hospitals (including major trauma centers) within a 50-mile radius of the area. The area is serviced by a network of public and private ambulance and helicopter medical flight providers.
Emergency Services – Fire, Police	There are numerous fire departments and emergency medical service (EMS) providers within a 50-mile radius of the mine sites. The area is well serviced by a large network of federal, state and local law enforcement agencies with central dispatch and communications systems, including emergency 911 services.
Schools	The region has a well-developed public education network consisting of federal, state and local government-backed schools as well as privately funded schools. These include elementary, middle, and high schools, as well as technical and vocational schools.
College/University	The region contains numerous colleges and universities as well as well-established mining universities and training centers. Namely, the University of Alabama is located in the city of Tuscaloosa and offers scientific and engineering degrees.

5 History

5.1 Previous Operation

Mine No. 4 was opened by Walter in 1974. Following bankruptcy of Walter in 2015, Warrior Met acquired the assets of Walter in 2016.



5.2 Previous Exploration

The Property has been extensively explored as early as 1916 and as recently as 2021 by subsurface drilling efforts carried out by numerous entities, the majority of which were completed prior to acquisition by Warrior Met including: **Tennessee Coal, Iron & Railroad Company; U.S. Steel; The Pittsburgh & Midway (P&M) Coal Mining Company/Chevron;** and Walter. The majority of the drilling was accomplished by means of conventional core hole exploration and air rotary drilling with geophysical logging for CBM wells.

6 Geological Setting, Mineralization and Deposit

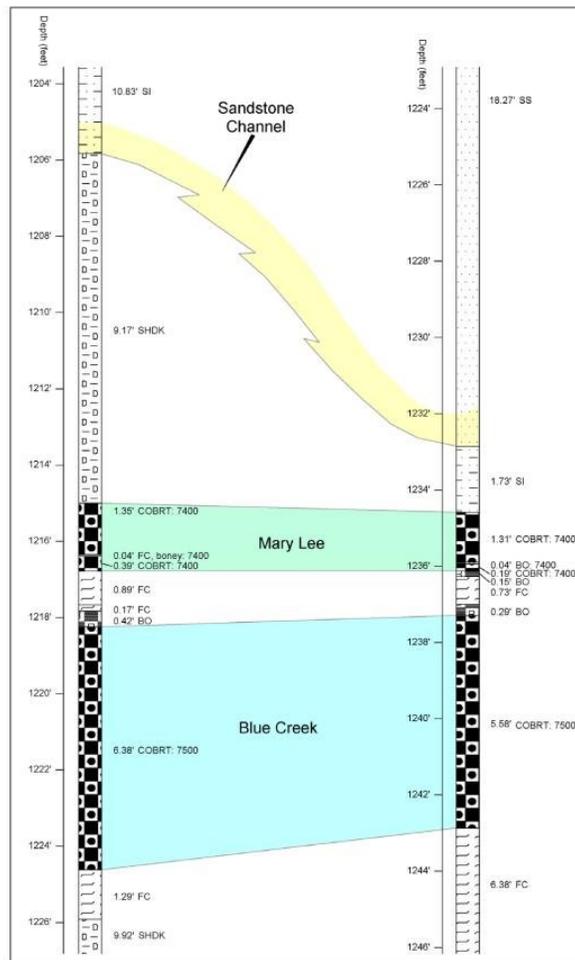
6.1 Regional, Local and Property Geology

The Black Warrior coal basin (*BWB*), which encompasses the subject Property, is a foreland basin covering approximately 23,000 square miles (59,570 square kilometers) of northwestern and central Alabama. The basin extends approximately 230 miles from west to east and 188 miles from north to south. The BWB lies within the Cumberland Plateau portion of the Appalachian Highlands and contains Pennsylvanian System (300 million years) sedimentary coal-bearing strata of the Upper Pottsville Formation. Metallurgical coal deposits in northern Alabama are divided into three coal fields; the Black Warrior, the Cahaba, and the Coosa, of which the Black Warrior is the largest in both size and productivity.

Of the coal groups within the BWB, historically the most dominant is the Mary Lee group (see *Figure 6-1*). This sequence is “tagged” or identified with a 4-digit numeric system that typically includes the following strata (in descending stratigraphic order):

- > 7200 / 7300 – New Castle (typically present as Upper and Lower benches), 30 to 50 feet above the Mary Lee seam
- > 7400 – Mary Lee seam
- > 7450 – Middleman (rock parting)
- > 7480 – Rider seam (not always present) – included as part of the Middleman
- > 7490 – Parting between the Rider and Blue Creek seams (not always present) – included as part of the Middleman
- > 7500 – Blue Creek seam
- > 7600 – Jagger seam, where present, typically a few feet to tens of feet below the Blue Creek; however, may locally become part of the mineable section with the overlying Blue Creek seam.

Figure 6-1: Geologic Column of the Mary Lee – Blue Creek Sequence



The BWB is bound by the Alabama Valley and Ridge, Highland Rim, and East Gulf Coastal Plain physiographic providences. The southwestern and southeastern margins of the basin are terminated by frontal thrust faulting of the Ouachita and Appalachian orogeny. The basin has regionally southwestward dipping strata that are overlain by Cretaceous and Tertiary age deposits.

The major structural feature within the basin is the Sequatchie anticline, which trends northeast to southwest between the Arkadelphia and Coalburg synclines. Structurally, coal horizons are typically



characterized as gently dipping to the southwest and contain minor folds. However, the regional trend has locally been significantly modified by the presence of a prominent structural feature referred to as the Wiley Dome (with relief of several hundreds of feet), which is present to the northwest of the Mine No. 4 reserves, and adjacent to the BC property.

Faulting is widespread across the basin with high-angle, scissor-type normal faults and fault grabens common, which are typically oriented in a southeast to northwest alignment. Vertical displacement typically varies from only a few feet to as much as 350 feet. Exploration programs by Warrior Met attempt to pinpoint exact fault locations and displacements prior to mineral extraction in a given mining district. At times, non-detected faults have deemed panels unmineable. Such instances are rare, and Warrior Met mitigates such risks by maintaining favorable longwall panel float times.

6.2 Mineralization

Regional coal rank in the BWB generally ranges from a low-volatile coal in the southeastern portion of the basin to a high-volatile coal to the northwest. Due to the value of the Mary Lee and Blue Creek seams in the metallurgical coking coal market at the Mine No. 4 operation (and adjoining mines) to the south and east of the Property, the subject coal seams have been extensively mined in the region. Laboratory data for the Property on a dry, clean coal basis indicates an average volatile percentage of approximately 31%.

6.3 Coal Rank

6.3.1 ASTM Method for Defining Coal Rank

The principal parameters examined in the ASTM method for the determination of rank include (but are not limited to) the following: Fixed Carbon (*FC*), Volatile Matter (*VM*), Ash, Sulfur, and Calorific content (typically in Btu/lb.), as well as Moisture content. (It should be noted that sulfur trioxide (SO_3) in coal ash, if analyzed, can also be factored in; however, this data is typically unavailable.

As shown below, results of regional trends indicate that coals ranging from Low volatile to High volatile Bituminous coal rank are found in the region, according to *ASTM* criteria:

- > **Low Volatile Bituminous**, or LV_{ASTM} (VM greater than or equal to 14% and less than 22% on a *dry*-mineral-matter-free basis, or *DMMF*)
- > **Medium Volatile Bituminous**, or MV_{ASTM} (VM greater than or equal to 22% and less than 31% on a *dry*-mineral-matter-free basis, or *DMMF*)
- > **High Volatile A Bituminous**, or HVA_{ASTM} (VM greater than 31% on a *dry*-mineral-matter-free basis, or *DMMF*, and calorific content greater than or equal to 14,000 Btu/lb. on a *moist*-mineral-matter-free basis)
- > **High Volatile B Bituminous**, or HVB_{ASTM} (greater than or equal to 13,000 and less than 14,000 Btu/lb.)

Furthermore, utilizing ASTM criteria, coal rank for the coals sampled on the Property range from Medium Volatile to High Volatile bituminous.

Figure 6-2: Classification of Coals by Rank (as per ASTM Standard D 388)

Class/Group	Fixed Carbon Limits (DMMF) %		Volatile Matter Limits (DMMF) %		Gross Calorific Value Limits (Moist ^o MMF) Btu/lb	
	= or >	Less Than	= or >	Less Than	= or >	Less Than
	I. Anthracitic					
Meta-anthracite	98	...	...	2	...	...
Anthracite	92	98	2	8	...	...
Semianthracite ^o	86	92	8	14	...	...
II. Bituminous						
Low volatile	78	86	14	22	...	...
Medium volatile	69	78	22	31	...	...
High volatile A	...	69	31	...	14,000	...
High volatile B	...	...	...	...	13,000	14,000
High volatile C	...	...	...	...	11,500	13,000
					10,500	11,500
III. Subbituminous						
Subbituminous A	...	...	...	...	10,500	11,500
Subbituminous B	...	...	...	...	9,500	10,500
Subbituminous C	...	...	...	...	8,300	9,500
IV. Lignitic						
Lignite A	...	...	...	...	6,300 ^o	8,300
Lignite B	...	...	...	...	...	6,300

6.3.2 Coal Quality Parameters Associated with Market-based Coal Rank

It is important to note that market-based parameters are significantly different from definitions defined by ASTM for coal rank. ASTM rank is *not* defined by favorability in the marketplace. Coal quality parameters analyzed to define the market-based coal rank typically include, but are not limited to:

- > Volatile Matter% (dry basis)
- > Ash% (dry basis)
- > Sulfur% (dry basis)
- > Fluidity (ddpm)
- > Vitrinoid Reflectance%
- > Moisture%



Moreover, ASTM rank should *not* vary with time. However, as market conditions and requirements change, the levels (of ash, sulfur, etc.) considered to be “favorable”, “fair”, or “unfavorable” *will* vary over time. Furthermore, many coals will meet the requirements for one parameter (ash, sulfur, fluidity, etc.), fall short on another, and exceed the guideline on other parameters. It then becomes a matter of judgement as to where the coal should be placed. Ultimately, various coke makers will value a particular coal differently, depending on the quality of the other coals in their blend and the coke specifications they have to meet. Determination of the market rank of the Property coals is beyond the scope of this investigation.

6.3.2.1 Warrior Met Market Placement

Warrior Met reports that current pricing of Mine No. 4’s product is generally based upon the Premium Low-Volatile Indices (PLV). Mine projections suggest that WMC will continue to produce coal in the current “East” district for the next 1 - 2 years.

As development activities continue to transition to the “North” district and the longwall mines out the “East” district, coal produced from Mine No. 4 will likely incur an increase in volatile matter. Based on regional trends and laboratory data, volatile matter contents for the subject coals in the western area will gradually edge upward. Although the potential exists for pricing to change as the volatiles vary in future areas as they are developed, MM&A, with support from Warrior Met, has used the PLV as a basis for pricing.

6.4 Deposits

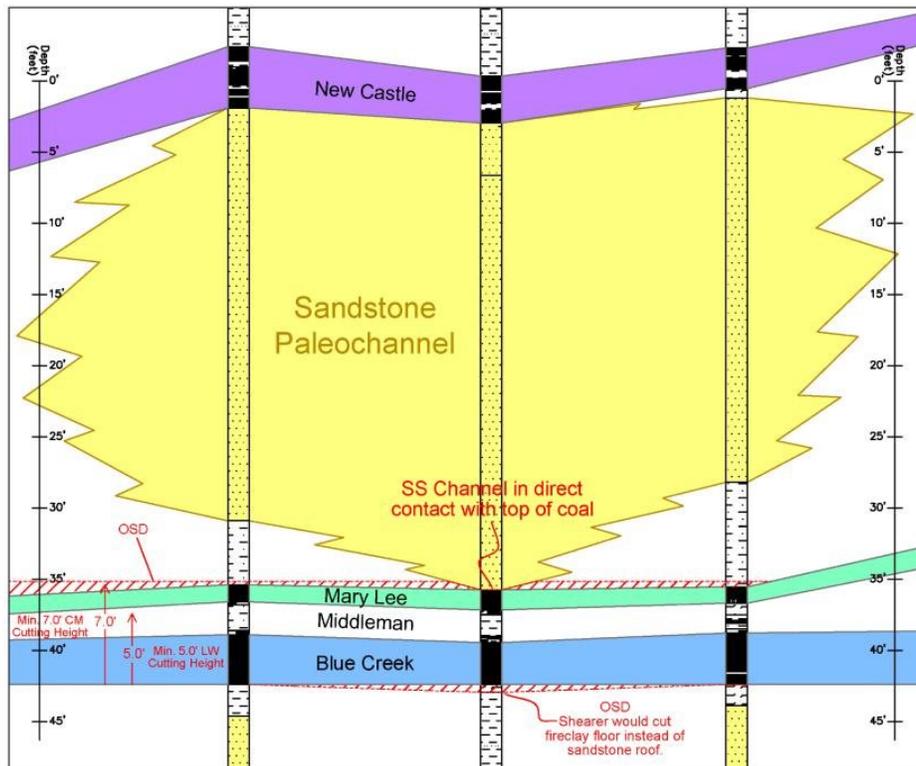
Sediments of the Upper Pottsville Mary Lee coal zone are Lower Pennsylvanian in age and comprised of cyclic sequences that include sandstone, siltstone, shale, and coal. Located within the middle of the Black Warrior Basin stratigraphic sequence, the Mary Lee and Blue Creek horizon is situated below drainage throughout the Property and is accessed by shafts.

The lithologic variability of the Mary Lee – Blue Creek sequence and enclosing strata is illustrated on *Figure 6-3*, as discussed below:

- > The New Castle seam is present approximately 20 to 50 feet above the Mary Lee seam.
- > Lithologic composition of the roof strata varies throughout the Property but consists primarily of a coarsening-upward sequence of shale or sandy shale, with occasional sandstone channels located within the immediate or main roof of the Mary Lee seam.
- > In areas where sandstone occupies the immediate roof of the Mary Lee seam, seam scouring may locally occur. Where sandstone channels are present within 4 to 6 feet above the Mary Lee (roof bolt horizon), there is potential for increased drawrock conditions and roof instability beneath the sandstone/shale contact.

- > Areas where the combined thickness of the Mary Lee – Blue Creek horizon is less than a minimum continuous miner cutting height (7.0 feet) are shown, which as a result, roof (and/or floor) strata are expected to be excavated as out-of-seam dilution (OSD).
- > Thickness and composition (shale, carbonaceous shale, fireclay, and sandy shale) of the stratum comprising the Middleman is variable.
- > Areas where the thickness of the Blue Creek horizon is less than a minimum longwall cutting height (5.0 feet) are rare; only along the northern edge of the North area.
- > Compositional variability and thickness of the floor strata of the Blue Creek seam in a fining-upward sequence varying from: very soft, thick fireclay within the immediate floor, to sandy fireclay, shale, sandy shale, and finally sandstone within the first three feet below the seam. Fireclay varies in thickness, from less than a foot to more than 10 feet. Due to inherently high clay content, this stratum is typically moisture-sensitive and may degrade when exposed to water accumulation on the mine floor.

Figure 6-3: Mine No. 4 Stratigraphic Relationships





6.4.1 Mineable Seam Thickness Configurations

The mineable seam configuration of Mine No. 4 consists of the Mary Lee, Middleman, and Blue Creek seams, also referred to as “twin seam” mining, with the following thickness ranges.

- > The Mary Lee averages approximately 1.3-feet throughout the mine plan area. *Detailed seam mapping exhibits are retained in MM&A’s files but are not included with this report.*
- > Between the two seams, the “Middleman” parting averages around 1.6-feet; the parting generally thickens to the southeast.
- > The Blue Creek seam, which typically represents the better metallurgical quality than the overlying Mary Lee seam, typically averages around 3.5-feet (*Detailed seam mapping exhibits are retained in MM&A’s files but are not included with this report.*)
- > The combined thickness of the Mary Lee through Blue Creek interval averages around 6-feet (*Detailed seam mapping exhibits are retained in MM&A’s files but are not included with this report*) across the mine plan area.

As noted from prior studies on the Property, the Blue Creek seam is subject to somewhat more erratic thickness variation than the overlying Mary Lee seam. Reasons for this are not entirely clear, but may be the result of channel incision, differential compaction, presence of contemporaneous (“growth”) faults, or other paleographic factors present during or subsequent to deposition of the Blue Creek paleoswamp.

7 Exploration

7.1 Nature and Extent of Exploration

Exploration information has largely been collected, analyzed, and summarized by personnel from previous owners of the Property, Warrior Met, and their consultants. Vertical drilling has been the main method of collecting exploration information along with in-seam samples since the seam does not outcrop within or near the Property. Spacing and quantity of exploratory drill holes is generally sufficient to define the coal resource within the Property.

Initial exploration on the Property was entirely by drilling to collect data for delineation of coal and CBM resources. As a general practice, continuous core hole exploration is visually logged by a driller or professional geologist, whereas CBM holes are geophysically logged. Geophysical information from CBM wells was obtained from the **Geological Survey of Alabama Oil and Gas Board (GSA)** which were interpreted by Warrior Met’s predecessor to define seam thickness and elevation.



7.1.1 Summary of Exploration Data

MM&A was provided with the core hole records, or summary information from geophysical logs, as summarized below. Summaries of data related to these holes were initially provided to MM&A in the form of Microsoft® Excel spreadsheets:

- > Total number of holes: 360 drill holes utilized for mapping purposes
- > Total footage: 682,000 feet
- > Hole depths: ranging from 1,148 feet to 2,469 feet, averaging 1,885 feet.
- > Depth to top of Mary Lee seam: ranging from 1,140 feet to 1,900 feet, averaging 1,590 feet
- > An additional group of drilling records was identified and categorized as “not honored” for various reasons, and as such were ignored for mapping purposes:
 - possessing poor or suspect core recovery; or
 - thickness impacted by the influence of tectonic faulting; or
 - seam thickness information was interpreted from older vintage and/or lower resolution geophysical logs.

Much of the coal quality information provided to MM&A consisted of previously summarized data in the form of Microsoft® Excel spreadsheets in an Adobe® PDF (*PDF*) format. Where available, scanned copies of coal quality sheets and summary reports were also provided. The most recent drill hole quality data (2021) was derived from activity in the northern portions of the reserve area.

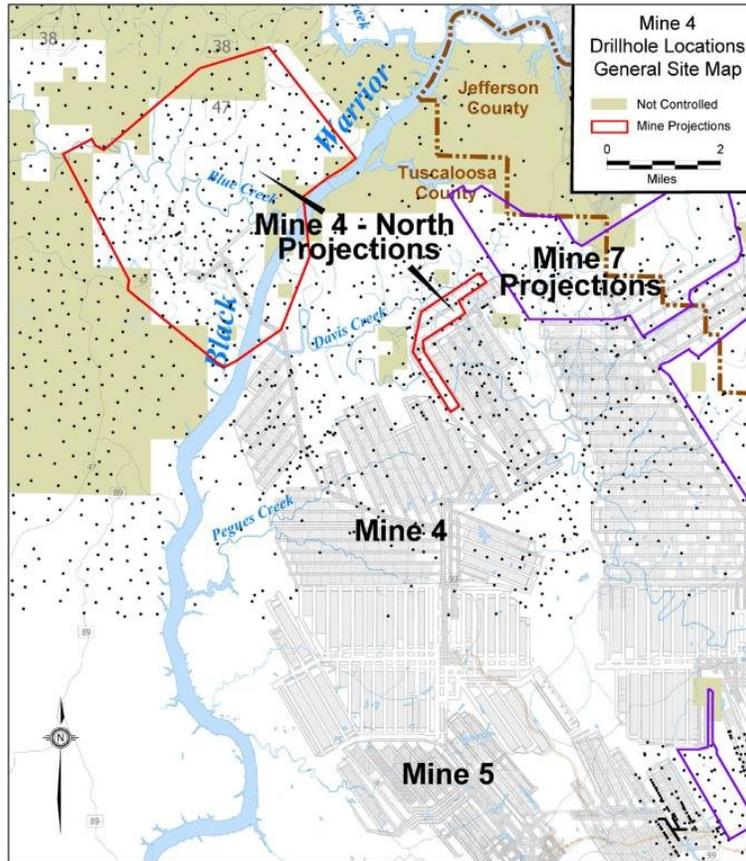
Extensive exploration in the form of subsurface drilling has been carried out on the Property by numerous entities, most of whose efforts were completed prior to acquisition by Warrior Met. Diamond core, rotary, and CBM drilling are the three primary types of exploration on the Property. Data for correlation and mining conditions are derived from core descriptions and geophysical logging (e-logging). The location of the drilling is shown on the maps included within this report.

The concentration of exploration varies across the Property, with the future underground mining areas having acceptable drill hole distributions for resource and reserve modeling. Drilling on the Property is typically sufficient for delineation of potential underground mineable benches. Mapping of future mining conditions is derived from data compiled from a variety of past and present exploration programs, but projections and assumptions can be made within a reasonable degree of certainty.

Due to the long history of exploration by various parties on the Property, a wide variety of survey techniques exist for documentation of data point locations. Many of the older exploration drill holes appear to have been located by survey. However, some holes appear to have been approximately located using USGS topography maps or other methods which are less accurate.

Figure 7-1 displays the location of drillholes for the property.

Figure 7-1: Drill Hole Location Map



7.2 Non-Drilling Procedures and Parameters

Some analyses, such as rheological and petrographic properties, and sulfur types, are not as prevalent as others in the testing done on samples recovered by drilling. To supplement the information database, samples have been collected from mine stockpiles and either truck or train shipment samples. Additionally, Warrior Met conducts regular channel sampling in its active underground works as a means of predicting coal quality and tonnages. Channel samples are generally obtained in headgate and tailgate development sections prior to longwall mining.



7.3 Drilling Procedures

Core drilling methods utilize NX-size ($2\frac{1}{8}$ inch) or similar-sized core cylinders to recover core samples, which can be used to delineate geologic characteristics, and for coal quality testing and geotechnical logging. In addition to the core holes, rotary drilled holes also exist on most of the Property. Data for the rotary drilled holes are mainly derived from downhole geophysical logs, which are used to interpret coal and rock thickness and depth since logging of the drill cuttings is not reliable. CBM holes are always logged geophysically, and the resulting interpreted data are incorporated into the geological model. Exploratory drilling generally requires drilling to depths from 1,140 to 1,900 feet to penetrate the target coal seams on the Property.

A wide variety of core-logging techniques exist for the Property. For many of the core holes, the primary data source is a generalized lithology description by the driller, which may be supplemented by a more detailed core log completed by a geologist. These drilling logs were provided to MM&A as a geological database. MM&A geologists were not involved in the production of original core logs but did perform a basic check of information within the provided database.

7.4 Hydrology

Mine No. 4 is an active mine and Warrior Met reports that it has experienced minimal hydrologic concerns or material issues. Notably, the operation recently completed development under the Black Warrior River to access its northern reserve areas. Future mining is projected to occur in areas exhibiting similar hydrogeological conditions as past mining including stream undermining, undermining of aquifers and mining through hydraulically fractured (frac'd) coalbed methane wells. Based upon the successful history of the operation with regards to hydrogeological features, MM&A assumes that the operation will not be hindered by such issues in the future.

7.5 Geotechnical Data

The general mining plan for this underground mine was developed by Warrior Met. Section layouts, pillar sizes, and panel dimensions largely mimic what Warrior Met has recently utilized in its active sections. Depths of cover should not significantly change over the life of the operation in comparison to current and historic values. Warrior Met and its predecessor have successfully mined adjacent to and through faults without significant geotechnical issues. MM&A does not anticipate that geotechnical issues will significantly hinder development or longwall mining activity for the mine plan presented in this TRS.



8 Sample Preparation Analyses and Security

8.1 Prior to Sending to the Lab

Most of the coal samples have been obtained from the Property by subsurface exploration using core drilling techniques. The protocol for preparing and testing the samples has varied over time and is not well documented for the older holes drilled on the Property. Typical core-drilling sampling methods for coal in the United States involves drilling through the seam, removing the core from the barrel, describing the lithology, wrapping the sample in a sealed plastic sleeve and placing it lengthwise into a covered core box, and carefully marking hole ID and depth intervals on each box and lid, allowing the core to be delivered to a laboratory in correct stratigraphic order, and with original moisture content. This process has been the norm for both historical and ongoing exploration activities at the Property.

This work is typically performed by the supervising driller, geologist, or company personnel. Samples are most often delivered to the company by the driller after each shift or acquired by company personnel or representatives. Most of the coal core samples were obtained by previous or current operators on the Property. MM&A did not participate in the collection, sampling, and analysis of the core samples. However, it is reasonable to assume, given the consistency of quality from previous operators, that these samples were generally collected and processed under industry best practices. This assumption is based on MM&A's familiarity with the operating companies and the companies used to perform the analyses.

8.2 Lab Procedures

Coal-quality testing has been performed over many years by operating companies using different laboratories and testing regimens. Some of the samples have raw analyses and washabilities on the full seam (with coal and rock parting layers co-mingled) and are mainly useful for characterizing the coal quality for projected production from underground mining. Other samples have coal and rock analyzed separately, the results of which can be manipulated to forecast underground mining quality. Care has been taken to use only those analyses that are representative of the coal quality parameters for the appropriate mining type for each sample.

Standard procedure upon receipt of core samples by the testing laboratory is to: 1) log the depth and thickness of the sample; then 2) perform testing as specified by a representative of the operating company. Each sample is then analyzed in accordance with procedures defined under **American Society for Testing and Materials (ASTM)** standards including, but not limited to washability (ASTM D4371); ash (ASTM D3174); sulfur (ASTM D4239); Btu/lb. (ASTM D5865); volatile matter (ASTM D3175); Free Swell Index (*FSI*) (ASTM D720). While not confirmed by MM&A, it is assumed that best practices and ASTM (or equivalent standards at the time of testing) were utilized in laboratory quality testing.



9 Data Verification

9.1 Procedures of Qualified Person

MM&A reviewed the Warrior Met supplied digital geologic database. The database consists of data records, which include drill hole information for holes that lie within and adjacent to the Property and records for supplemental underground coal seam thickness measurements. Upon completion of the database verification, copies of each entry were printed on a test case basis, and cross referenced to the original document for verification. Once the initial integrity of the database was established, stratigraphic columnar sections were generated using cross-sectional analysis to establish or confirm coal-seam correlations. Geophysical logs were used wherever available to assist in confirming the seam correlation and to verify proper seam thickness measurements and recovery of coal samples.

After establishing and/or verifying proper seam correlation, seam data-control maps and geological cross-sections were generated and again used to verify seam correlations and data integrity. Once the database was fully vetted, seam thickness, base-of-seam elevation, roof and floor lithology, and overburden maps were independently generated for use in the mine planning process.

9.2 Limitations

As with any exploration program, localized anomalies cannot always be discovered. The greater the density of the samples taken, the less the risk. Once an area is identified as being of interest for inclusion in the mine plan, additional samples are taken to help reduce the risk in those specific areas. In general, provision is made in the mine planning portion of the study to allow for localized anomalies that are typically classed more as a nuisance than a hinderance.

9.3 Opinion of Qualified Person

Sufficient data have been obtained through various exploration and sampling programs and mining operations to support the geological interpretations of seam structure and thickness for coal horizons situated on the Property. The data are of sufficient quantity and reliability to reasonably support the coal resource and coal reserve estimates in this TRS.

10 Mineral Processing and Metallurgical Testing

10.1 Testing Procedures

Separate tabulations have been compiled for basic chemical analyses (both raw and washed quality), petrographic data, rheological data and chlorine, ash, ultimate and sulfur analysis. The latter two data types are not as prevalent and have been supplemented by samples collected from mine stockpiles and either truck- or train-shipment samples.



Available coal-quality data were tabulated by resource area in a Microsoft® EXCEL workbook and the details of that work are maintained on file at the offices of Warrior Met and MM&A. These tables also provide basic statistical analyses of the coal quality data sets, including average value; maximum and minimum values; and the number of samples available to represent each quality parameter of the seam. Coal samples that were deemed by MM&A geologists to be unrepresentative were not used for statistical analysis of coal quality, as documented in the tabulations. A representative group of drill hole samples from the Property were then checked against the original drill laboratory reports to verify accuracy and correctness.

The amount and areal extent of coal sampling for geological data is generally sufficient to represent the quality characteristics of the coal horizons and allow for proper market placement of the subject coal seams. For some of the coal deposits there are considerable laboratory data from core samples that are representative of full extent of the resource area; and for others there are more limited data to represent the resource area. For example, in the active operation with considerable previous mining, there may be limited quality data within some of the remaining resource areas; however, in those cases the core sampling data can be supplemented with operational data from mining and shipped quality samples representative of the resource area.

MM&A extrapolated exploration-based quality information, generally summarized at a 1.50 or 1.55 float gravity, to determine yields which would correspond to a 10.2-ash product (dry basis). MM&A conducted plant simulations based upon Warrior Met's processing plant circuitry to determine yields that would be practically achievable for a 10.2-ash product specification. MM&A utilized its regional knowledge of the Mary Lee and Blue Creek horizons and its processing expertise gained from projects completed for Warrior Met, including typical washability (multiple gravities) and sizing information. Organic efficiencies were considered to account for misplaced coal and reject material. After considering typical processing inefficiencies, in general, the 1.50 float yield data obtained from exploration data roughly corresponds to a 10.2-ash product. In some areas, yields were further reduced from those obtained by 1.50 float averages to produce a 10.2-ash product.

10.2 Relationship of Tests to the Whole

The extensive sampling and testing procedures typically followed in the coal industry result in an excellent correlation between samples and marketable product. As shipped analyses of the coal from the Property were reviewed to verify that the coal quality and characteristics were as expected. The Property has a long history of saleable production within the mid-volatile metallurgical markets, which is expected to change to high-volatile placement as development and longwall mining continue in the North reserve area. Degradation of coking coal characteristics over time is not anticipated to be an issue.



10.3 Lab Information

Currently, each sample is analyzed at a company-operated coal-testing laboratory located in Brookwood, Alabama that operates in accordance with procedures defined under ASTM standards including, but not limited to washability (ASTM D4371); ash (ASTM D3174); sulfur (ASTM D4239); Btu/lb. (ASTM D5865); volatile matter (ASTM D3175); Free Swell Index (*FSI*) (ASTM D720). MM&A was not able to confirm that exact ASTM standards were used on older coal quality samples. Consistency in coal quality data suggests that similar parameters were likely utilized for quality analysis.

10.4 Relevant Results

No critical factors have been found that would adversely affect the recovery of the reserve. Any quality issues that occur, either localized or generally are accounted for in the marketing study done for this TRS.

11 Mineral Resource Estimates

MM&A independently created a geologic model to define the coal resources at the Property. Coal resources were estimated as of December 31, 2021. Resources are reported **inclusive** of coal reserves for Mine No. 4. Resources presented herein are utilized for mine planning purposes, and subsequently, reserve estimates. Resources are **not** reported in addition to coal reserves. There are **no** resources **exclusive** of reserves included in this TRS. Due to constraints imposed by differences in coal quality testing methodology, resources represent in-place coal tonnages and in-place coal quality, exclusive of the interburden between the Mary Lee and Blue Creek seams (a.k.a. *Middleman*). Ash bands and partings within the Mary Lee and Blue Creek horizons are included in tonnage and quality projections for the property's resource.

11.1 Assumptions, Parameters and Methodology

Geological data was imported into Carlson Mining[®] (formerly SurvCADD[®]) geological modelling software in the form of Microsoft[®] Excel files incorporating drill hole collars, seam and thickness picks, bottom seam elevations and raw and washed coal quality. These data files were validated prior to importing into the software. Once imported, a geologic model was created, reviewed and verified with a key element being a gridded model of coal seam thickness. Resource tonnes were estimated by using the seam thickness grid based on each valid point of observation and by defining resource confidence arcs around the points of observation. Points of observation for Measured and Indicated confidence arcs were defined for all valid drill holes that intersected the seam using standards deemed acceptable by MM&A based on a detailed geologic evaluation and a statistical analysis of all drill holes within the projected reserve areas as described in *Section 11.1.1*. The geological evaluation incorporated an analysis of seam thickness related to depositional environments, adjacent roof and floor lithologies, and structural influences.



After validating coal seam data and establishing correlations, the thickness and elevation for seams of economic interest were used to generate a geologic model. Due to the relative structural simplicity of the deposits and the reasonable continuity of the tabular coal beds, the principal geological interpretation necessary to define the geometry of the coal deposits is the proper modeling of their thickness and elevation. Both coal thickness and quality data are deemed by MM&A to be reasonably sufficient within the resource areas. Therefore, there is a reasonable level of confidence in the geologic interpretations required for coal resource determination based on the available data and the techniques applied to the data.

Table 11-1 below provides the geological mapping and coal tonnage estimation criteria used for the coal resource and reserve evaluation. These cut-off parameters have been developed by MM&A based on its experience with the Warrior Met property and are typical of mining operations in the Black Warrior coal basin. This experience includes technical and economic evaluations of numerous properties in the region for the purposes of determining the economic viability of the subject coal reserves.

Table 11-1: General Reserve and Resource Criteria

Item	Parameters	Technical Notes & Exceptions*
• General Reserve Criteria		
Reserve Classification	Reserve and Resource	
Reliability Categories	Reserve (Proven and Probable) Resource (Measured and Indicated)	Measured Resources and Proven Reserves Only Considered if located with 0.75 miles of a quality location or 0.25 miles of an active mining section. Further, Measured Resources and Proven Reserves Must be Located with 0.25 miles of a point of observation or active section.
Effective Date of Resource Estimate	December 31, 2021	Coal resources were updated for depletion based on information from Warrior Met. Effective date for coal resources is as of December 31, 2021.
Effective Date of Reserve Estimate	December 31, 2021	Coal reserves were updated for depletion based on information from Warrior Met. Effective date for coal reserves is as of December 31, 2021.
Seam Density	Variable, dependent upon seam characteristics (based on available drill hole quality).	
• Underground-Mineable Criteria		
Map Thickness	Total seam thickness	
Minimum Seam Thickness	4.5 feet	
Minimum Mining Thickness	5.0 Feet for Longwall 7.0 Feet for Continuous Mining	
Minimum In-Seam Wash Recovery	Accounted for in seam thickness cutoffs. Minimum Annual Wash Recovery (inclusive of dilution) of approximately 30%. LOM Average = 47%.	
Wash Recovery Applied to Coal Reserves	Based on average yield for drill holes within reserve area and simulated plant models to produce a 10.2-percent ash product.	
Out-of-Seam Dilution Thickness for Run-of-Mine Tonnes Applied to Coal Reserves	Minimum of 3 inches or delta between mining height and total seam (Mary Lee + Blue Creek + Middleman) height.	2.3 SG used for dilution tonnage estimate
Mine Barrier	Not Applicable – Reserves Not Adjacent to Abandoned Works	
CBM Wells	CBM Wells Assumed to be Plugged Ahead of Mining and Mined Through. No reserve/resource reductions considered.	
Adjustments Applied to Coal Reserves	10 percent moisture increase	

Note: Exceptions for application of these criteria to reserve estimation are made as warranted and demonstrated by either actual mining experience or detailed data that allows for empirical evaluation of mining conditions. Final classification of coal reserve is made based on the pre-feasibility evaluation.



11.1.1 Geostatistical Analysis for Classification

MM&A completed a geostatistical analysis on the Blue Creek's supporting drill holes within the reserve boundaries to determine the applicability of the common United States classification system for measured and indicated coal resources. Warrior Met's exploration dataset is unique in that a significant portion of data is sourced from geophysical logs associated with coalbed methane wells. Commonly, geophysical data from some of the earlier-vintage gas well log exhibits (with low-resolution definition) allow identification of coal seams but hinder one's ability to accurately define precise coal thicknesses and in-seam parting thickness measurements. As such, geological modeling of the subject coal seams excluded low-resolution geophysical thickness interpretations from gas wells; however, seam thicknesses which were derived from higher resolution geophysical logs were utilized. The geostatistical analysis presented herein only includes information utilized for resource and reserve modeling.

Historically, the United States has assumed that coal within 0.25 miles of a point of observation represents a measured resource whereas coal between 0.25 miles and 0.75 miles from a point of observation is classified as indicated. Inferred resources are commonly assumed to be located between 0.75 miles and 3 miles from a point of observation. Per SEC regulations, only measured and indicated resources may be considered for reserve classification, respectively as proven and probable reserves.

MM&A performed a geostatistical analysis of the Warrior Met data set using the Drill Hole Spacing Analysis (DHSA) method. This method attempts to quantify the uncertainty of applying a measurement from a central location to increasingly larger square blocks and provides recommendations for determining the distances between drill holes for measured, indicated, and inferred resources.

To perform DHSA the data set was processed to remove any erroneous data points, clustered data points, as well as directional trends. This was achieved through the use of histograms, as seen in *Figure 11-1*, color coded scatter plots showing the geospatial positioning of the borings, *Figure 11-2*, and trend analysis.

Figure 11-1: Histogram of the Total Seam Thickness for the Mary Lee and Blue Creek Seams Present in the Mine-4 Complex

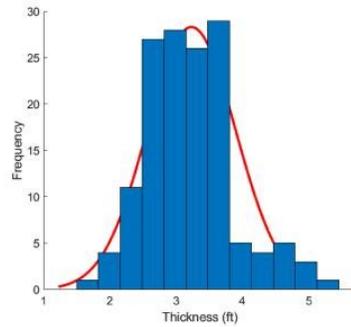
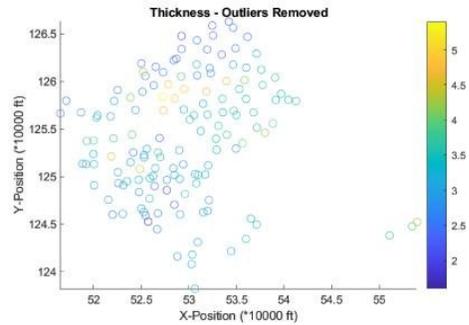
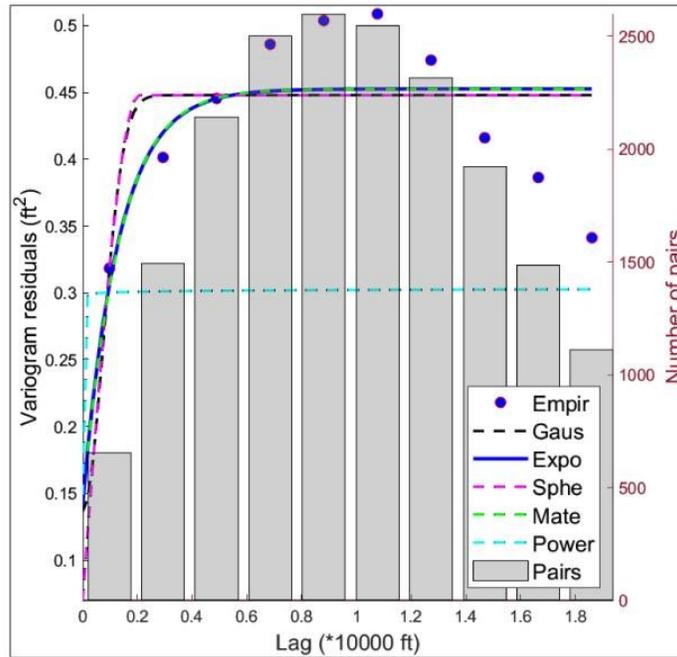


Figure 11-2: Scatter plot of the Total Seam Thickness for the Mary Lee and Blue Creek Seams Present in the Mine-4 Complex



Following the completion of data processing, a variogram of the data set was created, *Figure 11-3*. The variogram plots average square difference against the separation distance between the data pairs. The separation distance is broken up into separate bins defined by a uniform lag distance (e.g., for a lag distance of 499 feet the bins would be 0 – 499 feet, 502 – 1,000 feet, etc.). Each pair of data points that are less than one lag distance apart are reported in the first bin. If the data pair is further apart than one lag distance but less than two lag distances apart, then the variance is reported in the second bin. The numerical average for differences reported for each bin is then plotted on the variogram. Care was taken to define the lag distance in such a way as to not overestimate any nugget effect present in the data set. Lastly, modeled equations, often spherical, gaussian, or exponential, are applied to the variogram in order to represent the data set across a continuous spectrum.

Figure 11-3: Variogram of the Total Seam Thickness for the Mary Lee and Blue Creek Seams Present in the Mine-4 Complex



The estimation variance is then calculated using information from the modeled variogram as well as charts published by Journel and Huijbregts (1978). This value estimates the variance from applying a single central measurement to increasingly larger square blocks. Care was taken to ensure any nugget effect present was added back into the data. This process was repeated for each test block size.

The final step of the process is to calculate the global estimation variance. In this step the number square blocks that would fit inside the selected study area is determined for each block size that was investigated in the previous step. The estimation variance is then divided by the number of blocks that would fit inside the study area for each test block size. Following this determination, the data is then transformed back to represent the relative error in the 95th-percentile range.

Figure 11-4 shows the results of the DHSA performed on the Blue Creek seam data for Mine No. 4. DHSA provides hole to hole spacing values, these distances need to be converted to radius from a central point in order to compare to the historical standards. A summary of the radius data is shown in Table 11-2. DHSA prescribes measured, indicated, and inferred drill hole spacings be determined at the 10-percent, 20-percent, and 50-percent levels of relative error, respectively.

Figure 11-4: Result of DHSA for the Mary Lee and Blue Creek Seams Present in the Mine-4 Complex

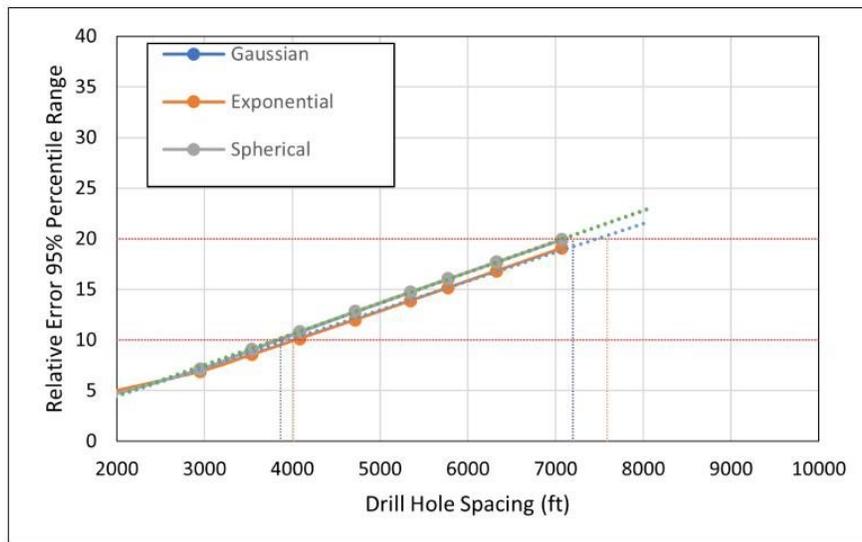


Table 11-2: DHSA Results Summary for Radius from a Central Point

Model:	Measured Radial Distance (10% Relative Error)	Indicated Radial Distance (20% Relative Error)	Inferred Radial Distance (50% Relative Error)
	(mi)	(mi)	(mi)
Gaussian:	0.37	0.68	1.63
Spherical:	0.37	0.68	1.63
Exponential:	0.38	0.72	1.73

Comparing the results of the DHSA to the historical standards, it is evident that the historical standards are more conservative than even the most conservative DHSA model with regards to determining measured resources. The Gaussian and Spherical models recommend using a radius of 0.37 miles for measured resources compared to the historical value of 0.25 miles. With respect to indicated resources the DHSA falls in line closely with the historical standards. The Gaussian and Spherical models recommend using a radius 0.68 miles, while the Exponential model recommends a radius of 0.72 miles. These values align closely with the historical radius of 0.75 miles. These results have led the QP's to report the data following the historical classification standards, rather than use the results of the DHSA.

11.1.1.1 Additional Commentary on Measured and Indicated Breakdowns

As previously mentioned, Warrior Met's exploration dataset is unique in that it includes data derived from low-resolution and higher-resolution geophysical logs. Although the low-resolution data is not used for geological modeling to support resource and reserve calculations, it is valuable to confirm the presence or absence of the subject coal beds. To account for the unique combination of data available



for geological modeling and reserve definitions, the following assumptions have been made by the report authors to derive Measured and Indicated resource (and subsequently, Proven and Probable reserve) criteria.

1. Coal tonnes must be located within ¼ mile (3,960-feet) of an exploration drillhole with quality information or ¼ mile (1,480 feet) from active mine workings to be considered for “Measured” (and “Proven”) status. Coal tonnes located outside of this ¼ mile buffer are only considered for “Indicated” (and “Probable”) status.
2. Once applying a ¼ mile (3,960-feet) buffer to quality-based data and mine works, coal tonnes must be located with ¼ mile of any point of observation to have “Measured” (and “Proven”) status, including gas wells.
3. “Indicated” (and “Probable”) tonnes represent those tonnes located within the ¼-mile buffer from quality-based information yet are located between ¼ and ¾ mile from any point of observation, including gas wells.
4. “Indicated” (and “Probable”) tonnes also reflect those tons located outside of the ¼-mile buffer from quality-based points and are located within ¾ mile from any point of observation.
5. Inferred tonnes are not applicable to this exercise, as all tonnes meet the aforementioned “Measured” and “Indicated” criteria.

11.2 Qualified Person’s Estimates

Mineral resources, representing in-situ coal in which a portion of reserves are derived, are presented below. Based on the work described and detailed modelling of the areas considering all the parameters defined, a coal resource estimate, summarized in *Table 11-3*, was prepared as of December 31, 2021, for property controlled by Warrior Met. Resources are presented *inclusive* of coal reserves, not in addition to coal reserves. Resources represent in-place coal tonnages *exclusive* of interburden, but inclusive of any high-ash partings within the Mary Lee and Blue Creek coal seams. As such, in-situ tonnages and quality as presented in Table 1-1 reflect the inclusion of high-ash partings which is ultimately removed after mining during coal preparation.

Table 11-3: Coal Resources Summary as of December 31, 2021

Seam	Coal Resource (Dry Tonnes, In Situ, Mt)				Resource Quality (Dry)		
	Measured	Indicated	Inferred	Total	Ash%	Sulfur%	VM%
Mary Lee	16.9	0.4	0.0	17.3	-	-	-
Blue Creek	43.4	1.1	0.0	44.5	-	-	-
Grand Total	60.2	1.5	0.0	61.7	15.9	0.9	29

Note: Resource tonnes are inclusive of reserve tonnes since they include the in-situ tonnes from which recoverable coal reserves are derived.

Note 2: Coal resources are reported on a dry basis, inclusive of high-ash partings which are ultimately removed during coal preparation. Surface moisture and inherent moisture are excluded.

12 Mineral Reserve Estimates

12.1 Assumptions, Parameters and Methodology

Coal Reserves are classified as *proven* or *probable* considering “modifying factors” including mining, metallurgical, economic, marketing, legal, environmental, social, and governmental factors.

- > **Proven Coal Reserves** are the economically mineable part of a measured coal resource, adjusted for diluting materials and allowances for losses when the material is mined. It is based on appropriate assessment and studies in consideration of and adjusted for reasonably assumed modifying factors. These assessments demonstrate that extraction could be reasonably justified at the time of reporting.
- > **Probable Coal Reserves** are the economically mineable part of an indicated coal resource, and in some circumstances a measured coal resource, adjusted for diluting materials and allowances for losses when the material is mined. It is based on appropriate assessment and studies in consideration of and adjusted for reasonably assumed modifying factors. These assessments demonstrate that extraction could be reasonably justified at the time of reporting.

Upon completion of delineation and calculation of coal resources, MM&A generated a LOM plan for the Property based upon LOM Projections provided by Warrior Met. The footprint of the LOM plan is shown on the resource maps in *Figure 7-1*. The mine plan was generated based on the forecasted mine plans and permit plans provided by Warrior Met with modifications by MM&A where necessary due to current property control limits, modifications to geologic mapping, or other factors determined during the evaluation.

Carlson Mining software was used to generate the LOM plan for Mine No. 4. The mine plan was sequenced based on productivity schedules provided by Warrior Met. MM&A judged the productivity estimates and plans to be reasonable based on experience and current industry practice and Warrior Met’s historical performance at Mine No. 4.

At Mine No. 4, a minimum mining height of 5-feet was used for longwall mining methods and 7-feet for continuous mining methods. For coal seams thinner than the assigned mining height, the difference between the coal seam height and assigned mining height consists of OSD. Mine recovery generally varies between 30 and 40 percent for continuous mining panels, and 100 percent for longwall. Plant recovery is a function of in-seam recovery, OSD and adjustments to produce a 10.2-ash product. Typical entry width is 20 feet.

Raw, ROM production data outputs from LOM plan sequencing were processed into Microsoft® EXCEL spreadsheets and summarized on an annual basis for processing into the economic model. Average seam densities were estimated to determine raw coal tonnes produced from the LOM plan. Average mine recovery and wash recovery factors were applied to determine coal reserve tonnes.



Coal reserve tonnes in this evaluation are reported at a 10.0-percent moisture and represent the saleable product from the Property.

Pricing data as provided by Warrior Met is described in *Section 16.2*. The pricing data assumes an FOB Railcar or barge price of approximately \$239 per metric tonne for calendar year 2022. The price decreases to approximately \$130 per metric tonne in 2023 then increases annually based on the most recent supply and demand forecast utilized in developing sales realization estimates.

The coal resource mapping and estimation process, described in the report, was used as a basis for the coal reserve estimate. Proven and probable coal reserves were derived from the defined coal resource considering relevant processing, economic (including technical estimates of capital, revenue, and cost), marketing, legal, environmental, socio-economic, and regulatory factors and are presented on a moist, recoverable basis.

As is customary in the US, the categories for proven and probable coal reserves are based on the distances from valid points of measurement as determined by the QP for the area under consideration. For this evaluation, measured resource, which may convert to a proven reserve, is based on a 0.25-mile radius from a valid point of observation.

Points of observation include exploration drill holes, degas holes, and mine measurements which have been fully vetted and processed into a geologic model. The geologic model is based on seam depositional modeling, the interrelationship of overlying and underlying strata on seam mineability, seam thickness trends, the impact of seam structure (i.e., faulting), intra-seam characteristics, etc. Once the geologic model was completed, a statistical analysis, described in *Section 11.1.1* was conducted and a 0.25-mile radius from a valid point of observation was selected to define Measured Resources.

Likewise, the distance between 0.25 and 0.75 of a mile radius was selected to define Indicated Resources. Indicated Resources may convert to Probable Reserves.

There are no Inferred Resources (greater than a 0.75-mile radius from a valid point of observation) at Mine No. 4.

12.2 Qualified Person's Estimates

Reserve tonnage estimates provided herein report coal reserves derived from the in-situ resource tonnes presented in *Table 11-3*, and not in addition to coal resources. Proven and probable coal reserves were derived from the defined coal resource considering relevant mining, processing, infrastructure, economic (including estimates of capital, revenue, and cost), marketing, legal, environmental, socio-economic and regulatory factors. The coal reserves, as shown in *Table 12-1*, are based on a technical evaluation of the geology and a preliminary feasibility study of the coal deposits. The extent to which the coal reserves may be affected by any known environmental, permitting, legal,

title, socio-economic, marketing, political, or other relevant issues has been reviewed rigorously. Similarly, the extent to which the estimates of coal reserves may be materially affected by mining, metallurgical, infrastructure and other relevant factors has also been considered.

Table 12-1: Coal Reserve Summary

Seam	Demonstrated Coal Reserves (Wet Tonnes, Washed or Direct Shipped, Mt)					Quality (Dry Basis)		
	By Reliability Category			By Control Type				
	Proven	Probable	Total	Owned	Leased	Ash%	Sulfur%	VM%
Mary Lee	11.1	0.3	11.4	0.0	11.4	-	-	-
Blue Creek	27.3	0.7	28.0	0.0	28.0	-	-	-
Total	38.4	1.0	39.4	0.0	39.4	10.2	0.8	31

Note 1: Marketable reserve tonnes are reported on a moist basis, including a combination of surface and inherent moisture. The combination of surface and inherent moisture is modeled at 10-percent, comparable to Warrior Met's current product moisture. Actual product moisture is dependent upon multiple geological factors, operational factors, and product contract specifications.

Note 2: Marketable reserve tonnes are reported on a moist basis, including a combination of surface and inherent moisture. The combination of surface and inherent moisture is modeled at 10-percent, comparable to Warrior Met's current product moisture. Actual product moisture is dependent upon multiple geological factors, operational factors, and product contract specifications.

The results of this TRS define an estimated 39.4 Mt of proven and probable marketable coal reserves. Of that total, 97 percent are proven, and 3 percent are probable. All of the Mine No. 4 reserves are leased and are considered suitable for the metallurgical coal market, and all of the reserves are assigned.

12.3 Qualified Person's Opinion

The estimate of coal reserves was determined in accordance with SEC standards.

The LOM mining plan for Mine No. 4 was prepared to the level of preliminary feasibility. Mine projections were prepared with a timing schedule to match production with coal seam characteristics. Production timing was carried out from current locations to depletion of the coal reserve area. Coal reserve estimates could be materially affected by the risk factors described in *Section 22.2*.

Based on the preliminary feasibility study and the attendant economic review, MM&A believes this is a fair and accurate estimation of Mine No. 4 coal reserves.

13 Mining Methods

13.1 Geotechnical and Hydrologic Issues

The mining plan for Mine No. 4 was developed by Warrior Met and modified by MM&A to fit property constraints. Mine geometry, including pillar sizing and panel sizing is typical of ranges currently utilized by Warrior Met in its active operations. Mine recoveries in engineering mining projections are typical of those currently achieved by Warrior Met. MM&A does not anticipate insurmountable challenges



with regards to geotechnical issue at the operations based upon 1) Warrior's (and predecessor's) historic success in high resource recovery; 2) Consistent geological criteria in future mining areas and 3) ongoing exploration programs to mitigate risks related to geological and geotechnical (fault) issues.

Pillar stability was tested by MM&A using the *Analysis of Coal Pillar Stability (ACPS)* program that was developed by the **National Institute for Occupational Safety and Health (NIOSH)**. MM&A reviewed the results from the ACPS analysis and considered them in the development of the LOM plan.

Hydrology has not been a material issue of concern at Mine No. 4. Mining of future reserves is projected to occur in areas which exhibit similar hydrogeological characteristics as those formerly mined areas.

13.2 Production Rates

Mine No. 4 is a single longwall operation which is supported by continuous mining units. The mine plan and productivity expectations reflect historical performance and efforts have been made to adjust the plan to reflect future conditions. MM&A is confident that the mine plan is reasonably representative to provide an accurate estimation of coal reserves. Mine development and operation have not been optimized within the TRS. Rather, the plan is developed at the Pre-Feasibility level to gain a realistic estimate of potential operational and capital costs to demonstrate the economic viability of the subject reserves.

Productivity for continuous mining sections and continuous miner sections reflect typical rates incurred in the region. At steady state, the mine produces approximately 2.2 million clean tonnes per year.

Carlson Mining software was used by MM&A to generate the mine plan for the underground mineable coal seams. The mine plan was sequenced based on productivity schedules provided by Warrior Met, which were based on historically achieved productivity levels. All production forecasting ties assumed production rates to geological models as constructed by MM&A's team of geologists and mining engineers.

13.3 Mining Related Requirements

Although the continuous miner sections are significantly more expensive to operate on a cost-per-tonne basis, they are necessary to open up areas of the mine by developing main entries and gate roads in preparation for the longwall. At steady state, the LOM plan included in this TRS requires two to three continuous mining support sections until the last few years of mining.

13.4 Required Equipment and Personnel

Mine No. 4, along with Mine No. 7, are currently Warrior Met's only longwall operations. The longwall shearing machine is used for extraction of coal at the production face. A chain conveyor is used to remove coal from the longwall face for discharge onto the conveyor belt which then ultimately deliver it the skip systems. Development for the longwall is conducted by the extraction of coal from the production faces using continuous miners and haulage using shuttle cars to a feeder-breaker located



at the tail of the section conveyor belt. The feeder-breaker crushes large pieces of coal and rock and regulates coal feed onto the mine conveyor. Roof-bolting machines are used to support the roof on the development sections of the longwall mine. Roof-bolting machines are used to install roof bolts, and battery scoops are available to clean the mine entries and assist in delivery of mine supplies to work areas. Other supplemental equipment such as personnel carriers, supply vehicles, etc., are also used daily.

Mine conveyors typically range in width up to 6 feet. Multiple belt flights are arranged in series to deliver raw coal to the underground storage. Along the main and sub-main entries and panels, a travel way is provided for personnel and materials by rubber-tired equipment or on rail. A skip system is used to transport ROM coal from the underground storage bunker to the surface where the coal may be sampled, crushed and washed in the preparation plant and stockpiled to await shipment.

Surface ventilation fans are installed as needed to provide a sufficient volume of air to ventilate production sections, coal haulage and transport entries, battery charging stations, and transformers in accordance with approved plans. High-voltage cables deliver power throughout the mine where transformers reduce voltage for specific equipment requirements. *The Mine Improvement and New Emergency Response Act of 2006 (MINER Act)* requires that carbon monoxide detection systems be installed along mine conveyor belts and that electronic two-way tracking and communications systems be installed throughout the underground mine. Water is required to control dust at production sections and along conveyor belts, and to cool electric motors. Water is available from nearby sources and is distributed within the mine by pipelines as required. At steady state, the mine is projected to employ approximately 400 employees.

14 Processing and Recovery Methods

14.1 Description or Flowsheet

Warrior Met currently operates a coal preparation plant at the Property. The Mine No. 4 Plant operates at a feed rate of approximately 1,180 raw tonnes per hour (*tph*). Coarse material is washed in a heavy media vessel, the intermediate-size material is washed in heavy media cyclones. Fine material is washed using reflux classifiers, and ultrafine material is cleaned by froth flotation. These processes are supported by the requisite screens, centrifuges, vacuum filters, sumps, pumps, and distribution systems. Processes and equipment are typical of those used in the coal industry and are in use in nearly all plants in the Black Warrior Basin.

14.2 Requirements for Energy, Water, Material and Personnel

Personnel have historically been sourced from the surrounding communities in Tuscaloosa, Jefferson and Bibb Counties, and have proven to be adequate in numbers to operate the mine. As mining is

common in the surrounding areas, the workforce is generally familiar with mining practices, and many are experienced miners.

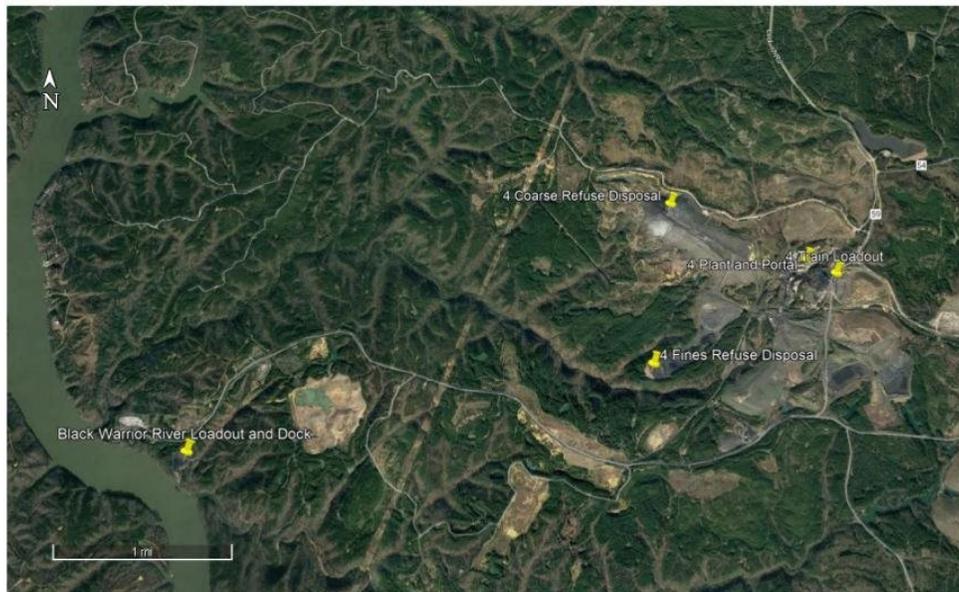
The Mine No. 4 Complex has sources of water, power, personnel, and supplies readily available for use. Water is sourced locally a combination of municipal and freshwater sources. Electricity is sourced from Alabama Power. The service industry in the areas surrounding the mine complex has historically provided supplies, equipment repairs and fabrication, etc.

15 Infrastructure

The Warrior Met-owned Mine No. 4 Preparation Plant services the mine via skip system which transports extracted coal from an underground bunker to the surface facility. A nearby rail line and the Black Warrior River serve as the primary means of transport from the mine.

As an active operation, the necessary support infrastructure for Mine No. 4 is in place. In addition to the plant and loadout, there are also portal facilities, including personnel access to the mine and ventilation fans. A photo of the existing facilities is *Figure 15-1*.

Figure 15-1: Mine No. 4 Surface Facilities





16 Market Studies

16.1 Market Description

The quality characteristics for the subject coal resources and coal reserves have been reviewed in detail by MM&A. The drill hole data was utilized to develop average coal quality characteristics for the mine site.

Current typical quality specifications for the Mine No. 4 products are as shown in *Table 16-1*. This information was provided by Warrior Met and reflects average shipment quality for 2021.

Table 16-1: 2021 Average Product Quality

	Mine No. 4
Moisture (%)	10.29%
Ash (% dry basis)	10.23%
Sulfur (% dry basis)	0.81%
Volatile Matter (% dry basis)	26.27%
Phosphorus (% dry basis)	0.0301%

All of the mine's production serves the metallurgical markets. The metallurgical coal currently generally marketed as a mid-volatile product and is priced in accordance with a combination of low-volatile and mid-volatile price indices. As the mine progresses into the North reserve area, volatiles are expected to increase. For the purpose of this study, low-vol pricing has been used as a basis for forward looking revenue projections.

16.2 Price Forecasts

Warrior Met provided MM&A with price forecasts based on the latest PLV forecast through 2030. Pricing was held constant beyond that date. Historically, the price received for this coal has reportedly varied plus or minus several percent from the PLV pricing depending on short-term demand or quality adjustments; for the purpose of this study, 96 percent of the PLV was used. To develop the Price received FOB the Barge or Railcar, transportation and loading were backed out of the FOB vessel price. The adjusted pricing is detailed in *Table 16-2*. As noted in discussions of coal quality, volatile percentages are anticipated to increase over time at Mine No. 4. Warrior Met does not anticipate such variations to be of material significance to modify the PLV price basis.



Table 16-2: Adjusted Pricing (per tonne)

	LOM	2022	2023	2024	2025	2026
Price FOB Vessel	\$182.56	\$270.00	\$153.00	\$154.00	\$154.00	\$158.00
Transportation	\$25.29	\$31.16	\$22.64	\$22.75	\$22.75	\$23.17
Revenue FOB Rail or Barge	\$157.27	\$238.84	\$130.36	\$131.25	\$131.25	\$134.83
	2027	2028	2029	2030	2031	2032
Price FOB Vessel	\$175.00	\$180.00	\$184.00	\$187.00	\$187.00	\$187.00
Transportation	\$24.97	\$25.30	\$25.56	\$25.76	\$25.76	\$25.76
Revenue FOB Rail or Barge	\$150.03	\$154.70	\$158.44	\$161.24	\$161.24	\$161.24
	2033	2034	2035	2036	2037	2038
Price FOB Vessel	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00	\$187.00
Transportation	\$25.76	\$25.76	\$25.76	\$25.76	\$25.76	\$25.76
Revenue FOB Rail or Barge	\$161.24	\$161.24	\$161.24	\$161.24	\$161.24	\$161.24
	2039	2040	2041	2042		
Price FOB Vessel	\$187.00	\$187.00	\$187.00	\$187.00		
Transportation	\$25.76	\$25.76	\$25.76	\$25.76		
Revenue FOB Rail or Barge	\$161.24	\$161.24	\$161.24	\$161.24		

16.3 Contract Requirements

Some contracts are necessary for successful marketing of the coal. For Mine No. 4, since all mining, preparation and marketing is done in-house, the remaining contracts required are:

- > **Transportation** – The mine’s contracts with the railroad and transportation companies for barges on the Black Warrior River to transport the coal to either the domestic customers or to the Mobile export terminal for overseas shipment.
- > **Handling** – Contracts for loading vessels for export sales are necessary. These are typically handled by annual negotiations based on projected shipments.
- > **Sales** – Sales contracts are a mix of spot and contract sales.



17 Environmental Studies, Permitting and Plans, Negotiations or Agreements with Local Individuals

17.1 Results of Studies

MM&A has not conducted environmental based services or studies for Warrior Met. Permitting activities are managed internally by Warrior Met.

17.2 Requirements and Plans for Waste Disposal

Based on data provided by Warrior Met, the current Mine No. 4 coarse refuse disposal site adjacent to the preparation plant has a capacity of 19.3 million cubic yards as currently designed. Warrior Met projects that the current coarse impoundment has a remaining life of 8 years.

Additionally, Warrior Met reports that currently active and permitted fines disposal sites have a remaining capacity of 1,519 acre-ft, equivalent to 3.2 years of capacity. Warrior Met has identified additional future fine refuse disposal sites with a total capacity of 5,500 acre-ft, equating to an additional 12-years of capacity. Permits for a portion of future fines sites have been obtained.

17.3 Permit Requirements and Status

All mining operations are subject to federal and state laws and must obtain permits to operate mines, coal preparation and related facilities, haul roads, and other incidental surface disturbances necessary for mining to occur. Permits generally require that the permittee post a performance bond in an amount established by the regulatory program to provide assurance that any disturbance or liability created during mining operations is properly restored to an approved post-mining land use and that all regulations and requirements of the permits are fully satisfied before the bond is returned to the permittee. Significant penalties exist for any permittee who fails to meet the obligations of the permits including cessation of mining operations, which can lead to potential forfeiture of the bond. Any company, and its directors, owners and officers, which are subject to bond forfeiture can be denied future permits under the program.¹

New permits or permit revisions will occasionally be necessary to facilitate the expansion or addition of new mining areas on the property, such as amendments to existing permits and new permits for mining of reserve areas. Exploration permits also are required. Property under lease includes provisions for exploration among the terms of the lease. New or modified mining permits are subject to a public advertisement process and comment period, and the public is provided an opportunity to raise objections to any proposed mining operation. MM&A is not aware of any specific prohibition of mining on the subject property and given sufficient time and planning, Warrior Met should be able to secure new permits to maintain its active mining operation within the context of current regulations.

¹ Monitored under the Applicant Violator System (AVS) by the Federal Office of Surface Mining.



Necessary permits are in place to support current production on the Property. Portions of the Property are located near local communities.

Warrior Met has obtained all mining and discharge permits to operate the mine and processing, loadout, or related facilities. MM&A is unaware of any obvious or current Warrior Met permitting issues that are expected to prevent the issuance of future permits. Mine No. 4, along with all coal producers, are subject to a level of uncertainty regarding future clean water permits due to **United States Environmental Protection Agency (EPA)** involvement with state programs.

Future permitting activities will be required from additional refuse expansion as summarized in the preceding report section. A portion of these permits are underway, but additional permitting will be required to secure ample refuse storage capacity to mine and process all future reserves on the property.

The active mining permits currently held by Warrior Met are shown in *Table 17-1*.



Table 17-1: Mine No. 4 Mining Permits

Facility Name	Issuing Agency	Permit Number	Permit Type	Permit Expiration	Comments
Mine No. 4	ASMC	P-3260	Mining Permit	3/1/2023	
Mine No. 5	ADEM	AL0029475	NPDES	9/11/2018	Admin Extended
Barge Loading Facility	ADEM	AL0075558	NPDES	1/31/2022	Renewal Under Review
Central Shop	ADEM	ALG140042	General Storm Water	9/30/2022	
Barge Loading Facility	USACE	AL02-00696-L	LOP	Unknown	
Barge Loading Facility	USACE	ALG02-00697-L	LOP	Unknown	
Mine No. 4	USACE	AL-90-01938-V	LOP	Unknown	
Mine No. 4	MSHA	01-01247	Mine ID	N/A	
Central Shop	MSHA	01-02515	Mine ID	N/A	
Central Supply	MSHA	01-03193	Mine ID	N/A	



17.4 Local Plans, Negotiations or Agreements

The workforce at Mine No. 4 is represented by the **United Mine Workers of America (UMWA)**. As of the effective date of this report, the unionized labor force at Mine No. 4 is on strike. This TRS makes no attempt to estimate the remaining duration of the strike, as MM&A is not privy to the status of negotiations between the UMWA and Warrior Met. Production rates and schedules expressed in this TRS are generalized and are intended to reflect reasonable expectations of performance through the utilization of a well-trained workforce.

17.5 Mine Closure Plans

Applicable regulations require that mines be properly closed, and reclamation commenced immediately upon abandonment. In general, site reclamation includes removal of structures, backfilling, regrading, and revegetation of disturbed areas. Sediment control is required during the establishment of vegetation, and bond release generally requires a minimum five-year period of site maintenance, water sampling, and sediment control following mine completion and rough grading. For most mines, unless special issues arise, reclamation and monitoring costs continue for about 7 years after cessation of production. Reclamation of underground mines includes closure and sealing of mine openings such as portals and shafts in addition to the items listed above.

Estimated costs for mine closure, including water quality monitoring during site reclamation, are included in the financial model. As with all mining companies, an accretion calculation is performed annually so the necessary Asset Retirement Obligations (ARO) can be shown as a liability on the balance sheet.

Costs have been included for closure of some existing facilities prior to exhaustion of the mine. As Bleeder shafts are no longer needed, they are sealed and as refuse disposal areas are filled and replaced, reclamation is done. The costs for this non-ARO reclamation work have been accrued for on a per tonne basis in the model.

17.6 Qualified Person's Opinion

Mine No. 4 is an operating facility; all necessary permits for current production have been obtained. MM&A knows of no reason that any permit revisions that may be required cannot be obtained.

Estimated expenditures for site closure and reclamation are included in the financial model for this site.

18 Capital and Operating Costs

18.1 Capital Cost Estimate

The production sequence selected for a property must consider the proximity of each reserve area to coal preparation plants, river docks and railroad loading points, along with suitability of production equipment to coal seam conditions. Future needs were accounted for by utilizing a \$/tonne estimate for future mining.

MM&A assumes that major equipment rebuilds occur over the course of each machine's remaining assumed operating life. Based on detailed studies of similar mines and based on guidance from Warrior Met, MM&A has used a value of \$9.50 per saleable tonne mined for sustaining capital. This closely approximates Warrior Met's history. Project capital is assumed to be subject to stand-alone economic analysis prior to expenditure so it has not been included in this study. To reflect typical spending patterns, sustaining capital is reduced to 25% in the penultimate year of production and eliminated in the final year.

For the purpose of calculating tax liability, it is necessary to forecast Depreciation. Sustaining Capital as it is purchased has been assumed to have an average depreciable life of 5 years. The current Asset inventory is assumed to depreciate on a decreasing basis by 2025.

18.2 Operating Cost Estimate

MM&A used a combination of historical information and detailed operating cost estimates from a recent study of a similar property in the region. Where necessary, operating costs were adjusted to reflect differences between this mine and the studied mine. Hourly labor rates and salaries were based upon regional information and expectations. Fringe-benefit costs were developed for vacation and holidays, federal and state unemployment insurance, retirement, workers' compensation and pneumoconiosis, casualty and life insurance, healthcare, and bonuses. A cost factor for mine supplies was developed that relates expenditures to mine advance rates for roof-control costs. Other mine-supply costs are typically related to factors such as feet of section advance, ROM tonnes mined, and days worked. Other factors were developed for maintenance and repair costs, rentals, mine power, outside services and other direct mining costs.

Operating costs factors were also developed for the coal preparation plant processing, refuse handling, coal loading, property taxes, and insurance and bonding. Appropriate royalty rates were assigned for production from leased coal lands, and sales related taxes were calculated for state severance taxes, the federal black lung excise tax, and federal and state reclamation fees.

Mandated sales related costs such as black lung excise tax are summarized in *Table 18-1*.

Table 18-1: Estimated Coal Production Taxes and Sales Costs

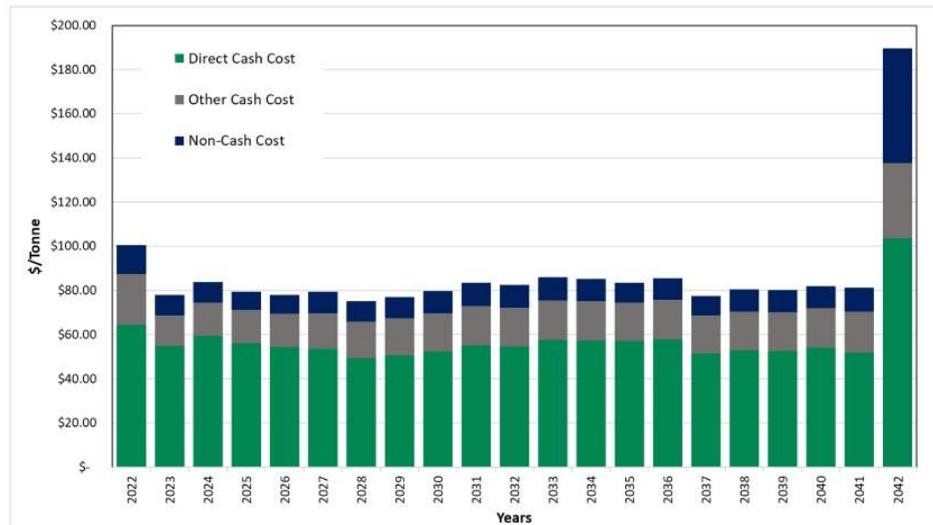
Description of Tax or Sales Cost	Basis of Assessment	Cost
Federal Black Lung Excise Tax - Underground	Per Tonne	\$1.21
Federal Reclamation Fees – Underground	Per Tonne (Moisture Adjusted)	\$0.123
Alabama Severance Tax	Per Tonne (Moisture Adjusted)	\$0.344
Royalties	Percentage of Revenue (FOB Mine)	8%

Notes:

1. Federal black lung excise tax is paid only on coal sold domestically. MM&A assumed 15% of total coal sales to be domestic in the economic analysis discussed below.

A summary of the projected operating costs is shown in *Figure 18-1*.

Figure 18-1: OPEX



*The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

19 Economic Analysis

19.1 Assumptions, Parameters and Methods

A pre-feasibility LOM plan was prepared by MM&A for the Mine No. 4 operation. MM&A prepared mine projections and production timing forecasts based on coal seam characteristics. Production timing was carried out to depletion (exhaustion) of the coal reserve areas, which is projected for the year 2042. All costs and prices are based on 2022 constant United States real dollars.



The mine plan, productivity expectations and cost estimates generally reflect historical performance by Warrior Met and efforts have been made to adjust plans and costs to reflect future conditions. MM&A is confident that the mine plan and financial model are reasonably representative to provide an accurate estimation of coal reserves.

A capital forecast was developed by MM&A for mine development, infrastructure, and on-going capital requirements for the life of the mine. Staffing levels were prepared, and operating costs estimated by MM&A. MM&A utilized historical cost data provided by Warrior Met and its own knowledge and experience to estimate direct and indirect operating costs.

The preliminary feasibility financial model, prepared for this TRS, was developed to test the economic viability of the coal reserve areas. The results of this financial model are not intended to represent a bankable feasibility study, required for financing of any current or future mining operations, but are intended to prove the economic viability of the estimated coal reserves. All costs and prices are based on 2022 constant United States dollars.

On an unlevered basis, the NPV of the real cash flows after taxes was estimated for the purpose of classifying coal reserves. The cash flows, excluding debt service, are calculated by subtracting direct and indirect operating expenses and capital expenditures from revenue. Direct costs include labor, operating supplies, maintenance and repairs, facilities costs for materials handling, coal preparation, refuse disposal, coal loading, sampling and analysis services, reclamation and general and administrative costs. Indirect costs include statutory and legally agreed upon fees related to direct extraction of the mineral. The indirect costs are the federal black lung tax, federal reclamation taxes, property taxes, local transportation prior to delivery at rail or barge loading sites, coal production royalties, sales and use taxes, income taxes and State severance taxes. Warrior Met's historical costs provided a useful reference for MM&A's cost estimates.

Sales revenue is based on the metallurgical coal price information provided to MM&A by Warrior Met, based on the PLV forecast.

Projected debt service is excluded from the P&L and cash flow model to determine enterprise value.

The financial model expresses coal sales prices, operating costs, and capital expenditures in current day dollars without adjustment for inflation. Capital expenditures and reclamation costs are included based on estimates for the mine by year.

Warrior Met will pay royalties for the various current and projected operations. The royalty rates vary by mining method and location. The royalty rates for Mine No. 4 are estimated to be 8.0% of the sales revenue FOB the mine after deduction of all transportation and loading costs between the mine and the vessel.



The projection model also includes consolidated income tax calculations at the Warrior Met level, incorporating federal and state income taxes with an overall effective rate of 19%. To the extent the mine generates net operating losses for tax purposes, the losses are assumed offset other corporate taxable income. The term “cash flows” is used in this report refer to after tax cash flows.

Consolidated cash flows are driven by annual sales tonnage, which average approximately 2.2 million tonnes per year until dropping in 2042, the final year. Projected consolidated revenue averages just over \$348 million per year, excluding the final year. Revenue totals \$7.0 billion for the property’s life.

Consolidated cash flow from the operation is positive throughout the projected operating period, with the exception of post-production years, due to end-of-mine reclamation spending. Consolidated cash flow from the operation totals \$3.2 billion over the mine life. Capital expenditures total \$428 million over the property’s life.

19.2 Results

The pre-feasibility financial model, prepared by MM&A for this TRS, was developed to test the economic viability of each coal resource area. The results of this financial model are not intended to represent a bankable feasibility study, as may be required for financing of any current or future mining operations contemplated but are intended to prove the economic viability of the estimated coal reserves. Optimization of the LOM plan was outside the scope of the engagement.

Table 19-1 shows LOM tonnage, P&L, and EBITDA for Mine No. 4.

Table 19-1: Life-of-Mine Tonnage, P&L before Tax, and EBITDA

	Tonnes (000)	Pre-Tax P&L (\$000)	P&L per Tonne	EBITDA (\$000)	EBITDA per Tonne
Mine #4	44,579	\$3,312,220	\$74.30	\$3,781,194	\$84.82

Note 1: The LOM model includes a small portion of tonnage contained within adverse tracts which are not included in reserve estimates.

Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as “reserve”. The exercise should not be construed to represent a valuation of Warrior Met’s holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met’s historical performance and MM&A’s knowledge of mine productivity and cost structures for comparable operations.

As shown in Table 19-1, Mine No. 4 shows positive EBITDA over the LOM. Overall, the Warrior Met consolidated operation shows positive LOM P&L and EBITDA of \$3.3 billion and \$3.8 billion, respectively.

Warrior Met’s Mine No. 4 annual production and revenue are shown in Figure 19.1 and the Mine’s after-tax cash flow summary in constant dollars, excluding debt service, is shown in Figure 19-2 below.

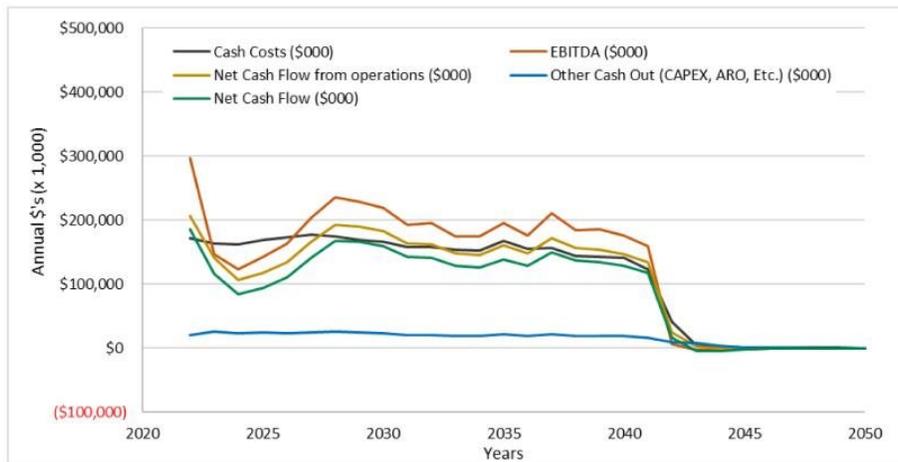
The NPV is estimated to be \$1.28 billion at discount rate of 9%, which represents Warrior’s typical WACC.

Figure 19-1: Mine 4 Production and Revenue



Note 1: The LOM model includes a small portion of tonnage contained within adverse tracts which are not included in reserve estimates.
 Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

Figure 19-2: After-tax Cash Flow Summary (000)

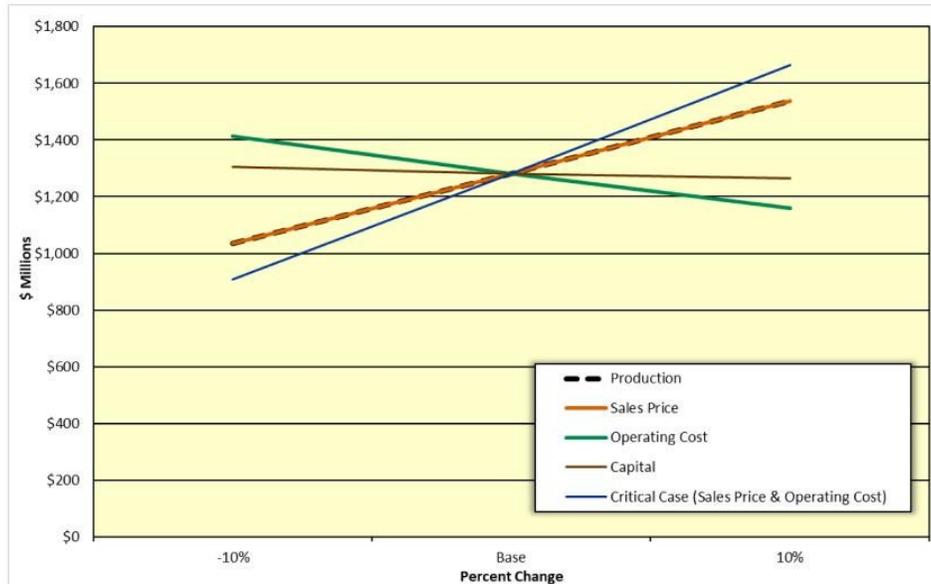


Note 1: The LOM model includes a small portion of tonnage contained within adverse tracts which are not included in reserve estimates.
 Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

19.3 Sensitivity

Sensitivity of the NPV results to changes in the key drivers is presented in the chart below. The sensitivity study shows the NPV at the 9% discount rate when base case sales prices, operating costs, and capital costs are increased and decreased within a +/- 10% range.

Figure 19-3: Sensitivity of NPV



Note: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings.

20 Adjacent Properties

20.1 Information used

Warrior Met's Mine No. 7 is located immediately adjacent (east) of Mine No. 4, and Warrior Met's BC property is located to the North of Mine No. 4. Exploration databases encompass all three of these holdings and serve as the basis for geological modeling.



21 Other Relevant Data and Information

MM&A has performed various technical studies of the Property over the past decade. MM&A utilized this former work as the basis of an updated study which meets those standards set forth by the SEC. Additionally, MM&A has a longstanding history of various geological and mining-based studies in the Black Warrior Basin, with specific projects conducted for Warrior Met in several adjacent areas to the Property during due diligence activities. This experience was utilized in the development of this TRS.

22 Interpretation and Conclusions

22.1 Conclusion

Sufficient data have been obtained through various exploration and sampling programs and mining operations to support the geological interpretations of seam structure and thickness for coal horizons situated on the Property. The data is of sufficient quantity and reliability to reasonably support the coal resource and coal reserve estimates in this TRS.

The geological data and preliminary feasibility study, which consider mining plans, revenue, and operating and capital cost estimates are sufficient to support the classification of coal reserves provided herein.

This geologic evaluation conducted conjunction with the preliminary feasibility study is sufficient to conclude that the 38.4 Mt of marketable underground coal reserves identified on the Property are economically mineable under reasonable expectations of market prices for metallurgical coal products, estimated operation costs, and capital expenditures.

22.2 Risk Factors

Risks have been identified for operational, technical and administrative subjects addressed in the Pre-Feasibility Study. A risk matrix has been constructed to present the risk levels for all the risk factors identified and quantified in the risk assessment process.

The purpose of the characterization of the risk components is to inform the stakeholders of key aspects of the Warrior Met property that can be impacted by events whose consequences can affect the success of the venture. The significance of an impacted aspect of the operation is directly related to both the probability of occurrence and the severity of the consequences. The initial risk for a risk factor is herein defined as the risk level after the potential impact of the risk factor is addressed by competent and prudent management utilizing control measures readily available. Residual risk for a risk factor is herein defined as the risk level following application of special mitigation measures if management determines

that the initial risk level is unacceptable. Initial risk and residual risk can be quantified numerically, derived by the product of values assigned to probability and consequence ranging from very low risk to very high risk.

The probability and consequence parameters are subjective numerical estimates made by practiced mine engineers and managers. Both are assigned values from 1 to 5 for which the value 1 represents the lowest probability and least consequence, and the value 5 represents the highest probability and greatest consequence. The products, which define the Risk Level, are classified from very low to very high.

Risk Level Table (R = P x C)

Risk Level (R)
Very Low (1 to 2)
Low (3 to 5)
Moderate (6 to 11)
High (12 to 19)
Very High (20 to 25)

Risk aspects identified and evaluated during this assignment total 12. No residual risks are rated Very High. Two (2) residual risks are rated High. Four (4) of the risk aspects could be associated with Moderate residual risk. Six (6) of the risk aspects were attributed Low or Very Low residual risks.

22.2.1 Governing Assumptions

The listing of the aspects is not presumed to be exhaustive. Instead that listing is presented based on the experiences of the contributors to the TRS.

1. The probability and consequence ratings are subjectively assigned, and it is assumed that this subjectivity reasonably reflects the condition of the active and projected mine operations.
2. The control measures shown in the matrices presented in this chapter are not exhaustive. They represent a condensed collection of activities that the author of the risk assessment section has observed to be effective in coal mining scenarios.
3. Mitigation measures listed for each risk factor of the operation are not exhaustive. The measures listed, however, have been observed by the author to be effective.
4. The monetary values used in ranking the consequences are generally accepted quantities for the coal mining industry.

22.2.2 Limitations

The risk assessment proposed in this report is subject to the limitations of the information currently collected, tested, and interpreted at the time of the writing of the report.



22.2.3 Methodology

The numerical quantities (i.e., risk levels) attributable to either “initial” or “residual” risks are derived by the product of values assigned to probability and consequence ranging from very low risk to very high risk.

$$R = P \times C$$

Where: R = Risk Level
P = Probability of Occurrence
C = Consequence of Occurrence

The Probability (P) and Consequence (C) parameters recited in the formula are subjective numerical estimates made by practiced mine engineers and managers. Both P and C are assigned integer values ranging from 1 to 5 for which the value 1 represents the lowest probability and least consequence, and the value 5 represents the highest probability and greatest consequence. The products ($R = P \times C$) which define the Risk Level, are thereafter classified from very low to very high.

Risk Level Table

Risk Level (R)
Very Low (1 to 2)
Low (3 to 5)
Moderate (6 to 11)
High (12 to 19)
Very High (20 to 25)

Very high initial risks are considered to be unacceptable and require corrective action well in advance of development. In short, measures must be applied to reduce very high initial risks to a tolerable level.

As shown and discussed above, after taking into account the operational, technical, and administrative actions that have been applied or are available for action when required, the residual risk can be determined. The residual risk provides a basis for the management team to determine if the residual risk level is acceptable or tolerable. If the risk level is determined to be unacceptable, further actions should be considered to reduce the residual risk to acceptable or tolerable levels to provide justification for continuation of the operation.

22.2.4 Development of the Risk Matrix

Risks have been identified for the technical, operational, and administrative subjects addressed in the TRS.



22.2.4.1 Probability Level Table

Table 22-1: Probability Level Table

Category	Probability Level (P)		
1	Remote	Not likely to occur except in exceptional circumstances.	<10%
2	Unlikely	Not likely to occur; small in degree.	10 - 30%
3	Possible	Capable of occurring.	30 - 60%
4	Likely	High chance of occurring in most circumstances.	60 - 90%
5	Almost Certain	Event is expected under most circumstances; impossible to avoid.	>90%

The lowest rated probability of occurrence is assigned the value of 1 and described as remote, with a likelihood of occurrence of less than 2 percent. Increasing values are assigned to each higher probability of occurrence, culminating with the value of 5 assigned to incidents considered to be almost certain to occur.

22.2.4.2 Consequence Level Table

Table 22-2 lists the consequence levels.

Table 22-2: Consequence Level Table

Correlation of Events in Key Elements of the Program to Event Severity Category							
Category	Severity of the Event	Financial Impact of the Event	Unplanned Loss of Production (Impact on Commercial Operations)	Events Impacting on the Environment	Events Affecting the Program's Social and Community Relations	Resultant Regulatory / Sovereign Risk	Events Affecting Occupational Health & Safety
1	Insignificant	< USD \$0.5 million	≤ 12 hours	Insignificant loss of habitat; no irreversible effects on water, soil and the environment.	Occasional nuisance impact on travel.	-	Event recurrence avoided by corrective action through established procedures (Engineering, guarding, training).
2	Minor	USD \$0.5 million to \$2.0 million	≤ 1 day	No significant change to species populations; short-term reversible perturbation to ecosystem function.	Persistent nuisance impact on travel. Transient adverse media coverage.	-	First aid – lost time. Event recurrence avoided by corrective action through established procedures.
3	Moderate	USD \$2.0 million to \$10.0 million	≤ 1 week	Appreciable change to species population; medium-term (≤10 years) detriment to ecosystem function.	Measurable impact on travel and water/air quality. Significant adverse media coverage / transient public outrage.	Uncertainty securing or retaining essential approval / license. Change to regulations (tax; bonds; standards).	Medical Treatment – permanent incapacitation. Avoiding event recurrence requires modification to established corrective action procedures.
4	Major	USD \$10.0 million to \$50.0 million	1 to 2 weeks	Change to species population threatening viability; long-term (>10 years) detriment to ecosystem function.	Long-term, serious impact on travel and use of water resources; degradation of air quality; sustained and effective public opposition.	Suspension / long-delay in securing essential approval / license. Change to laws (tax; bonds; standards).	Fatality. Avoiding event recurrence requires modification to established corrective action procedures and staff retraining.
5	Critical	>USD \$50.0 million	>1 month	Species extinction; irreversible damage to ecosystem function.	Loss of social license.	Withdraw / failure to secure essential approval / license.	Multiple fatalities. Avoiding event recurrence requires major overhaul of policies and procedures.

The lowest rated consequence is assigned the value of 1 and is described as Insignificant Consequence parameters include non-reportable safety incidents with zero days lost accidents, no environmental damage, loss of production or systems for less than one week and cost of less than USD \$0.5 million. Increasing values are assigned to each higher consequence, culminating with the value of 5 assigned to critical consequences, the parameters of which include multiple-fatality accidents, major environmental damage, and loss of production or systems for longer than six months and cost of greater than USD \$50.0 million.

Composite Risk Matrix R = P x C and Color-Code Convention

The risk level, defined as the product of probability of occurrence and consequence, ranges in value from 1 (lowest possible risk) to 25 (maximum risk level). The values are color-coded to facilitate identification of the highest risk aspects.

Table 22-3: Risk Matrix

P x C = R		Consequence (C)				
		Insignificant	Minor	Moderate	Major	Critical
		1	2	3	4	5
Probability Level (P)	Remote	1	2	3	4	5
	Unlikely	2	4	6	8	10
	Possible	3	6	9	12	15
	Likely	4	8	12	16	20
	Almost Certain	5	10	15	20	25

22.2.5 Categorization of Risk Levels and Color Code Convention

Very high risks are considered to be unacceptable and require corrective action. Risk reduction measures must be applied to reduce very high risks to a tolerable level.

22.2.6 Description of the Coal Property

The Mine No. 4 Complex is located in Tuscaloosa County, Alabama and operates a longwall section with supporting continuous mining sections. The operation is projected to continue in the present mode until reserves are depleted in 2042.

22.2.7 Summary of Residual Risk Ratings

Each risk factor is numbered, and a risk level for each is determined by multiplying the assigned probability by the assigned consequence. The risk levels are plotted on a risk matrix to provide a composite view of the Warrior Met risk profile. The average risk level is 6.3, which is defined as Moderate.

Table 22-4: Risk Assessment Matrix

Consequence	Critical	>\$50 MM	8,9					
	Major	\$10-50MM				6		
	Moderate	\$2-10 MM	1	4	3	11		
	Minor	\$0.5-\$2 MM	7, 2		12	5		
	Low	<\$0.5 MM			10			
			<10% Remote	10-30% Unlikely	30-60% Possible	60-90% Likely	>90% Almost Certain	

22.2.8 Risk Factors

A high-level approach is utilized to characterize risk factors that are generally similar across a number of active and proposed mining operations in the region. Risk factors that are unique to a specific operation or are particularly noteworthy are addressed individually.

22.2.8.1 Geological and Coal Resource

Coal mining is accompanied by risk that, despite exploration efforts, mining areas will be encountered where geological conditions render extraction of the resource to be uneconomic (such as faulting), or coal quality characteristics that may disqualify the product for sale into target markets.

Offsetting the geological and coal resource risk are the massive size of the controlled property which allows large areas to be mined in the preferred mine areas sufficiently away from areas where coal quality and/or mineability may be less favorable. This flexibility, combined with the extensive work done to define the reserve, reduces the risk at Mine No. 4 below that of other mine properties.

Table 22-5: Geological and Coal Resource Risk Assessment (Risks 1 and 2)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Recoverable coal tonnes recognized to be significantly less than previously estimated.	Reserve base is adequate to serve market commitments and respond to opportunities for many years. Local adverse conditions may increase frequency and cost of production unit relocations.	Previous and ongoing exploration and extensive regional mining history provide a high level of confidence of coal seam correlation, continuity of the coal seams, and coal resource tonnes.	2	3	6	Optimize mine plan to increase resource recovery; develop mine plan to provide readily available alternate mining locations to sustain expected production level.	1	3	3
Coal quality locally proves to be lower than initially projected.	If uncontrolled, production and sale of coal that is out of specification can result in rejection of deliveries, cancellation of coal sales agreements and damage to reputation.	Exploration and vast experience and history in local coal seams provide confidence in coal quality; limited excursions can be managed with careful product segregation and blending.	2	3	6	Develop mine plan to provide readily available alternate mining locations to sustain expected production level; modify coal sales agreements to reflect coal quality. Conduct additional drilling to lower risk associated with quality concerns in suspect areas.	1	2	2

22.2.8.2 Environmental

Water quality and other permit requirements are subject to modification and such changes could have a material impact on the capability of the operator to meet modified standards or to receive new permits and modifications to existing permits. Permit protests may result in delays or denials to permit applications.

Environmental standards and permit requirements have evolved significantly over the past 50 years and to-date, mining operators and regulatory bodies have been able to adapt successfully to evolving environmental requirements.

Table 22-6: Environmental (Risks 3 and 4)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Environmental performance standards are modified in the future.	Delays in receiving new permits and modifications to existing permits; cost of testing and treatment of water and soils	Work with regulatory agencies to understand and influence final standards; implement testing, treatment and other actions to comply with new standards.	3	4	12	Modify mining and reclamation plans to improve compliance with new standards while reducing cost of compliance.	3	3	9
New permits and permit modifications are increasingly delayed or denied.	Interruption of production and delayed implementation of replacement production from new mining areas.	Comply quickly with testing, treatment and other actions required; continue excellent compliance performance within existing permits.	2	4	8	Establish and maintain close and constructive working relationships with regulatory agencies, local communities and community action groups. Prepare and submit permits well in advance of needs.	2	3	6

22.2.8.3 Regulatory Requirements

Federal and state health and safety regulatory agencies occasionally amend mine laws and regulations. The impact is industry wide. Mining operators and regulatory agencies have been able to adapt successfully to evolving health and safety requirements.

Table 22-7: Regulatory Requirements (Risk 5)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Federal and state mine safety and health regulatory agencies amend mine laws and regulations.	Cost of training, materials, supplies and equipment; modification of mine examination and production procedures; modification of mining plans.	Participate in hearings and workshops when possible to facilitate understanding and implementation; work cooperatively with agencies and employees to facilitate implementation of new laws and regulations.	4	3	12	Familiarity and experience with new laws and regulations results in reduced impact to operations and productivity and improved supplies and equipment options.	4	2	8

22.2.8.4 Market and Transportation

Most of the current and future production is expected to be directed to domestic and international metallurgical markets. Historically the metallurgical markets have been cyclical and highly volatile.

Table 22-8: Market (Risk 6)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Volatile coal prices drop precipitously.	Loss of revenue adversely affects profitability; reduced cash flow may disrupt capital expenditures plan.	Cost control measures implemented; capital spending deferred.	4	5	20	High-cost operations closed, and employees temporarily furloughed.	4	4	16

Occasional delay or interruption of rail, river and terminals service may be expected. The operator can possibly minimize the impact of delays by being a preferred customer by fulfilling shipment obligations promptly and maintaining close working relationships. Multiple shipment means (rail and barge) helps minimize this risk.



Table 22-9: Transportation (Risk 7)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Rail or river transport is delayed; storage and shipping access at river and ocean terminals is not available.	Fulfillment of coal sales agreements delayed; limited coal storage at mines may increase cost of rehandling; production may be temporarily idled.	Provide adequate storage capacity at mines; coordinate continuously with railroad and shipping companies to respond quickly and effectively to changing circumstances.	2	3	6	Provide back-up storage facility along with personnel, equipment and rehandle plan to sustain production and fulfill sales obligations timely. Utilize multiple methods of transportation (rail & barge)	1	2	2

22.2.8.5 Mining Plan

Occupational health and safety risks are inherent in mining operations. Comprehensive training and retraining programs, internal safety audits and examinations, regular mine inspections, safety meetings, along with support of trained fire brigades and mine-rescue teams are among activities that greatly reduce accident risks. Employee health-monitoring programs coupled with dust and noise monitoring and abatement reduce health risks to miners.

As underground mines are developed and extended, observation of geological, hydrogeological and geotechnical conditions lead to modification of mine plans and procedures to enable safe work within the mine environment.

Highlighted below are selected examples of safety and external factors relevant to Warrior Met operations.

22.2.8.5.1 Methane Management

Coalbed methane is present in coal operations below drainage. Often the methane concentration in shallow coal seams is at such low levels that it can be readily managed with frequent testing and monitoring, vigilance, and routine mine ventilation. Very high methane concentrations may be present at greater depths, as experienced in the Mary Lee and Blue Creek seams at the Mine No. 4 Complex in Alabama. High methane concentrations may require degasification of the coal seams to assure safe mining. Mine No. 4 has operated safely for many years in one of the most intense methane environments in the United States through careful management of coal seam degasification, gob degasification and mine-ventilation procedures.

Table 22-10: Methane Management (Risk 8)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Methane hazard is present in mines operating below drainage.	Injury or loss of life; possible ignition of gas and mine explosion; potential loss of mine and equipment temporarily or permanently; additional mine fan, mine power, ventilation, monitoring and examination requirements.	Low to moderate levels can be managed with frequent examinations, testing and monitoring within the mine ventilation system. Excellent rock dust maintenance minimizes explosion propagation risk should an ignition occur.	2	5	10	Very high-level methane concentrations may require coal seam degasification and gob degasification if longwall or pillar extraction methods are employed.	1	5	5

22.2.8.5.2 Mine Fires

Mine fires, once common at mine operations, are rare today. Most active coal miners have not encountered a mine fire. Vastly improved mine power and equipment electrical systems, along with safe mine practices, reduce mine fire risks. Crew training and fire brigade support and training improve response for containment and control if a fire occurs. Spontaneous combustion within coal mines, which is the source of most fires that occur today, is not expected to occur at Mine No. 4.

Table 22-11: Mine Fires (Risk 9)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Mine fire at underground or operation.	Injury or loss of life; potential loss of mine temporarily or permanently; damage to equipment and mine infrastructure.	Inspection and maintenance of mine power, equipment and mine infrastructure; good housekeeping; frequent examination of conveyor belt entries; prompt removal of accumulations of combustible materials.	1	5	5	If spontaneous combustion conditions are present, enhanced monitoring and examination procedures will be implemented; mine design will incorporate features to facilitate isolation, containment and extinguishment of spontaneous combustion locations.	1	5	5

22.2.8.5.3 Availability of Supplies and Equipment

The industry has periodically experienced difficulty receiving timely delivery of mine supplies and equipment. Availability issues often accompanied boom periods for coal demand. Any future delivery of supplies and equipment delays are expected to be temporary with limited impact on production.



Table 22-12: Availability of Supplies and Equipment (Risk 10)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Disruption of availability for supplies and equipment.	Temporary interruption of production.	Force majeure provision in coal sales agreements to limit liability for delayed or lost sales.	3	2	6	Work closely with customers to assure delayed coal delivery rather than cancelled sales; monitor external conditions and increase inventory of critical supplies; accelerate delivery of equipment when possible.	3	1	3

22.2.8.5.4 Labor

Work stoppage due to labor protests are considered unlikely and are accompanied by limited impact should it occur. Excellent employee relations and communications limit the exposure to outside protesters. Loss of supervisors and skilled employees to retirement is inevitable; the impact can be lessened with succession planning and training and training and mentorship of new employees.

Table 22-13: Labor – Work Stoppage (Risk 11)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Work stoppage due to strikes, slowdowns or secondary boycott activity.	Loss of production and coal sales; damaged customer and employee relations; reputation loss.	Maintain excellent employee relations and communications; maintain frequent customer communications. Train salary employees for hourly tasks in case of long-term strike.	4	4	16	Develop plan for employee communications and legal support to minimize impact of secondary boycott activities.	4	3	12

Table 22-14: Labor – Retirement (Risk 12)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Retirement of supervisors and skilled employees.	Loss of leadership and critical skills to sustain high levels of safety, maintenance and productivity.	Monitor demographics closely and maintain communications with employees who are approaching retirement age; maintain employee selection and training programs.	3	3	9	Maintain selection of candidates and implementation of in-house or third-party training for electricians and mechanics; develop employee mentoring program.	3	2	6



23 Recommendations

Warrior Met is continuing to work both internally and with outside assistance to continue to further define their resource base and to optimize the LOM plan.

24 References

1. Various sources of geological information, including a digital exploration database, coal quality laboratory information, drillers' and geologists' logs, and geophysical logs.
2. Various engineering, permitting and mine plans as presented to MM&A by Warrior Met.
3. Various previous engineering and reserve reports conducted on behalf of Warrior Met by MM&A.
4. Publicly available information from various State and Federal agencies.
5. Various mapping information obtained via the public domain.

25 Reliance on Information Provided by Registrant

For the purpose of this TRS, MM&A utilized the Geological and Coal Quality data provided by Warrior Met. This information was subjected to verification of its integrity and completeness.

Historical productivity and operating costs were also supplied by Warrior Met. This information was combined with the experience and knowledge of the QP's to forecast the LOM plan.

Warrior Met supplied a long-term price forecast based on published benchmark pricing. This benchmark pricing was adjusted by Warrior Met to reflect the effects of quality and transportation borne after FOB plant costs were calculated.

A summary of the information provided by Warrior Met relied upon by MM&A for the purposes of this TRS is provided in *Table 25-1*.



Table 25-1: Information from Registrant Relied Upon by MM&A

Category	Information Provided by Warrior Met	Report Section
Legal	Mineral control and surface control rights as shown on maps	3.2, 3.3
Geological	Geologic data including digital databases and original source data including geologist logs, driller's logs, geophysical logs	9.1
Coal Quality	Database of coal quality information supplemented with original source laboratory sheets where available	10.1
Mining	Historical productivities and manpower from operating mines	13.2, 13.4
Coal Preparation	Flow sheet and other information representing current and future methods of coal processing	14.1
Marketing	Long-term price forecast used in financial projections and relevant transportation costs	16.2
Waste Disposal	Engineering data and estimates representing remaining capacities for coarse and fine coal waste disposal	17.2
Environmental	Permit and bonding information	17.3
Costs	Historical and budgetary operating cost information used to derive cost drivers for reserve financial modeling	18.2
Discount Rate	9% Discount Rate for NPV Derivation Provided by Warrior Met	19.1, 19.2, 19.3

APPENDIX

A

RESERVE TABLE



Warrior Met Coal, LLC
Mines #4 Evaluation
Underground Mineable Reserves as of December 31, 2021
Appendix A - Table 1 (Metric Tonnes)

Moisture	10%	Washed recoverable tons shown on 10.0% moisture basis
Preparation Plant Efficiency	100%	Included in Wash Recovery*

Mine #4	Seam	Tons/ Acre-ft.	Wash Recovery*	Resource Thickness		Resource Acres			In Place Tonnes			Clean, Moist, Demonstrated Tonnes		
				Measured	Indicated	Measured	Indicated	Total	Measured	Indicated	Total	Proven	Probable	Total
Area 5 East (Leased)														
Continuous Mining	ML + BC	1,931	81.77%	4.66	6.85	327	63	390	2,667,570	761,280	3,428,850	0	105,910	105,910
Longwall Mining	ML + BC	1,931	81.77%									2,423,400	415,050	2,838,450
Total				4.66	6.85				2,667,570	761,280	3,428,850	2,423,400	520,960	2,944,360
Area 6 North (Leased)														
Continuous Mining	ML	1,934	83.19%	1.29	1.32	7,162	91	7,252	16,213,290	210,240	16,423,530	1,492,140	21,610	1,513,750
Longwall Mining	ML	1,934	83.19%									9,032,070	122,350	9,154,420
Continuous Mining	BC	1,909	79.09%	3.33	3.37	7,162	91	7,252	41,352,090	529,960	41,882,050	3,615,810	51,620	3,667,430
Longwall Mining	BC	1,909	79.09%									21,844,850	294,320	22,139,170
Total				4.62	4.69				57,565,380	740,200	58,305,580	35,984,870	489,900	36,474,770
Adverse														
Continuous Mining	ML	1,934	83.19%	1.31	1.34	1,368	42	1,410	3,147,840	99,240	3,247,080	346,540	7,640	354,180
Longwall Mining	ML	1,934	83.19%									1,429,830	60,080	1,489,910
Continuous Mining	BC	1,909	79.09%	2.83	2.48	1,368	42	1,410	6,699,990	181,180	6,881,170	690,640	14,360	705,000
Longwall Mining	BC	1,909	79.09%									2,803,240	101,540	2,904,780
Total				4.14	3.83				9,847,830	280,420	10,128,250	5,270,250	183,620	5,453,870
Grand Total														
Continuous Mining - ML+BC						327	63	390	2,667,570	761,280	3,428,850	0	105,910	105,910
Longwall Mining - ML+BC												2,423,400	415,050	2,838,450
Continuous Mining - ML_Only						7,162	91	7,252	16,213,290	210,240	16,423,530	1,492,140	21,610	1,513,750
Longwall Mining - ML_Only												9,032,070	122,350	9,154,420
Continuous Mining - BC_Only						7,162	91	7,252	41,352,090	529,960	41,882,050	3,615,810	51,620	3,667,430
Longwall Mining - BC_Only												21,844,850	294,320	22,139,170
Total									60,232,950	1,501,480	61,734,430	38,408,270	1,010,860	39,419,130
Owned									0	0	0	0	0	0
Leased									60,232,950	1,501,480	61,734,430	38,408,270	1,010,860	39,419,130
Total									60,232,950	1,501,480	61,734,430	38,408,270	1,010,860	39,419,130
Adverse														
									9,847,830	280,420	10,128,250	5,270,250	183,620	5,453,870

*Average total seam thickness by mine

Definitions: Total seam is the thickness of coal and non-coal partings from the top to the base of the seam, excluding the middleman.

Wash recovery is estimated via a plant simulation utilizing multi-gravity data available to target a 10.2% ash product from exploration data and MM&A's experience in the subject coal horizons.

APPENDIX

B

MARKET MEMORANDUM PROVIDED BY WARRIOR MET



Key price expectations (nominal US dollars)

Price	Description	Basis	2022	2023	2024	2025	2026	2027	2028	2029	2030
MCC1	Low vol PHCC	FOB Australia	281	159	160	160	165	182	188	192	195

Note: This modeling is based on Chinese restrictions on Australian coal continuing through the end of 2022; an earlier or later end will meaningfully change our outlook, with higher CFR and lower FOB prices. PHCC = Prime hard coking coal, HCC = Hard coking coal, PCI = Pulverized coal injection; SSCC = Semi-soft coking coal; quarterly prices are quarter averages, including current quarter.



**Warrior Met Coal, Inc.
Blue Creek Property
Year End 2021 Reserve Analysis
Technical Report Summary**

February 21, 2022

Prepared for:
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Statement of Use and Preparation

This Technical Report Summary (*TRS*) was prepared for the sole use of **Warrior Met Coal, Inc. (Warrior Met)** and its affiliated and subsidiary companies and advisors. Copies or references to information in this report may not be used without the written permission of Warrior.

The report provides a statement of coal resources and coal reserves for Warrior Met, as defined under the **United States Securities and Exchange Commission (SEC)**.

The statement is based on information provided by Warrior Met and reviewed by various professionals within **Marshall Miller & Associates, Inc. (MM&A)**.

MM&A professionals who contributed to the drafting of this report meet the definition of *Qualified Persons (QPs)*, consistent with the requirements of the SEC.

The information in this TRS related to coal resources and reserves is based on, and fairly represents, information compiled by the QPs. At the time of reporting, MM&A's QPs have sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity they are undertaking to qualify as a QP as defined by the SEC.

Certain information set forth in this report contains "forward-looking information", including production, productivity, operating costs, capital costs, sales prices, and other assumptions. These statements are not guarantees of future performance and undue reliance should not be placed on them. The assumptions used to develop the forward-looking information and the risks that could cause the actual results to differ materially are detailed in the body of this report.

MM&A hereby consents (i) to the use of the information contained in this report dated December 31, 2021, relating to estimates of coal resources and coal reserves controlled by Warrior Met, (ii) to the use of MM&A's name, any quotation from or summarization of this TRS in Warrior Met's SEC filings, and (iii) to the filing of this TRS as an exhibit to Warrior Met's SEC filings.

This report was prepared by:

MARSHALL MILLER & ASSOCIATES, INC.



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B Market Memorandum Provided by Warrior Met



1 Executive Summary

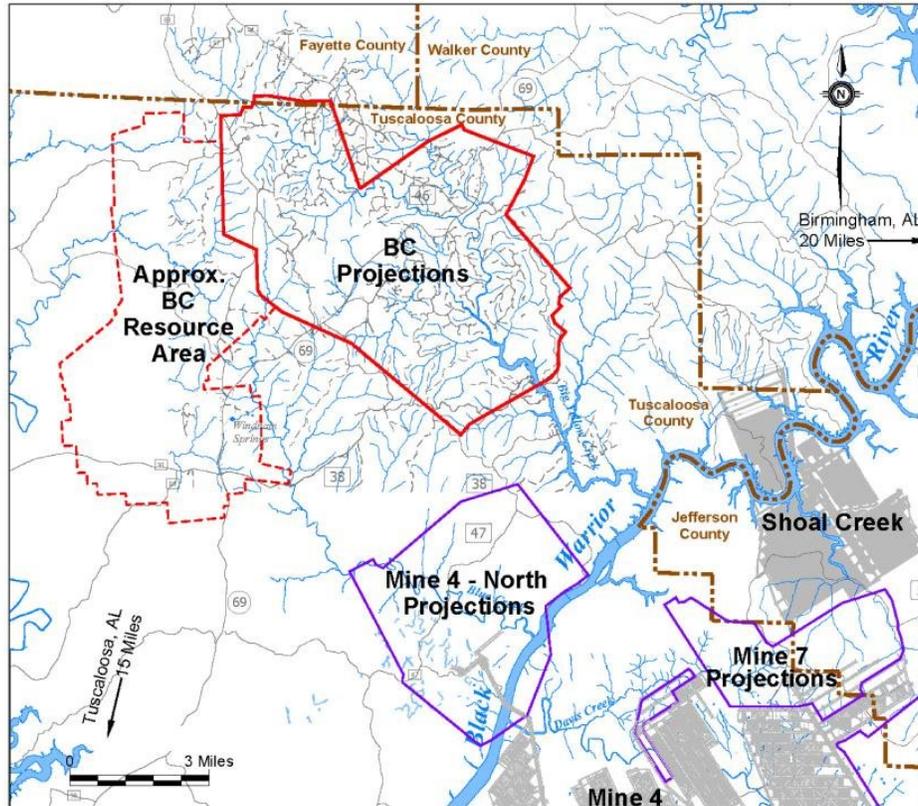
1.1 Property Description

Warrior Met Coal, Inc. (*Warrior Met*) authorized **Marshall Miller & Associates, Inc. (MM&A)** to prepare this Technical Report Summary (*TRS*) of its controlled coal reserves, located at its *Blue Creek (BC)* property in northern Tuscaloosa County, Alabama (the *Property*). The report provides a statement of coal resources and coal reserves for Warrior Met, as defined under the **United States Securities and Exchange Commission (SEC)** standards.

Coal resources and coal reserves are herein reported in metric units of measurement and are rounded to millions of tonnes (*Mt*).

The property is located in northwestern Alabama, approximately 27 miles north of the city of Tuscaloosa and 36 miles west of the city of Birmingham in the southern region of the US. Highway 69 North bisects the property controlled by Warrior Met. *Figure 1-1* displays the property's location. Warrior Met currently controls approximately 17,000 total acres of mining rights associated with the Project (the *Property*), approximately 88 percent of which are leased from various entities and individuals. Based upon the current layout of the mine, the acquisition of additional leases will be required in the eastern and western portions of the Property, including leases from private entities and individuals, as well as a significant number of federally-owned tracts from the **Bureau of Land Management (BLM)**. To mitigate risk associated with the BLM tracts, MM&A has assisted Warrior in developing a mine plan for the property which excludes the BLM tracts. This effort is being completed under separate cover and is not presented in the TRS, but it is important to note that financial modeling associated with this alternative mine plan showed favorable economics absent the BLM tracts, albeit at a reduced tonnage.

Figure 1-1: Blue Creek Project Location Map



1.2 Ownership

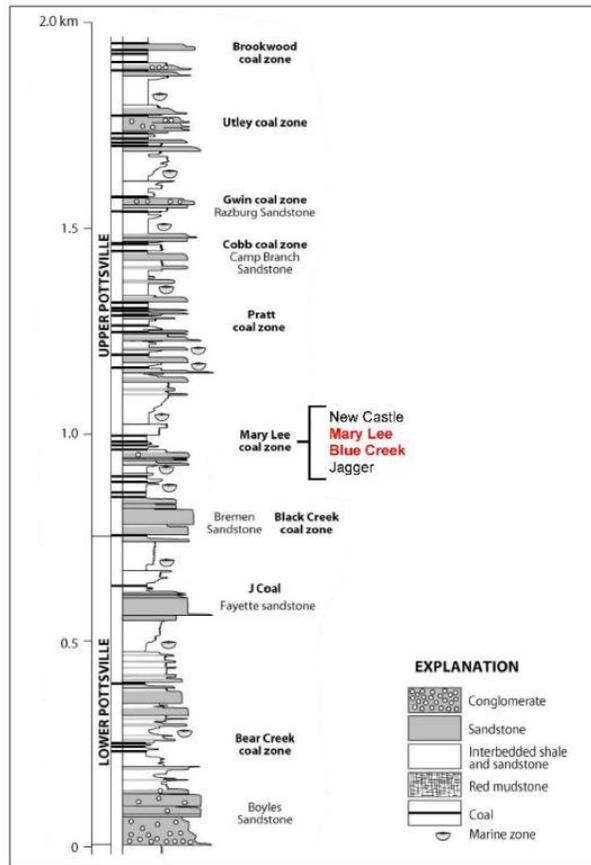
The Property was formerly controlled by **Jim Walter Resources (Walter)**, the predecessor company of Warrior Met. Walter acquired the majority of its mineral rights for the Blue Creek property in 2010 through its purchase of the **Chevron Mining, Inc. (Chevron)**-owned coal assets located in Alabama. Warrior Met acquired mineral rights and mining operations from Walter in 2016, including two active operating longwall mines (Mine No. 4 and Mine No. 7), located south and southeast of the Project.

Reserves and resources associated with these adjacent properties are not included in this report but are issued under separate cover. *Figure 1-1* outlines the location of the Property in relation to Warrior’s adjacent properties.

1.3 Geology

Operations at the Blue Creek Mine Complex will extract the Mary Lee and Blue Creek coal beds by longwall mining methods. Strata of economic interest for this TRS belong to the Pennsylvanian-age Mary Lee Coal Group or Zone and the subject seams are the principal coal seams of interest within that formation for the present evaluation. Due to the high value of this coal, it has been extensively mined in the region. The Blue Creek Project is among the first in the region to target the higher volatile portion of the basin, with existing and former operations in the basin generally targeting the low and mid volatile coal zones. The seam is situated below drainage throughout the Property and will be accessed by mine shafts and/or slopes.

Figure 1-2: Generalized Stratigraphic Column of Warrior Basin Sequence with Mary Lee Coal Zone Highlighted in red (after Pashin, 2005)





Warrior Met expects that market placement at BC will largely be based upon the Premium Low-Volatile Indices (PLV). Although the mine's production will likely be associated with high-volatile parameters, it is anticipated that market placement will be comparable to Warrior's active operations, which generally price according to the PLV.

1.4 Exploration Status

Since as early as 1957, the Property has been extensively explored by means of: continuous coring and analytic testing, rotary drilling, ongoing drilling associated with coalbed methane (CBM) production, and by downhole geophysical logging methods. The majority of the data was acquired or generated by previous owners of the Property. These sources comprise the primary data used in the evaluation of the coal resources and coal reserves identified on the Property. MM&A examined the data available for the evaluation and incorporated all pertinent information into this TRS. Where data appeared to be anomalous or not representative, that data was excluded (or not honored) from the digital databases and subsequent processing by MM&A.

Ongoing exploration has been carried out by Warrior Met since acquiring the Property, and Warrior Met's recently acquired exploration data (through December 2021) has been consistent with past drilling activities.

1.5 Operations and Development

Due to its coal reserve and seam characteristics, the Project will utilize longwall mining methods. The mine plan presented in this TRS utilizes a single longwall supported by continuous mining units. Warrior is considering an alternative mine plan which would increase tonnage via production from two longwall units. The mine will produce a coal that is suitable for export into the high volatile-A metallurgical coal markets.

Run-of-mine coal will be transported to the surface via a slope. A service shaft and hoist will serve as the primary means of transportation of miners, supplies, and equipment to the coal mine. An additional fan (exhaust) shaft will be required for mine ventilation, and a third shaft (primary intake) will be required to support longwall production. Bleeder shafts will be installed in each longwall district.

Run-of-mine coal will be processed in a new preparation plant with a capacity of 1,800 raw-tons-per-hour (1,633 raw tonnes-per-hour). Final plant design and equipment selection is still underway. MM&A's assessment of coal quality information suggests that the operation will be capable of producing a 10-percent ash, sub-1-percent sulfur, high volatile-A coking coal. Clean coal production will be transported to a newly constructed barge loadout on the Black Warrior River via an overland conveyor.

The development schedule set forth in this TRS allows for initial continuous miner development to start in year 2025, with longwall mining commencing in year 2027. At steady state, the mine will produce between 3 and 4 million tonnes (Mt) of coal annually and employ approximately 375 employees.



1.6 Mineral Resource

A coal resource estimate was prepared as of December 31, 2021, for the Blue Creek Project, summarized in *Table 1-1*. Resources presented in *Table 1-1* include both resources inclusive of reserve and resources exclusive of reserve. Resources inclusive of reserve serve (See Areas A, B, C and D on detailed appendix tables) serve as the basis for the life-of-mine plan and cost model developed at the pre-feasibility level to support reserves which are stated in this report. Resources exclusive of reserve represent those coal tonnes on the western portion of the property which are not yet considered for reserve status (See “Area E” on detailed table in the *Appendix*). It is Warrior Met’s intention to elevate tonnage within Area E to be compliant with the 2021 SEC Standards in the future via an ongoing exploration drilling campaign. Resources represent in-place coal tonnages *exclusive* of the interburden, but inclusive of any high-ash partings within the Mary Lee and Blue Creek coal seams. As such, in-situ tonnages and quality as presented in *Table 1-1* reflect the inclusion of high-ash partings which is ultimately removed after mining during coal preparation.

Table 1-1: Coal Resources Summary as of December 31, 2021

Seam	Coal Resource (Dry Tonnes, In Situ, Mt)				Resource Quality (Dry)		
	Measured	Indicated	Inferred	Total	Ash%	Sulfur%	VM%
Inclusive of Reserves (East Area)							
Mary Lee	18.8	10.5	0.0	29.3	-	-	-
Blue Creek	49.7	23.3	0.0	73.0	-	-	-
Total	68.5	33.8	0.0	102.3	13.7	0.8	30
Exclusive of Reserves (West Area)							
Mary Lee	0.0	15.3	0.0	15.3	-	-	-
Blue Creek	0.0	29.5	0.0	29.5	-	-	-
Total	0.0	44.9	0.0	44.9	19.3	1.6	31
Grand Total							
	68.5	78.7	0.0	147.2	-	-	-

Note 1: For the East area, Resource tonnes are inclusive of reserve tonnes since they include the in-situ tonnes from which recoverable coal reserves are derived.

Note 2: For the West area, Resource tonnes are exclusive of reserve tonnes since they include the in-situ tonnes for which no recoverable reserve tonnes have been estimated.

Note 3: Coal resources are reported on a dry basis, inclusive of high-ash partings which are ultimately removed during coal preparation. Surface moisture and inherent moisture are excluded.

Note 4: Coal resource quality reported on a raw, weight-averaged basis

1.7 Mineral Reserve

In eastern areas A through D, the resource estimate has been used as the basis for this reserve calculation, which utilizes a reasonable pre-feasibility level analysis, a life-of-mine (*LOM*) mine plan and practical recovery factors. Production modeling was completed with an effective start date of July 1, 2025.

Factors that would typically preclude conversion of a coal resource to coal reserve, include the following: inferred resource classification; absence of coal quality; poor mine recovery; lack of access; geological encumbrances associated with overlying and underlying strata; seam thinning; structural complications; and insufficient exploration have all been considered. Reserve consideration excludes



those portions of the resource area which exhibit the aforementioned-geological and operational encumbrances.

Proven and probable coal reserves were derived from the defined in-situ coal resource considering relevant processing, economic (including technical estimates of capital, revenue and cost), marketing, legal, environmental, socioeconomic, and regulatory factors. The proven and probable coal reserves on the Property are summarized below in *Table 1-2*.

Table 1-2: Coal Reserves Summary, Specific to Eastern Mining Areas A through D, (Marketable Sales Basis) as of December 31, 2021

Seam	Demonstrated Coal Reserves (Wet Tonnes, Washed or Direct Shipped, Mt)						Quality (Dry Basis)		
	By Reliability Category			By Control Type			Ash%	Sulfur%	VM%
	Proven	Probable	Total	Owned	Leased	Option			
Mary Lee	11.1	6.7	17.8	3.0	12.4	2.3	12.8	0.9	31
Blue Creek	30.4	15.1	45.5	7.7	32.8	5.0	8.4	0.6	32
Total	41.5	21.8	63.3	10.7	45.3	7.3	10.2	0.7	32

Note: Marketable reserve tonnes are reported on a moist basis, including a combination of surface and inherent moisture. The combination of surface and inherent moisture is modeled at 10-percent, comparable to Warrior Met's current product moisture at its operating mines. Actual product moisture is dependent upon multiple geological factors, operational factors, and product contract specifications.

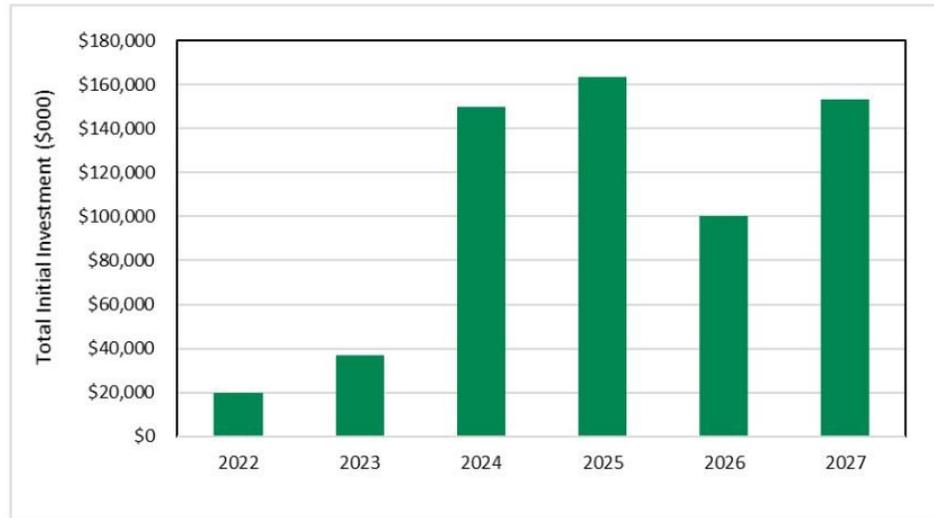
In summary, the Project includes a total of 63.3 Mt (moist basis) of marketable coal reserves as of December 31, 2021. Of that total, 66 percent are proven, and 34 percent are probable. There are 10.7 Mt of owned coal reserves, 45.3 Mt of leased coal reserves and 7.3 Mt of reserve associated with lease options. All the reserves are considered suitable for the metallurgical coal market.

1.8 Capital Summary

Warrior Met and MM&A have collaborated to develop a capital expenditure (CAPEX) forecast. MM&A assumes that major equipment rebuilds occur over the course of each machine's operating life. All the equipment presented for use in the Project is standard well-proven equipment, used in numerous mines throughout the United States. No prototypes or experimental pieces of equipment are included.

The initial investment, defined as the CAPEX from project inception through the first year of longwall production is summarized in *Figure 1-3*.

Figure 1-3: Initial Investment Capital (\$000)



Note: Capital figures are based upon MM&A's best estimates and are supported by a combination of MM&A's experience in comparable projects & comparable quotations. Such level is sufficient to meet the criteria of a pre-feasibility level financial assessment.

Beyond the Initial Investment of \$623.7 million, CAPEX is necessary for sustaining production. This includes rebuilds and replacement of equipment, mine development and multiple bleeder, intake and return shafts. Based on a previous detailed study of a mine in the basin and a review of Warrior Met's spending patterns, sustaining capital has been estimated at \$9.50 per tonne. No efficiency or production increase projects have been included as they will be analyzed on a stand-alone basis when evaluated. To reflect typical spending patterns, based on production winding down, sustaining capital is reduced to 75% in 2051 and eliminated in 2052, the final year of production.

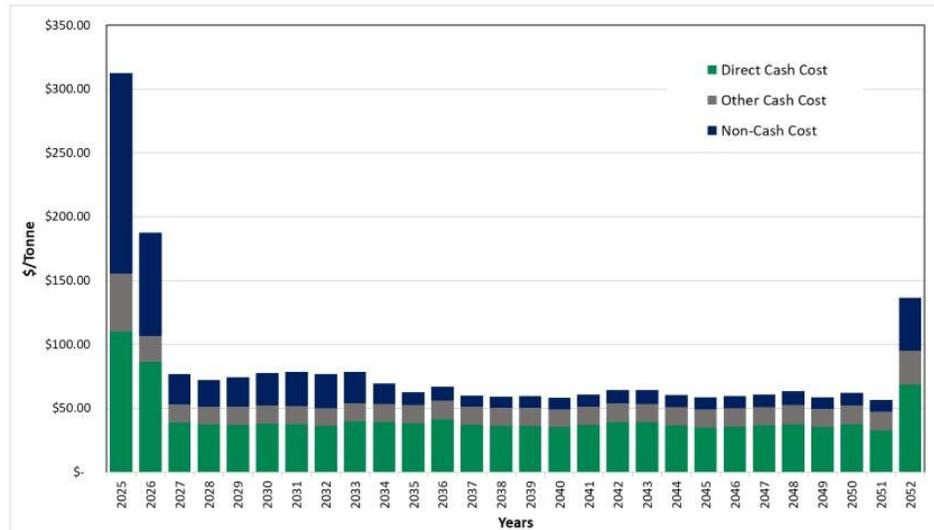
1.9 Operating Costs

MM&A used a combination of historical information and detailed operating cost estimates from a recent study of a property in the region. Where necessary, operating costs were adjusted to reflect differences between this mine and the studied mine. Hourly labor rates and salaries were based upon regional information and expectations. Fringe-benefit costs were developed for vacation and holidays, federal and state unemployment insurance, retirement, workers' compensation and pneumoconiosis, casualty and life insurance, healthcare, and bonuses. A cost factor for mine supplies was developed that relates expenditures to mine advance rates for roof-control costs. Other mine-supply costs are typically related to factors such as feet of section advance, ROM tonnes mined, and days worked. Other factors were developed for maintenance and repair costs, rentals, mine power, outside services and other direct mining costs.

Operating costs factors were also developed for the coal preparation plant processing, refuse handling, coal loading, property taxes, and insurance and bonding. Appropriate royalty rates were assigned for production from leased coal lands, and sales related taxes were calculated for state severance taxes, the federal black lung excise tax, and federal and state reclamation fees.

A summary of the operating costs for the Property is provided in *Figure 1-4*.

Figure 1-4: OPEX



*The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

1.10 Economic Evaluation

The pre-feasibility financial model prepared for this TRS was developed to test the economic viability of the coal resource area. The results of this financial model are not intended to represent a bankable feasibility study, required for financing of any current or future mining operations contemplated for the Warrior Met property, but are intended to establish the economic viability of the estimated coal reserves. Cash flows are simulated on an annual basis based on projected production from the coal reserves. The discounted cash flow analysis presented herein is based on an effective date of January 1, 2022.

On an un-levered basis, the NPV of the real cash flow after taxes represents the Enterprise Value of the Property. The cash flow, excluding debt service, is calculated by subtracting direct and indirect operating expenses and capital expenditures from revenue. Direct costs include labor, operating supplies, maintenance and repairs, facilities costs for materials handling, coal preparation, refuse

disposal, coal loading, reclamation, and general and administrative costs. Indirect costs include statutory and legally agreed upon fees related to direct extraction of the mineral. The indirect costs are the Federal black lung tax, Federal and State reclamation taxes, property taxes, coal production royalties, and income taxes.

Table 1-3 shows LOM tonnage, P&L, and EBITDA for Blue Creek.

Table 1-3: Life-of-Mine Tonnage, P&L before Tax, and EBITDA

	Tonnes (000)	Pre-Tax P&L (\$000)	P&L per Tonne	EBITDA (\$000)	EBITDA per Tonne
Blue Creek	94,969	\$8,527,427	\$89.79	\$9,962,324	\$104.90

Note 1: The LOM model includes tonnages contained within adverse tracts which are not included in reserve estimates.

Note 2: The LOM model does not consider resources exclusive of reserves on the western portion of the property.

Note 3: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

As shown in Table 1-3, Blue Creek has positive EBITDA over the LOM. Overall, the operation shows positive LOM P&L and EBITDA of \$8.5 billion and \$10.0 billion, respectively.

Warrior Met's Blue Creek annual production and revenue are shown in Figure 1-5 and the Mine's after-tax cash flow summary in constant dollars, excluding debt service, is shown in Figure 1-6 below.

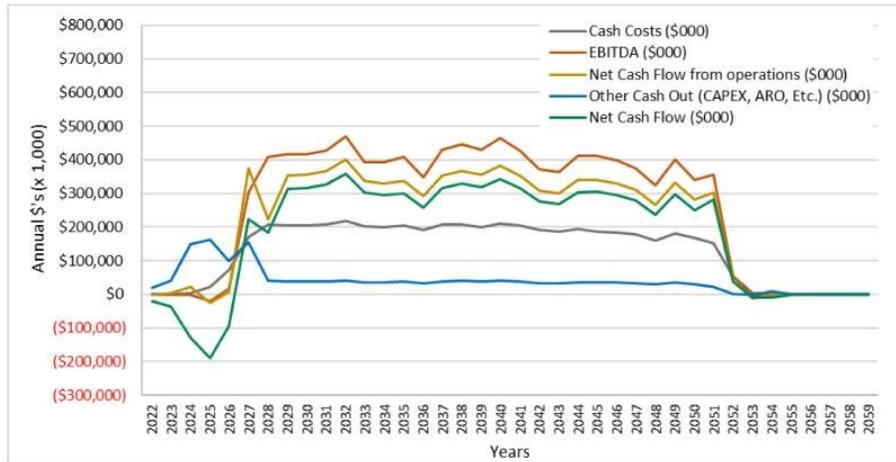
Figure 1-5: Blue Creek Production and Revenue



Note 1: The LOM model includes a portion of tonnage contained within adverse tracts which are not included in reserve estimates.

Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

Figure 1-6: After-tax Cash Flow Summary (000)



Note 1: The LOM model includes a portion of tonnage contained within adverse tracts which are not included in reserve estimates.
 Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

Consolidated cash flows are driven by annual sales tonnage, which starts at 3.2 million tonnes in 2027, the first year of longwall production and averages 3.7 million tonnes per year from 2027 to 2051 the final full year of production. Projected consolidated revenue averages approximately \$589.8 million per year during the period 2027 to 2051. Revenue totals \$14.9 billion for the property's life.

Consolidated cash flow from the operation is positive throughout the projected operating period, with the exception of mine development years 2022 through 2026 and the post-production years, due to end-of-mine reclamation spending. Consolidated cash flow from the operation averages approximately \$331.8 million per year from 2027 to 2051 and totals \$8.3 billion over the mine life. Capital expenditures total \$1.5 billion over the property's life.

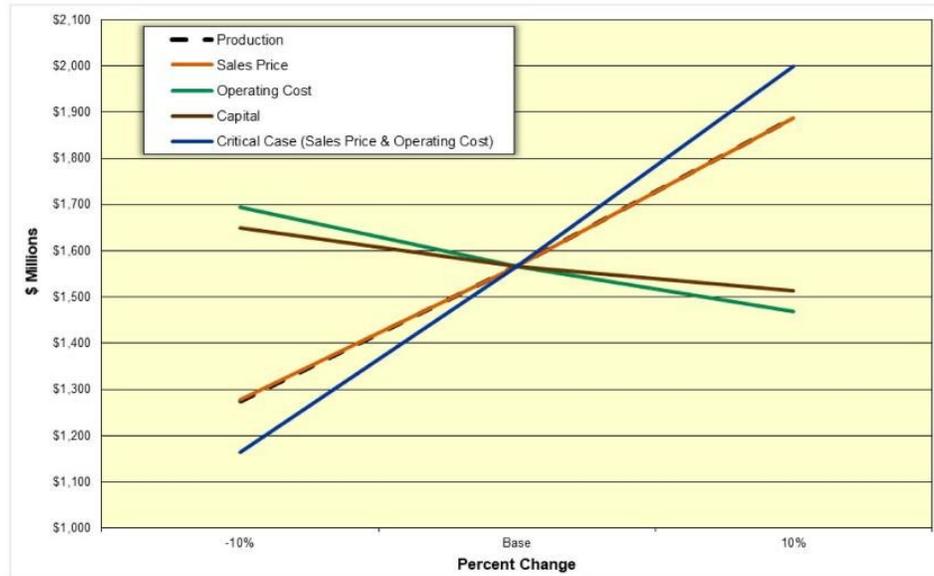
1.10.1 Cash Flow Analysis

Cash flow after tax, but before debt service, generated over the life of the property was discounted to NPV at a 9% discount rate, which represents Warrior's typical WACC. On an un-levered basis, the NPV of the property cash flows represents the Enterprise Value of the property and amounts to \$1.6 billion. The pre-feasibility financial model prepared for the TRS was developed to test the economic viability of each coal resource area. The NPV estimate was made for purposes of confirming the economics for classification of coal reserves and not for purposes of valuing Warrior Met or its BC assets. The mine plan was not optimized, and actual results of the operation may be different, but in all cases, the mine production plan assumes the property is under competent management.

1.10.2 Sensitivity Analysis

Sensitivity of the NPV results to changes in the key drivers is presented in the chart below. The sensitivity study shows the NPV at the 9% discount rate when Base Case sales prices, operating costs, production, plant yield and capital costs are increased and decreased +/- 10%. A critical case combining Sales price and operating cost was also done reflecting the combined effect of plus 10% operating cost with -10% sales price to -10% operating cost and +10% sales price.

Figure 1-7: Sensitivity of NPV



1.11 Permitting

Permitting activities are well underway for execution of the Project. Critical permitting action items include the **Mine Safety and Health Administration's (MSHA)** technical review of fine refuse impoundment design. Permitting associated with the barge loadout facility is anticipated to begin soon. The Project's **Surface Mine Control and Reclamation Act (SMCRA)** permit is in place and will require a slight modification to account for revisions to surface facilities layouts. Warrior Met employs a staff of permitting experts who are continuing to oversee all activities pertaining to environmental and permitting aspects of the Project.

1.12 Conclusion and Recommendations

Sufficient data have been obtained through various exploration and sampling programs to support the geological interpretations of seam structure and thickness for coal horizons situated on the subject.



The data are of sufficient quantity and reliability to reasonably support the coal resource and coal reserve estimates in this TRS.

The geological data and pre-feasibility study, which consider mining plans, revenue, and operating and capital cost estimates are sufficient to support the classification of coal reserves provided herein.

As of the writing of this report, Warrior Met is currently conducting core drilling on the Property, and a sustained program of continued exploration is recommended, as well as acquisition of additional geophysical data available from the State Oil & Gas Board of Alabama. Continued evaluation of the preferred slope location and azimuth is also recommended to minimize potential geotechnical and hydrogeological encumbrances related to faulting.

This geologic evaluation conducted in conjunction with the preliminary feasibility study concludes that the 63.3 Mt of marketable underground coal reserves identified on the Property are economically mineable under reasonable expectations of future market prices for metallurgical coal products, estimated operation costs, and capital expenditures.

2 Introduction

2.1 Registrant, Terms of Reference, and Scope of Work

This report was prepared for the sole use of **Warrior Met Coal, Inc.** and its affiliated and subsidiary companies and advisors. The report provides a statement of coal resources and coal reserves for Warrior Met, as defined under the **United States Securities and Exchange Commission (SEC)** standards.

The report provides a statement of coal reserves for Warrior Met. Exploration results and resource calculations were used as the basis for the mine planning and the preliminary feasibility study completed to determine the extent and viability of the reserve.

Coal resources and coal reserves are herein reported in metric units of measurement and are rounded to millions of metric tonnes (*Mt*).

2.2 Information Sources

The technical report is based on information provided by Warrior Met and reviewed by MM&A's professionals, including geologists, mining engineers, civil engineers, and environmental scientists. MM&A's professionals hold professional registrations and memberships which qualify them as Qualified Persons in accordance with SEC guidelines.

Warrior Met engaged MM&A to conduct a coal reserve evaluation of the BC coal property as of December 31, 2021. For the evaluation, the following tasks were to be completed:



- > Process the information supporting the estimation of coal resources and reserves into geological models;
- > Develop life-of-reserve mine (LOM) plans and a financial model;
- > Hold discussions with Warrior Met company management; and
- > Prepare and issue a Technical Report Summary providing a statement of coal reserves which would include:
 - A description of the mines and facilities.
 - A description of the evaluation process.
 - An estimation of coal resources and reserves with compliance elements as stated under the new SEC Guidelines which will become effective for the first fiscal year commencing on or after January 1, 2022.

2.3 Personal Inspections

MM&A is very familiar with the Blue Creek property, having provided a variety of services since 1991 (including geophysical logging) to the present, and a QP involved in this TRS has conducted multiple site visits to the property.

3 Property Description

3.1 Location

The Project is located in Tuscaloosa County, in northwestern Alabama, approximately 27 miles north of the city of Tuscaloosa and 36 miles west of the city of Birmingham in the southern region of the US. Highway 69 North bisects the Property. *Figure 1-1* displays the Project's location.

The BC Property is adjoined by two nearby longwall mining operations that have extracted coal from the same Mary Lee and Blue Creek seams:

- > Shoal Creek on the east
- > Mine No. 4 on the south

BC reserves and resources are located in two principal areas and five (5) blocks or areas:

- > Eastern Resource (Inclusive of Reserve) & Associated Reserve:
 - Area A
 - Area B
 - Area C



- Area D
- > Western Resource (Exclusive of Reserve), No Corresponding Reserve
- Area E

3.2 Titles, Claims or Leases

MM&A has not carried out a separate title verification for the coal property and has not verified leases, deeds, surveys or other property control instruments pertinent to the subject resources. Warrior Met has represented to MM&A that it controls the mining rights to the reserves as shown on its property maps, and MM&A has accepted these as being a true and accurate depiction of the mineral rights controlled by Warrior Met.

3.3 Mineral Rights

Warrior Met, through its predecessor Walter, acquired the majority of its mineral rights for the Blue Creek property in 2010 through its purchase of the Chevron-owned coal assets located in Alabama. At the time of purchase, this acquisition included the North River longwall mine operating in the Pratt seam (which has since been divested). Since this acquisition, Warrior Met has strategically purchased and leased mineral and surface rights (and other tracts with options to lease) to further assemble the Project. Currently, Warrior Met has mineral rights on over 17,000 acres associated with the resource and the vast majority of surface rights needed for the planned facilities.

Some additional coal leases are required to fully assemble the Property; however, with the exception of the **Federal Bureau of Land Management (BLM)**, there does not appear to be notable risk to obtaining additional leases in a time frame consistent with the proposed project schedule. To mitigate risk associated with the BLM tracts, MM&A has assisted Warrior in developing a mine plan for the property which excludes the BLM tracts. This effort is being completed under separate cover and is not presented in the TRS, but it is important to note that financial modeling associated with this alternative mine plan showed favorable economics absent the BLM tracts, albeit at a reduced tonnage.

It is of important note that tracts categorized as “owned” represent those in which Warrior Met owns a percentage of tract’s mineral rights. In addition to Warrior Met, other parties and entities own various portions of the “owned” tracts mineral rights. Additionally, the “leased” category includes those tracts in which Warrior Met leases a percentage of the tract’s mineral rights.

By assignment, as part of the Study, MM&A has not completed a review of the major leases. Due to confidentiality, only general facts related to the major leases are noted.

The majority of the coal leases have an identical initial term of 20 years from the date of execution with an additional 20-year lease term extension. A portion of the coal leases have 10-year term extensions. Certain leases have performance terms related to mining execution.



The leases can be extended so long as mining operations are being conducted on the leased premises. The leases are then held by a series of earned production royalty payments. The annual minimum royalty is reduced by the amount of earned production royalty paid on mined coal. All annual minimum royalty payments are recoupable against any earned royalty due under the coal leases on a lease-by-lease basis. The royalty rates for the BC project are estimated to be 8.0% of the sales revenue FOB the mine after deduction of all transportation and loading costs between the mine and the vessel. By assignment, MM&A has not independently verified property boundaries specific to each lease; however, MM&A has reviewed Warrior Met-supplied boundary mapping.

3.4 Encumbrances

No Title Encumbrances are known. By assignment, MM&A has not completed query related to Title Encumbrances.

3.5 Other Risks

There is always risk involved in property control. Warrior Met has had their legal teams examine the deeds and title control in order to minimize the risk. Historically, property control has not posed any challenges related to Warrior Met's operations. A significant portion of uncontrolled tracts which must be obtained by Warrior Met in order to execute the mine plan presented herein are owned by the Federal Government's **Bureau of Land Management (BLM)**. Regionally, operators (including Warrior Met's predecessors) have experienced a successful track record of obtaining mining rights to BLM properties.

4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

4.1 Topography, Elevation, and Vegetation

The Property is located in the physiographic region of northern Alabama within the Black Warrior (*BWB*) Basin region of the US. The area is rugged upland of moderate topography with more than 200 feet of relief adjacent to major streams. The area is dissected by streams that flow to the southeast and eventually to the Black Warrior River. A major drainage within the Property is Big Yellow Creek and its two tributaries, Little Yellow Creek and Four Mile Creek. The upland topographic features are controlled by lithology, with large flat surfaces formed by underlying sandstone with steeper slopes formed by weathered shale and siltstones. Maximum relief within the Property is approximately 460 feet with elevation ranging from 260 feet above mean sea level (*MSL*) along banks of the Big Yellow River to 720 feet along the top of the flat ridges.



4.2 Access and Transport

General access to the Project complex is very good via State Route 69 which traverses the central portion of the Property from southwest to northeast. State Route 69 is a well maintained, paved, two-lane road with Interstate access in close proximity to both the north and south. SR-69 directly intersects Interstates 59 and 20 approximately 30 miles to the south at Tuscaloosa and intersects Interstate 22 about 23 miles to the north (with Birmingham about 40 miles to the east).

Direct access to the preparation and coal handling facilities, as well as the supply yard at the mine slope is off of County Route 46 (Brandon School Road) which runs southeast to northwest through the Property from State Route 69. Brandon School Road is also a paved two-lane road, and these facilities lie within about 2.5 miles of the intersection with SR-69. The deep mine's portal and shaft facilities lie along an unimproved road approximately one-quarter mile off of SR-69. All of the initial facilities are in close proximity to high quality, public roads and lie within 3 miles of each other. A multitude of coalbed methane (CBM) and gas well roads bisect the Property providing exceptional surface access to areas overlying the mineral boundaries.

The closest rail transport for the proposed mine site is a rail line located approximately 8 miles to the northwest at the intersection of Brandon School Road and County Route 30 near the town of Berry. River transport with barge loadout facilities is available approximately 10 miles to the southeast of the proposed plant facilities on the Black Warrior River.

In order to access additional coal markets, a new unit train rail loadout is also being considered. With the aforementioned rail access being at Berry, options are being considered to either bring rail to the preparation plant for on-site train loading or to install an overland conveyor to the existing rail for off-site train loading. The rail project has not been considered in the economic analysis presented in this TRS.

It is anticipated that coal will be shipped into the seaborne metallurgical markets. As part of a commercial real estate transaction with Alabama State Port Authority in 2014, Warrior Met secured expansion capacity of the McDuffie Terminal to accommodate planned production.

4.3 Proximity to Population Centers

The Property lies in close proximity to two large population centers. The city of Tuscaloosa lies approximately 27 miles south and Birmingham lies about 36 miles east of the proposed mine site. The Tuscaloosa and Birmingham metropolitan areas have populations of approximately 250 thousand and 1.2 million respectively (as of July 2018). Both areas have large industrial and manufacturing bases with employers such as Honda, Michelin and Mercedes-Benz having production facilities in the area. The city of Birmingham is home to the Birmingham-Shuttlesworth International Airport which handles close to 3-million passengers annually.



4.4 Climate and Length of Operating Season

The typical climate in this portion of Alabama is rather humid but temperate. The average annual temperature is 66 degrees Fahrenheit. Climate is hot during the summer when temperatures are typically in the 90-degree Fahrenheit range and cool during the winter when temperatures are typically in the upper 40-degree Fahrenheit range. The warmest month is generally July, and the coldest month is generally January. Alabama receives on average 56 inches of rainfall per year. The area is somewhat prone to severe thunderstorms resulting in occasional tornado activity and the inland effects of seasonal hurricanes. Seasonal variations in climate typically do not affect underground mining in the area, however, weather events could potentially impact the efficiency of surface and preparation plant operations on a very limited basis.

4.5 Infrastructure

Infrastructure in the area surrounding the Blue Creek site is very diverse, well established and robust due to the large populations and current industrial activity in the surrounding metropolitan areas of Birmingham and Tuscaloosa. All of the primary infrastructure that the mine will need to operate (power, water, transportation/roads) is available with reasonable access requirements.

Below is a list of the regional infrastructure near the proposed Blue Creek operation:

Electrical Power	The immediate area contains numerous coal-fired power plants producing base-load electricity. Major transmission and distribution lines are located within the area of interest. Alabama Power is the local utility which will provide electricity for the Project.
Water and Sewer	Public water is available locally through Oakman Water Works, Inc. No public sewer systems are available.
Roads	The area is serviced by an extensive network of well-maintained, federal, state and county highways in close proximity to the proposed mine site.
Railroads	A major commercial railroad is located along the western edge of the area of interest.
Barge	The Black Warrior River, located east of the Property, provides a means of barge transportation.
Airports	Birmingham-Shuttlesworth International Airport is located approximately 40 miles to the east.
Mining Service Providers, Equipment Manufacturers and Supply Companies	The Property is well serviced by major mining equipment manufacturers, rebuild facilities, and mine supply vendors. Specialized mining service providers including slope, shaft, and preparation plant construction companies are located in the immediate area.



Hospitals – Ambulance, Med Flights	There are numerous fully functioning hospitals (including major trauma centers) within a 50-mile radius of the area of interest. The area is serviced by a network of public and private ambulance and helicopter medical flight providers.
Emergency Services – Fire, Police	There are numerous fire departments and emergency medical service (EMS) providers within a 50-mile radius of the proposed mine site. The area is well serviced by a large network of federal, state and local law enforcement agencies with central dispatch and communications systems, including emergency 911 services.
Schools	The region has a well-developed public education network consisting of federal, state and local government-backed schools as well as privately funded schools. These include elementary, middle, and high schools, as well as technical and vocational schools.
College/University	The region contains numerous colleges and universities as well as well-established mining universities and training centers. Namely, the University of Alabama is located in the city of Tuscaloosa and offers scientific and engineering degrees.

5 History

5.1 Previous Operation

The Property has gone through multiple ownership changes throughout its history. Prior to Warrior Met, the Property was controlled by Walter, which acquired the rights to the Property in 2010 through purchase from Chevron. Exploration and development efforts have been ongoing throughout the tenures of various owners.

Although this particular project site has no operational history of its own, the region in general has a long, successful history of mining similar projects. There are currently four operating underground longwall operations mining the Mary Lee and Blue Creek seams on adjacent properties. Warrior Met operates two of the four mines, one of which utilizes two independent longwalls for coal production.

5.2 Previous Exploration

The Property has been extensively explored as early as 1957 by subsurface drilling efforts carried out by numerous entities, most of which were completed prior to acquisition by Warrior Met including: **Tennessee Coal, Iron & Railroad Company; U.S. Steel; The Pittsburgh & Midway (P&M) Coal Mining Company/Chevron;** and Walter. The majority of the drilling was accomplished by means of conventional core hole exploration and air rotary drilling with geophysical logging for CBM wells.

6 Geological Setting, Mineralization and Deposit

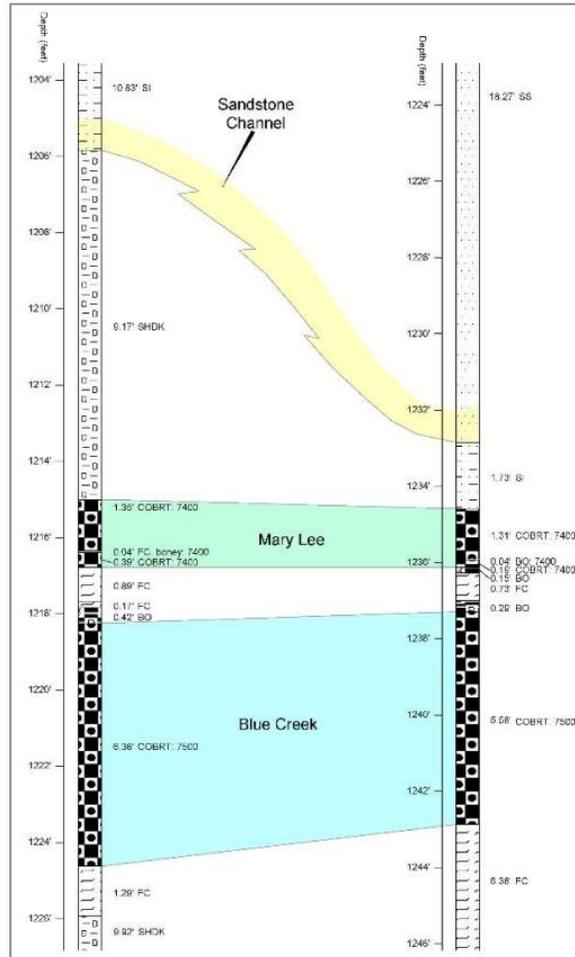
6.1 Regional, Local and Property Geology

The Black Warrior coal basin (*BWB*), which encompasses the subject Property, is a foreland basin covering approximately 23,000 square miles (59,570 square kilometers) of northwestern and central Alabama. The basin extends approximately 230 miles from west to east and 188 miles from north to south. The *BWB* lies within the Cumberland Plateau portion of the Appalachian Highlands and contains Pennsylvanian System (300 million years) sedimentary coal-bearing strata of the Upper Pottsville Formation. Metallurgical coal deposits in northern Alabama are divided into three coal fields; the Black Warrior, the Cahaba, and the Coosa, of which the Black Warrior is the largest in both size and productivity.

Of the coal groups within the *BWB*, historically the most dominant is the Mary Lee group (see *Figure 6-1*). This sequence is “tagged” or identified with a 4-digit numeric system that generally includes the following strata (in descending stratigraphic order):

- > 7200 / 7300 – New Castle (typically present as Upper and Lower benches), 30 to 50 feet above the Mary Lee seam
- > 7400 – Mary Lee seam
- > 7450 – Middleman (rock parting)
- > 7480 – Rider seam (not always present) – included as part of the Middleman
- > 7490 – Parting between the Rider and Blue Creek seams (not always present) – included as part of the Middleman
- > 7500 – Blue Creek seam
- > 7600 – Jagger seam, where present, typically a few feet to tens of feet below the Blue Creek; however, may locally become part of the mineable section with the overlying Blue Creek seam.

Figure 6-1: Geologic Column of the Mary Lee – Blue Creek Sequence



The BWB is bound by the Alabama Valley and Ridge, Highland Rim, and East Gulf Coastal Plain physiographic providences. The southwestern and southeastern margins of the basin are terminated by frontal thrust faulting of the Ouachita and Appalachian orogeny. The basin has regionally southwestward dipping strata that are overlain by Cretaceous and Tertiary age deposits.

The major structural feature within the basin is the Sequatchie anticline, which trends northeast to southwest between the Arkadelphia and Coalburg synclines. Structurally, coal horizons are typically characterized as gently dipping to the southwest and contain minor folds. However, the regional trend



has locally been significantly modified by the presence of a prominent structural feature referred to as the Wiley Dome (with relief of several hundreds of feet), which is present on the Blue Creek property, between the east and west areas of the mine plan. A smaller scale fold referred to as the Whitson anticline is present north of the Wiley dome.

Faulting is widespread across the basin with high-angle, scissor-type normal faults and fault grabens common, which are typically oriented in a southeast to northwest alignment. Vertical displacement typically varies from only a few feet to as much as 350 feet. Multiple published and in-house reports have been compiled and examined during the course of this evaluation, and subsequently compared with the data shown on the base-of-seam structure for the Blue Creek seam.

While faulting on the subject property generally reflects the same regional southeast to northwest pattern, a zone of inferred low-angle faulting (originally identified from a US Steel 1983 report) has been identified on the Property, nearly perpendicular to the regional fault orientation. The dip of this low-angle fault zone has been estimated at approximately 30 to 35 degrees, in contrast to the nearly vertical faults identified elsewhere in the basin. Prior studies as well as recent exploration on the Property have identified locations where the subject coal beds are locally faulted and replaced by fault gouge. The orientation of the low-angle fault zone is northeast-to-southwest and is located on the north side of the Wiley Dome; mine areas A and B are separated by this fault zone.

6.2 Mineralization

Regional coal rank in the BWB generally ranges from a low-volatile coal in the southeastern portion of the basin to a high-volatile coal to the northwest. Due to the value of the Mary Lee and Blue Creek seams in the low- to medium-volatile coking coal market at its active Mine No. 4 and Mine No. 7 operations (and adjoining mines) to the south and east of the Property, the subject coal seams have been extensively mined in the region. Laboratory data for the Blue Creek Project indicates a typically high volatile (greater than 31% volatile matter) bituminous coal product. Based on analysis of coal samples, the Mary Lee and Blue Creek seams on the Property is considered a high-volatile metallurgical-grade coal product.

6.3 Deposits

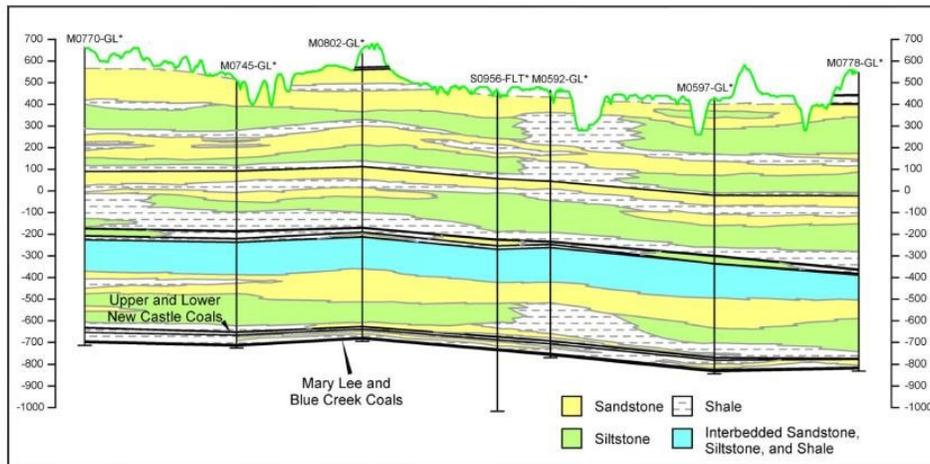
Sediments of the Upper Pottsville Mary Lee coal zone are Lower Pennsylvanian in age and comprised of cyclic sequences (refer to *Figures 1-2* above and *6-2* below) including: sandstone, siltstone/sandy shale, shale (and occasional marine shale zones), and coal. Located within the middle of the Black Warrior Basin stratigraphic sequence, the Mary Lee and Blue Creek horizon is situated below drainage throughout the Property and is accessible by slope and shafts. General lithologic characteristics of the are described below:

- > The New Castle seam is present approximately 15 to 50 feet above the Mary Lee seam.



- > Lithologic composition of the roof strata varies throughout the Property, consisting primarily of a coarsening-upward sequence of shale or sandy shale, with occasional sandstone channels located within the immediate or main roof of the Mary Lee seam.
- > Although rare, areas where sandstone occupies the immediate roof of the Mary Lee seam have been observed from drilling records, where scouring of the seam may occur locally. Where sandstone channels are present within 4 to 6 feet above the Mary Lee (roof bolt horizon), there is potential for increased drawrock conditions and roof instability beneath the sandstone/shale contact.
- > The Mary Lee typically averages 1.75 feet within the eastern mine plan area of the Property; and 1.25 feet in the western area. The Mary Lee seam is the lithologically more consistent of the two seams in terms of thickness, however it generally thins to the west in Area E. Areas where the Mary Lee seam is absent are inferred to more often be associated with structurally faulted horizons than to depositional factors.
- > The composition of the stratum comprising the Middleman is highly variable and consists of shale, carbonaceous shale, or fireclay, to sandy shale; from a few inches to over 3.0 feet, averaging 1.0 feet to 1.5 feet in thickness.
- > The Blue Creek seam, which represents the better metallurgical quality of the two seams, and typically averages 4.35 feet within the eastern mine plan area of the Property; and 2.65 feet in the western area. The Blue Creek seam is subject to more erratic and abrupt thickness variation than the overlying Mary Lee seam. Reasons for this are not entirely clear but may be the result of: seam splitting; channel incision; differential compaction; presence of contemporaneous (“growth”) faults; or other paleographic factors present during or subsequent to deposition of the Blue Creek paleoswamp. The Blue Creek is typically thicker in the eastern portions of the Property and thins or splits to the west.
- > The combined thickness of the Mary Lee – typically averages 7.0 feet within the eastern mine plan area of the Property; and 5.0 feet in the western area. Areas within mine plan projections where the combined thickness of the Mary Lee – Blue Creek horizon are less than a minimum cutting height are generally rare, and where this occurs, roof (and/or floor) strata are expected to be excavated as out-of-seam dilution (OSD).
- > Compositional variability and thickness of the floor strata underlying the Blue Creek seam typically occurs within a coarsening-downward sequence varying from: very soft, thick fireclay within the immediate floor, to sandy fireclay, shale, sandy shale, and finally sandstone within the first three feet below the seam. Fireclay varies in thickness, from less than a foot to more than 10 feet. Due to inherently high clay content, this stratum is typically moisture-sensitive and may degrade when exposed to water accumulation on the mine floor.

Figure 6-2: Generalized Geologic Profile Indicating Dominant Overburden Lithologies



7 Exploration

7.1 Nature and Extent of Exploration

Exploration information has largely been collected, analyzed, and summarized by personnel from previous owners of the Property, Warrior Met, and their consultants. Vertical drilling has been the sole method of collecting exploration information since the seam does not outcrop within or near the Property, and there has been no mining on the Property. Spacing and quantity of exploratory drill holes is generally sufficient to define the coal resource within the Property.

Initial exploration on the Project was entirely by drilling to collect data for delineation of coal and CBM resources. As a general practice, continuous core hole exploration is physically logged by a professional geologist while CBM holes are geophysically logged. Geophysical information from CBM wells was obtained by Warrior Met's predecessor from the **Geological Survey of Alabama Oil and Gas Board (GSA)** and used to determine seam thickness and elevation.

7.1.1 Summary of Exploration Data

MM&A was provided with the core hole records or summary information from geophysical logs as summarized below. Furthermore, during the course of this evaluation, MM&A was provided with additional CBM well digital files (scanned TIFF and LAS formats) from the GSA which were not in the original Warrior Met lithologic database; these were subsequently interpreted and added to the database.

- > Total number of holes: 1,250 drill holes utilized for mapping purposes
- > Total footage: 1,892,000 feet
- > Hole depths: ranging from 835 feet to 2,275 feet, averaging 1,525 feet.
- > Depth to top of Mary Lee seam: ranging from 810 feet to 1,615 feet, averaging 1,255 feet
- > A small group of drilling records was identified and categorized as “not honored” for various reasons, and as such were ignored for mapping purposes. Additional discussion is provided below in *Section 9.1*.

Much of the coal quality information provided to MM&A consisted of previously summarized data in the form of Microsoft® Excel spreadsheets in an Adobe® PDF (*PDF*) format. Where available, scanned copies of coal quality sheets and summary reports were also provided. The most recent drill hole quality data (2021) were derived from exploration activity in the western portion of the Property. Bulk sample analyses obtained from adjacent mines were made available as was one bulk sample from two combined drill holes from which multiple wedged samples were obtained.

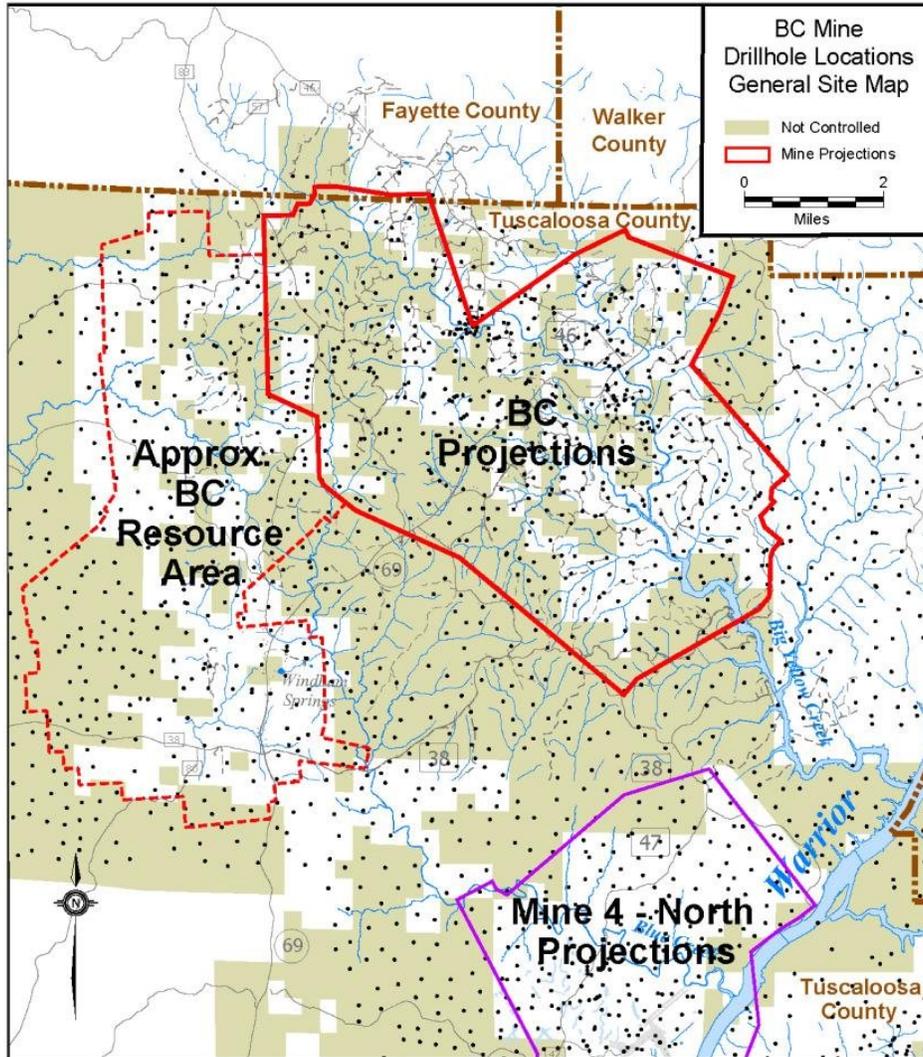
Extensive exploration in the form of subsurface drilling has been carried out on the Property by numerous entities, most of whose efforts were completed prior to acquisition by Warrior Met. Diamond core, rotary, and CBM drilling are the three primary types of exploration on the Property. Data for correlation and mining conditions are derived from core descriptions and geophysical logging (e-logging). The location of the drilling is shown on the maps included within this report.

The concentration of exploration varies across the Property, with the proposed underground mining areas having the highest concentration of drill holes. Drilling on the Property is typically sufficient for delineation of potential underground mineable benches. The M-series and S-series core holes were typically logged by professional geologists, while the remaining core hole data comes from simplified driller’s logs, which often lack specific details regarding geotechnical conditions and specific geology, making correlations and floor and roof conditions difficult to determine. Geophysical logging (e-logging) techniques, by contrast, document specific details useful for geologic interpretation and mining conditions. Mapping of future mining conditions is derived from data compiled from a variety of past and present exploration programs, but projections and assumptions can be made within a reasonable degree of certainty.

Due to the long history of exploration by various parties on the Property, a wide variety of survey techniques exist for documentation of data point locations. Many of the older exploration drill holes appear to have been located by survey. However, some holes appear to have been approximately located using USGS topography maps or other methods which are less accurate. Therefore, discretion had to be used regarding the accuracy for the location and ground surface elevation of some of these older drill holes. In instances where a drill hole location (or associated coal seam elevations) appeared to be inconsistent with the overall structural trend (or surface topography for surface-mineable areas), the data point was not honored for geological modeling. Others with apparently minor variances were

adjusted and then used by MM&A. Moreover, MM&A compiled topographic map files from the USDA website, using 1-meter resolution LIDAR Digital Elevation Models (DEM's). Locations of all drill holes on the Property are shown on *Figure 7-1* below.

Figure 7-1: Drill Hole Location Map





7.2 Non-Drilling Procedures and Parameters

Aside from exploration-based drilling and drilling associated with gas development, no additional information specific to the subject reserve's thickness and quality characteristics is available. The coal reserve is approximately 1,200 to 1,300 feet below drainage across the Property, eliminating the potential of any outcrop examination. Information from mines on adjacent properties does provide some indication regarding anticipated structural trends and thickness continuity. Such parameters have been considered by MM&A in this TRS.

7.3 Drilling Procedures

Core drilling methods utilize NX-size ($2\frac{1}{8}$ inch) or similar-sized core cylinders to recover core samples, which can be used to delineate geologic characteristics, and for coal quality testing. In addition to the core holes, rotary drilled holes also exist on most of the Property. Data for the rotary drilled holes are mainly derived from downhole geophysical logs, which are used to interpret coal and rock thickness and depth since logging of the drill cuttings is not reliable. CBM holes are always logged geophysically, and the resulting interpreted data are incorporated into the geological model. Exploratory drilling generally requires drilling to depths from 800 to 1,600 feet to penetrate the target coal seams on the Property.

A wide variety of core-logging techniques have been implemented on the Property. For many of the core holes, the primary data source is a generalized lithology description by the driller, while others were logged by a professional geologist. These drilling logs were provided to MM&A as a geological database. MM&A geologists were not involved in the production of original core logs but did perform a basic check of information within the provided database.

7.4 Hydrogeology

7.4.1 Introduction

The hydrogeologic aspects of the project area have been assessed based on previous hydrogeologic study specific to the area, permitting documents, geologic logging records, and experience from other mines in the region. The assessment focuses on the potential for groundwater inflow to the proposed mine. As the majority of available geologic and hydrogeologic information is contained in Areas A, B, C and D, the current hydrogeological summary is most relevant to these areas but may also be applicable to Area E.

Water quality data associated with the Mary Lee and Blue Creek coal horizons in the project area is not available. As such, water quality expectations specific to groundwater inflow to the mine have not been addressed.

In general, the results of the current evaluation suggest that the quantity of groundwater inflow to the proposed mine is not likely to cause significant concern in most areas. Previous hydrogeologic assessment of the subject area and regional experience identifies that larger and persistent fracture



zones, often those with high angle or vertical faults and fractures, have the greatest potential to convey larger volumes of water into the mine, especially in areas affected by longwall mining subsidence. While there are numerous larger faults and fracture zones identified in the project area, the current mine plan significantly avoids major areas of hydrogeologic concern identified via previous hydrogeologic assessment of the Project.

7.4.2 Summary of Hydrogeologic Findings

In general, the proposed mining is not expected to experience mine-wide, extensive water inflow issues, and in fact, most of the mine may be expected to be relatively dry. However, zones of significant faulting and fracturing do exist in the project area, and experiences in other mines in the region do suggest that the potential for significant water inflow via faults and fracture zones coupled with longwall mining-induced fractures does exist, especially where there is potential for interaction with surface water features. The current mine plan layout avoids the majority of potentially problematic areas, as designated by a previous assessment by others.

The available hydrogeologic information for the project area indicates that significant water inflow to the mine is more likely to be associated with areas where longwall mining approaches areas of natural faulting and fracturing. In addition, water inflows in such areas are likely to be enhanced by proximity and connection of the combination of longwall mining-induced fractures and natural fractures to surface water bodies that may recharge water into the system. As a result, future drilling activity (core drilling or rotary bit) should include collection of fracture orientation and fracture frequency data. Data collection should include downhole geophysical techniques that allow for in situ measurement of discontinuity orientations. In addition, any core holes drilled should be logged with specific attention given to fracture characteristics, including frequency, orientation, weathering, and infilling. Given the vertical nature of a significant portion of the known fractures, angled drilling may be required to intersect and define the fracture zones.

As mining approaches known fracture and fault zones, the extent, character, and water-bearing potential of the zones should be investigated. Such investigations may include combinations of angled drilling, downhole geophysics, and hydraulic conductivity testing. While many of the major faults and fracture zones have been identified, the extent to which fracturing extends from the mapped lines is unknown and may vary by area. Previous investigation suggests that relatively intense jointing may extend out to approximately 200 feet on either side of some faults, with the most intense fracturing only extending to approximately five feet on each side of known faults.

As previously mentioned, the current assessment does not address the expected chemical quality of water to be encountered in the proposed mine. Groundwater quality data at the Mary Lee and Blue Creek horizon does not appear to be available. Future exploration activities should consider collection of water samples from the proposed mine horizon, if possible, to provide an initial means for evaluation. Future groundwater quality investigation should include analyses for metals (e.g., iron, manganese, and select “trace” metals), major ions (ex: chloride, sodium, sulfate, magnesium, calcium,



and potassium), pH, Total Suspended Solids (*TSS*), Total Dissolved Solids (*TDS*), and Specific Conductance (*SC*). Recent guidance from the **United States Environmental Protection Agency (USEPA)** suggests that coal mine operations with discharges having *SC* values greater than 300 microsiemens per centimeter ($\mu\text{S}/\text{cm}$) should be closely monitored and operations with discharges of greater than 500 $\mu\text{S}/\text{cm}$ should be required to take mitigative action. The guidance is not law and enforcement of such standards is unknown.

7.5 Geotechnical Data

Geotechnical data specific to the expected mine horizon is somewhat limited and has not been systematically collected as part of the mineral exploration drilling process. However, a report completed by Park (1989) contains site-specific laboratory and core logging geotechnical information for seven holes centrally located within the proposed mine area. Available data includes laboratory results for roof and floor rock and coal, for specific gravity, Uniaxial Compressive Strength (*UCS*), elastic modulus, Poisson's Ratio, angle of internal friction, and cohesion. Core logging geotechnical data includes Rock Quality Designation (*RQD*) values for the roof and floor of the proposed mine. Additional *UCS* values, estimated from Point Load Tests (*PLT*), are also available for one additional hole located along Little Yellow Creek. The available data suggests that the proposed mine area may have the potential for some mine floor instability. Incorporation of additional geotechnical data collection via core drilling and downhole geophysics is recommended.

Pillar sizing and design for the proposed mine is similar to that of Warrior Met's two nearby active mines, and consistent with region-specific design equations initially developed in the 1980's. The stability of the current pillar designs has also been verified using the Analysis of Coal Pillar Stability (*ACPS*) software. The pillar design incorporates a yield pillar concept that may mitigate some of the potential floor heave concerns.

8 Sample Preparation Analyses and Security

8.1 Prior to Sending to the Lab

All of the coal samples have been obtained from the Property by subsurface exploration using core drilling techniques. The protocol for preparing and testing the samples has varied over time and is not well documented for the older holes drilled on the Property. Typical core-drilling sampling methods for coal in the United States involves drilling through the seam, removing the core from the barrel, describing the lithology, wrapping the sample in a plastic sleeve and placing it lengthwise into a covered core box, marking hole ID and depth intervals on each box and lid, and allowing the core to be delivered to a laboratory in correct stratigraphic order, with original moisture content. This process has been the norm for both historical practices at Warrior Met's active and depleted operations and ongoing exploration activities at the Blue Creek property.



This work is typically performed by the supervising driller, geologist, or company personnel. Samples are most often delivered to the company after each shift or acquired by company personnel or representatives. Most of the coal core samples were obtained by previous or current operators on the Property. MM&A did not participate in the collection, sampling and analysis of the core samples. However, it is reasonable to assume, given the consistency of quality from previous operators, that these samples were generally collected and processed under industry best practices. This assumption is based on MM&A's familiarity with the operating companies and the companies used to perform the analyses.

8.2 Lab Procedures

Coal-quality testing has been performed over many years by operating companies using different laboratories and testing regimens. Some of the samples have raw analyses and washabilities on the full seam (with coal and rock parting layers co-mingled) and are mainly useful for characterizing the coal quality for projected production from underground mining. Other samples have coal and rock analyzed separately, the results of which can be manipulated to forecast underground mining quality. Care has been taken to use only those analyses that are representative of the coal quality parameters for the appropriate mining type for each sample.

Standard procedure upon receipt of core samples by the testing laboratory is to: 1) log the depth and thickness of the sample; then 2) perform testing as specified by a representative of the operating company. Each sample is then analyzed in accordance with procedures defined under **American Society for Testing and Materials (ASTM)** standards including, but not limited to washability (ASTM D4371); ash (ASTM D3174); sulfur (ASTM D4239); Btu/lb. (ASTM D5865); volatile matter (ASTM D3175); Free Swell Index (*FSI*) (ASTM D720). While not confirmed by MM&A, it is assumed that best practices and ASTM (or equivalent standards at the time of testing) were utilized in laboratory quality testing.

9 Data Verification

9.1 Procedures of Qualified Person

MM&A reviewed the Warrior Met supplied digital geologic database, consisting of data records which include drill hole and coal quality information for holes that lie within and adjacent to the Property. To the extent available, scanned copies of original documents were provided for much of the Property (mining areas A, B, C, D, and E), and these were reviewed by MM&A on a test case basis.

These sources comprise the primary data utilized in the evaluation of reserves within the Property. Warrior Met maintains copies of geologist field observation logs for each core hole drilled by Warrior Met and those that could be obtained from other entities and has compiled the core hole data into a digital geologic database consisting of approximately 1,250 drill holes, supplemented with additional GSA log data interpreted by MM&A. Of these, there are approximately 775 active CBM wells located in the project area operated by Warrior Met's gas division, with an additional 455 wells operated by



Urban Oil and Gas. CBM wells are typically drilled on approximately 40-acre centers, which equates to roughly ¼-mile spacing.

Geophysical logs were used wherever available to assist in confirming seam correlation and to verify seam thickness measurements. These are highly useful tools not only for identification of seam thickness, but also to determine intervals between seams; the relative location and amount of displacement found adjacent to faults as depicted on the maps can also be evaluated with this type of data.

The level of accuracy for geophysical logs can be broadly grouped into one of three categories: low-resolution, intermediate-resolution, and high-resolution, due to: vintage of the logs, quality of scanned images, suite of tools used to log the well, source-to-detector spacing, scale of presentation, and so forth. Geophysical logs on the Property are of two general types:

- > CBM wells from various logging companies, that are publicly available from the GSA and have previously been reviewed and recorded by Warrior Met geologists for entry in the Warrior Met geological database. There are approximately 950 gas well geophysical logs within the Property, for which copies of approximately 750 scanned logs or LAS files (within all areas of the mine) were provided and reviewed on a test case basis by MM&A. Classification of these logs ranges from low- to intermediate-resolution.
- > Core holes drilled for P&M and geophysically logged by MM&A between 1991 and 1995, of which there are 87 high-resolution geophysical logs incorporated into this evaluation, most of which are located in the eastern portion of the Property (with a few scattered in the west). Copies of the MM&A geophysical logs are maintained within its archives located in Bluefield, Virginia. (An additional 23 holes were geophysically logged by MM&A on the Property; however, coordinates are unavailable and consequently have not been utilized in this evaluation.)

A significant effort was put into verifying the integrity of the database. As noted previously, an additional group of drilling records was identified and categorized as not honored and ignored for mapping purposes for the following reasons:

- possessing poor or suspect core recovery; or
- thickness impacted by the influence of tectonic faulting; or
- seam thickness information was interpreted from older vintage and/or lower resolution geophysical logs.
- original records were unavailable from which to confirm suspect information.

Once this was completed, stratigraphic columnar sections were generated in select areas using cross-sectional analysis to establish or confirm coal-seam correlations. Furthermore, reported drill hole collar elevations were checked and verified utilizing a LIDAR topographic model, and adjustments were made as deemed appropriate. When the database was fully vetted, seam thickness, base-of-seam elevation,



roof and floor lithology, and overburden maps were finally generated for use in the mine planning process.

9.2 Limitations

As with any exploration program, localized geologic anomalies cannot always be identified; however, the greater the density of samples taken, the lower the risk. Once an area is identified as being of interest for inclusion in the mine plan, additional samples are normally collected to reduce the risk within those specific areas. In general, provision is made in the mine planning portion of the study to allow for localized anomalies that are typically classed more as a nuisance than a hinderance.

9.3 Opinion of Qualified Person

In the eastern portion of the Property (Mining Areas A through D), sufficient data has been obtained through various exploration and sampling programs to support the geological interpretations of seam structure and thickness for the mineable coal horizons. The data are of sufficient quantity and reliability to reasonably support the coal resource and coal reserve estimates in this TRS, compliant with 2021 SEC Standards.

Acquisition of data (specifically core drilling and coal quality testing) are ongoing within the western and southwestern portions of the Property (mining Area E). Thus, resource tonnage estimates presented herein specific to mining Area E are based upon preliminary results. It is Warrior Met's and MM&A's intentions to elevate the classification of such resources in Area E to 2021 standards via further geologic analysis and an ongoing exploration program to determine quality characteristics of the subject coal.

10 Mineral Processing and Metallurgical Testing

10.1 Testing Procedures

Coal quality data was available for coal samples from the legacy core holes within the resource area. Because these samples were obtained by different entities at different times, some variability exists between sampling and/or testing procedures (i.e., variable float gravity, coal only sampling, etc.). Data from three sets of borings have been provided and are referenced as the M-series, NR5-series, and S-series of holes.

10.1.1 M-Series Holes

The M-series of borings were performed by U.S. Steel and the samples were tested by the U.S. Steel's Research Division. The M-Series borings are further sub-divided into two groups based on the reports in which they were issued. Borings M-360 through M-808 were reported in a memorandum from the U.S. Steel Research Division, "Evaluation of Mary Lee/Blue Creek-Seam Coal Drill Cores and Composite Samples from the West-West Wilmington Area, Tuscaloosa County, Alabama, December 1980". From



the report, the total seam, including the Middleman, was processed in laboratory analysis. The samples were crushed to minus ¼-inch, and then split for washability and composite analysis. These samples were evaluated at cumulative float specific gravities of 1.35 and 1.55. The resulting samples were tested for Proximate Analysis, Gieseler Plasticity, Free Swelling Index, Hardgrove Grindability, and Petrographic Analysis.

The second set of M-series borings, M-812 through M-817, were reported in a study issued by U.S. Steel, "West Wilmington Coal Project Tuscaloosa County, Alabama, 1983". Again, the total seam was considered in this study, including the Middleman. The samples were crushed to minus ¼-inch and then subjected to washability analysis. The samples were evaluated at a cumulative float specific gravity of 1.55. This sample was then divided, half of which was retained for further analysis. Half of the sample was re-analyzed at a float at a specific gravity of 1.37. The resulting samples were subjected to the following tests: Proximate Analysis, Total Sulfur, Ultimate Analysis, Calorific Value Analysis, Gieseler Plasticity, Free Swelling Index, Ash Composition, Ash Fusion Temperature, and Petrographic Analysis.

10.1.2 NR5-Series Holes

The NR5-series of borings were performed by P&M. A report summarizing the NR5 series of borings has not been provided or reviewed by MM&A. Inferences have been made based on the provided laboratory data sheets. The Mary Lee and Blue Creek samples were processed separately for these borings, and no Middleman was included. It is unknown if the samples were crushed prior to the washability analysis. These sample were only floated at a cumulative specific gravity of 1.7. The resulting samples were tested by **Commercial Testing & Engineering Company** with report dates in 1990, 1991, and 1992. The tests performed on these samples include Proximate Analysis, Ultimate Analysis, Ash Fusion Temperature, Forms of Sulfur, Water Soluble Alkalis, Hardgrove Grindability, Equilibrium Moisture, Free Swelling Index, Ash Composition, Base-Acid Ratio, Fouling Index, and Slagging Index.

10.1.3 S-Series Holes

The S-series of borings were performed by Walter. As with the NR5-series holes, no report has been provided summarizing the sampling and testing methods for the S-series borings. Some inferences have been made from the laboratory data sheets that have been provided. The Mary Lee and Blue Creek samples from these borings were processed separately and the Middleman was not included in the analysis. It is unknown if the samples were crushed prior to the washability analysis. These samples were tested at specific gravities of 1.4, 1.5, 1.6, and 1.7.

The resulting samples were tested for ash and sulfur. A composite sample, assumed to be analyzed at a cumulative Float 1.5 specific gravity sample, was tested for a Proximate Analysis and Free Swelling Index. These basic coal quality tests were performed by Warrior Met's in-house lab. Over the years, select samples have been sent to various laboratories including: **SGS; Coal Tech Petrographic Associates;** and **Precision Testing Laboratory (Precision)** for more specialized testing. These analyses



include Ultimate Analysis, Hardgrove Grindability, Ash Fusion Temperature, Ash Composition, Coke Reactivity Index, Coke Strength After Reaction, Gieseler Plasticity, and Petrographic Analysis. Report dates for the S-series borings include data from 2009 through 2021.

10.2 Warrior Met's Current Exploration Procedures

Warrior Met currently has an on-going exploration program on the Property, consisting of 7 fully cored holes or spot-cored holes drilled in 2021 within Area E, recently completed as of the writing of this report. Coal samples were subsequently delivered to Precision Testing in Daniels, West Virginia.

From the 2021 exploration program, six (6) S-series core hole samples of the Mary Lee and Blue Creek samples were collected and separately analyzed. These samples were analyzed by Precision, including the following:

- > Washability analyses at multiple float-sink gravities, including flotation analysis on -60 mesh material.
- > Proximate and Ultimate analyses
- > Audibert – Arnu Dilatometer, FSI, Gieseler Plasticity, and Fusion Temperature of Ash (Reducing)
- > Mineral analysis of ash
- > Petrographics, Vitrinite Reflectance

10.3 Quality Assessment

Coal quality parameters (yield, ash and sulfur) at a cumulative float gravity of 1.55 were used to assess the consistency of the data across the three series described above. MM&A reconstituted a combined Mary Lee, Middleman and Blue Creek section for each honored drill hole. In instances where a float gravity of 1.55 was not tested, appropriate values were determined using graphical interpolation of similar holes. These values processed using Carlson Software and the grids were generated to contour and assess consistency across the mine property. MM&A determined that in-seam yield and product ash were generally consistent across Areas A through D when assessing the total mineable section. Product sulfur appears to generally increase gradually from the eastern to western portion of the Property. Further exploration is recommended to confirm or dispute this trend.

The results of the three exploration programs have been assembled and tabulated in a Microsoft® Excel spreadsheet to determine the basic statistical parameters (average, maximum, minimum) of typical chemical and physical coal quality properties. The data has been tabulated for the Mary Lee, Blue Creek, and Total Seam by density class. The basic statistical parameters for each seam at a float 1.50 gravity, or nearest available gravity, are shown below in *Table 10-1*. Samples that were deemed to be erroneous were excluded from calculations.



Table 10-1: Yield, Clean Ash and Sulfur (1.5 SG), Eastern Mining Areas A Through D

	Mary Lee Float 1.5			Blue Creek Float 1.5			Total Seam Float 1.55			
	% Rec.	% Ash	% Sulfur	% Rec.	% Ash	% Sulfur	% Rec.	% Ash	% Sulfur	% Vol.
Average	88.15	12.77	0.91	91.90	8.42	0.60	68.53	9.35	0.70	28.10
Maximum	96.26	14.26	1.20	98.01	10.26	0.79	80.30	12.90	1.21	30.10
Minimum	76.09	11.51	0.71	73.50	6.98	0.52	44.60	7.69	0.50	26.10
No. of Samples	18	18	18	19	19	19	59	59	59	58

As stated previously, the method of sampling, testing, and reporting was not consistent across the different data series. Due to the lack of summary reports describing the testing procedures, observations of the reported data were used to determine when a combined sample (i.e., combination of Mary Lee and Blue Creek horizons) sample did or did not include the middleman parting. This observation was used to exclude data when necessary as well as identify what borings required further data processing for inclusion in MM&A’s analysis. Where quality results were deemed not useful or unrepresentative, those results were excluded (not honored) from statistical analyses and coal quality modeling but are included within detailed coal quality tables in MM&A’s files for informational purposes with the appropriate qualifying comments.

10.4 Derivation of Product Yield

Generalized washabilities (i.e., cumulative float tables at various gravities) were produced for both the Mary Lee and Blue Creek seams. Due to the lack of sizing data, the washabilities are presented on a whole (by zero) basis with top-sizes varying between 2 inches and one-quarter inch, depending on the vintage of the drill hole. Averages were generated for each respective float specific gravity. This introduced some bias, as certain gravities included analysis for more holes, because not all holes were evaluated at the same gravity increments. Efforts were made to include as much of the provided washability data as possible. Data points that were deemed to be erroneous were omitted from the analysis. Likewise, the M-series data was not included in the average because its test work included the parting between the Mary Lee and Blue Creek seams. Due to the thickness variability of the respective Mary Lee and Blue Creek seams, it was determined that yields were to be calculated on independently for each seam, with the assumption that all Middleman material reports to reject circuitry.

Generalized washabilities for each seam were produced by averaging the cumulative float data from selected NR5 and S-series boreholes. *Table 10-2* shows the average washabilities of the two seams as well as the average combined washability excluding the middleman. The combined washability was calculated by weight averaging the individual seam washabilities with a ratio of 2.32 tonnes of Blue Creek coal per 1 ton of Mary Lee. This ratio is based on the life-of-mine tonnage model which results in the same ratio of Blue Creek to Mary Lee tonnes.



Table 10-2: Washability for the Mary Lee, Blue Creek, and Combined Seam (Excluding Middleman), Dry Basis, Eastern Mining Areas A Through D

	Incremental			Cumulative		
	(%) Yield	(%) Ash	(%) Sulfur	(%) Yield	(%) Ash	(%) Sulfur
Mary Lee						
1.4	77.55	11.75	0.82	77.55	11.75	0.82
1.5	10.40	20.50	1.51	87.95	12.79	0.90
1.6	2.73	29.31	2.56	90.67	13.28	0.95
1.7	1.35	40.02	3.19	92.02	13.67	0.98
Sink	7.98	66.14	2.16	100.00	17.86	1.08
Blue Creek						
1.4	82.50	7.42	0.61	82.50	7.42	0.61
1.5	8.77	17.75	0.62	91.26	8.41	0.61
1.6	2.64	26.32	0.88	93.90	8.92	0.62
1.7	1.33	33.98	1.34	95.23	9.27	0.63
Sink	4.77	65.26	0.83	100.00	11.93	0.64
Combined Mary Lee and Blue Creek, Excluding Middleman						
1.4	81.01	8.67	0.67	81.01	8.67	0.67
1.5	9.26	18.68	0.92	90.26	9.70	0.69
1.6	2.67	27.24	1.40	92.93	10.20	0.71
1.7	1.34	35.81	1.90	94.27	10.56	0.73
Sink	5.73	65.63	1.39	100.00	13.72	0.77

All the provided exploration data was from exploration core testing. Quality evaluations associated with slim core testing (including NX-sized core) tends to produce a cleaner ash and higher yield than is achievable during the mining the process. This is due to the small top-size of the core samples which provide greater coal-ash liberation than what would be expected in a typical run-of-mine product. Additionally, laboratory results are theoretical and do not account for plant inefficiencies or losses. MM&A modified yields and clean ash values as presented in *Table 10-2* to reflect a 95-percent plant efficiency and a 1-percent gain in clean ash. *Table 10-3* shows the average cumulative washability data after an ash modifier of 1-percent and an organic efficiency of 95-percent have been applied to the data.



Table 10-3: Washability for the Mary Lee, Blue Creek, and Combined Seam (Excluding Middleman), Dry Basis, After Yield and Ash Adjustment; Eastern Mining Areas A Through D

Float	Cumulative		
	(%) Yield	(%) Ash	(%) Sulfur
Mary Lee			
1.4	73.67	12.75	0.82
1.5	83.55	13.79	0.89
1.6	86.14	14.28	0.94
1.7	87.42	14.67	0.97
Sink	100.00	17.86	1.08
Blue Creek			
1.4	78.37	8.42	0.61
1.5	86.70	9.41	0.61
1.6	89.21	9.92	0.62
1.7	90.47	10.27	0.63
Sink	100.00	11.93	0.64
Mary Lee and Blue Creek Combined			
1.4	76.96	9.67	0.67
1.5	85.75	10.70	0.69
1.6	88.28	11.20	0.71
1.7	89.55	11.56	0.73
Sink	100.00	13.72	0.77

Examining the total seam washability shows that washing the combined coal at a 1.42 specific gravity results in a product ash of 10-percent with yields approaching 80-percent on a dry basis. Projecting this cut point on an individual seam basis suggests respective yields of 80-percent and 77-percent for the Blue Creek and Mary Lee seams, inclusive of a 95-percent plant efficiency factor. Average washabilities suggest individual dry product ashes of 8.7-percent and 13.1-percent for the Blue Creek and Mary Lee seams. As the relative thicknesses and subsequent tonnage ratios vary from the average 2.32 to 1 (Blue Creek to Mary Lee), total clean ash will fluctuate. Production timing as incorporated in financial modeling suggests annual average clean ash variations to be in the range of 0.5-percent. Localized higher ash zones and zones with relatively low percentages of Blue Creek coal will result in higher ash fluctuations. Such fluctuations in quality can be mitigated by stockpiling of raw and clean coal and blending.

10.5 Relationship of Tests to the Whole

The actual quality of shipped coal will likely vary due to the following factors: 1) particle size of the coal fed to the plant; 2) specific gravity of the float media in use at the preparation plant; 3) type of plant circuit(s); 4) efficiency of the plant circuit(s); 5) the moisture content of the final product; and 6) customer requirements.

However, once baseline coal quality is established, additional sampling programs and testing procedures can be implemented to assist with: 1) predicting additionally refined plant yields which account for anticipated particle sizes that reflect a typical ROM product and include out-of-seam dilution (*OSD*); 2) assessing optimum specific gravity of preparation plant float media to meet product specifications; and 3) further designing and/or modifying plant circuit(s) if necessary.



In general, the data obtained thus far shows that the quality attributes are reasonably consistent and should allow for predictability of the product coal quality from the subject seams.

10.6 Lab Information

MM&A assumes that laboratory testing has following appropriate ASTM or equivalent standards, including those defined under ASTM standards including, but not limited to:

- > *ASTM D 4371* – Test Method for Determining Washability Characteristics of Coal
- > *ASTM D 3174* – Method for Ash in the Analysis Sample of Coal and Coke
- > *ASTM D 5865* – Test Method for Gross Calorific Value of Coal and Coke
- > *ASTM D 3175* – Test Method for Volatile Matter in the Analysis Sample of Coal and Coke
- > *ASTM D 720* – Test Method for Free-Swelling Index (*FSI*) of Coal
- > *ASTM D 5515* - Test Method for Determination of the Swelling Properties of Bituminous Coal Using a Dilatometer (Arnu)
- > *ASTM D 2639* – Test Method for Plastic Properties of Coal (Gieseler)
- > *ASTM D 1857* - Standard Test Method for Fusibility of Coal and Coke Ash
- > *ASTM D 2798* – Microscopical Determination of the Reflectance of Vitrinite in a Polished Specimen of Coal

10.7 Relevant Results, Metallurgical Quality

Table 10-4 presents a summary of the ranges of available metallurgical quality data for the combined seams. This data covers samples from various float gravities as well as total number of samples analyzed per data set. Data from any erroneous holes were excluded from the reported ranges. Detailed metallurgical quality tables are retained in MM&A's files. Three sets of quality tables provide seam Rheological Information, Petrographic Information, as well as summarize any additional testing. The individual coal sample reports from the various coal testing laboratories are held in the MM&A files and can be provided upon request.

Table 10-4: Metallurgical Characteristics

Elemental Ash Analysis	Total Seam		
	Min	Max	No. of Samples
Na ₂ O (Sodium Oxide) + K ₂ O (Potassium Oxide)	1.75	3.76	17
Base / Acid Ratio (in ash)	0.1	0.2	17
Audibert-Arnu			
Maximum Dilatation	113	180	5
Maximum Contraction	-27	-22	5
Gieseler Plasticity			
Max. Fluidity DDPM (dial divisions per minute)	1300	30000	82
Fluid Temp. (Plastic) Range °C	71	117	82
Petrographic Indices			
Hardgrove Grindability Index	54	67	53
Free Swelling Index (FSI)	8	9	66
Mean Max Reflectance %	0.95	1.23	127
Composition Balance Index (CBI)	0.22	1.01	127
Rank Index (Calculated Strength)	3.22	5.18	127
Calculated Stability Factor	30	64.5	21
Coke Reactivity Index (CRI)	31.8	34.5	2
Coke Strength After Reaction (CSR)	45.2	48	2

11 Mineral Resource Estimates

MM&A independently created a geologic model to define the coal resources at the Property. Coal resources were estimated as of December 31, 2021. Resources are reported **inclusive** (Areas A through D) of coal reserves and **exclusive** of coal reserves (Area E). Resources for Areas A through D presented herein are utilized for mine planning purposes, and subsequently, reserve estimates. Due to constraints imposed by differences in coal quality testing methodology, resources represent in-place coal tonnages and in-place coal quality, exclusive of the interburden between the Mary Lee and Blue Creek seams (a.k.a. *Middleman*). Ash bands and partings within the Mary Lee and Blue Creek horizons are included in tonnage and quality projections for the property's resource.

11.1 Assumptions, Parameters and Methodology

Geological data were imported into Carlson Mining® (formerly SurvCADD®) geological modelling software in the form of Microsoft® Excel files incorporating, drill hole collars, seam and thickness picks, bottom seam elevations and raw and washed coal quality. These data files were validated prior to importing into the software. Once imported, a geologic model was created, reviewed and verified- with a key element being a gridded model of coal seam thickness. Resource tonnes were estimated by using the seam thickness grid based on each valid point of observation and by defining resource confidence arcs around the points of observation. Points of observation for Measured and Indicated confidence



arcs were defined for all valid drill holes that intersected the seam using standards deemed acceptable by MM&A based on a detailed geologic evaluation and a statistical analysis of all drill holes within the projected reserve areas as described in *Section 11.1.1*. The geological evaluation incorporated an analysis of seam thickness related to depositional environments, adjacent roof and floor lithologies, and structural influences.

After validating coal seam data and establishing correlations, the thickness and elevation for seams of economic interest were used to generate a geologic model. Due to the reasonable continuity of the coal beds, the principal geological interpretation necessary to define the geometry of the coal deposits is the proper modeling of their thickness and elevation. Both coal thickness and quality data are deemed by MM&A to be reasonably sufficient within the resource areas. Therefore, there is a reasonable level of confidence in the geologic interpretations required for coal resource determination based on the available data and the techniques applied to the data.

Table 11-1 below provides the geological mapping and coal tonnage estimation criteria used for the coal resource and reserve evaluation. These cut-off parameters were developed by MM&A based on its experience with comparable mining projects. This experience includes technical and economic evaluations of numerous properties in the region for the purposes of determining the economic viability of the subject coal reserves.

Table 11-1: General Reserve and Resource Criteria

Item	Parameters	Technical Notes & Exceptions*
• General Reserve Criteria		
Reserve Classification	Reserve and Resource	
Reliability Categories	Reserve (Proven and Probable) Resource (Measured and Indicated)	To better reflect verified geological information, "arcs" which represent indicated resource (probable reserve) and measured resource (proven reserve) are limited to those holes in which MM&A verified source data
Effective Date of Resource Estimate	December 31, 2021	The Property represents a greenfield area and has not been developed as of the date of this report.
Effective Date of Reserve Estimate	December 31, 2021	The Property represents a greenfield area and has not been developed as of the date of this report.
Seam Density	Variable, dependent upon seam characteristics (based on available drill hole quality). Density estimates are based upon the relative thickness of the 3 primary constituents of the mineable section, with the Mary Lee, Middleman and Blue Creek respectively modeled at 89, 140 and 85 pounds per cubic foot.	
• Underground-Mineable Criteria		
Map Thickness	Total seam thickness	
Minimum Seam Thickness	Approximately attributed to an equivalent 3-feet of combined coal thickness between the Mary Lee and Blue Creek horizons	In some instances, projections extend beyond 3-ft coal thickness cutoff for contiguous mine plan.
Minimum Mining Thickness	5-feet for Longwall Mining; 7-feet for Continuous Mining Sections	
Minimum In-Seam Wash Recovery	Driven by 3-feet coal thickness	
Wash Recovery Applied to Coal Reserves	Variable, dependent upon seam characteristics (based on available drill hole quality). Recovery estimates are based upon the relative thickness of the 3 primary constituents of the mineable section, with the Mary Lee, Middleman and Blue Creek respectively modeled at 77, 0 and 80	



Item	Parameters	Technical Notes & Exceptions*
	percent. Simulations utilized to achieve a 10-percent ash product.	
Out-of-Seam Dilution Thickness for Run-of-Mine Tonnes Applied to Coal Reserves	0 inches	Dilution assumed to wash-out of ROM product and is not included in saleable reserves. Financial modeling includes assumption of minimum of 3-inches of Out-of-Seam dilution at 140 lb./ft ³ density
Mine Barrier	Not Applicable—Projections Do Not Border Active or Abandoned Reserves	
CBM Wells	CBM Wells Assumed to be Plugged Ahead of Mining and Mined Through. No reserve/resource reductions considered.	
Adjustments Applied to Coal Reserves	10 percent moisture increase; 5 percent preparation plant inefficiency (included in aforementioned wash recovery). Longwall panel tonnages further decreased by 5-percent factor to account for unknowns associated with faulting.	

11.1.1 Statistical Analysis for Classification

MM&A completed a statistical analysis on drill holes within the reserve boundaries to determine the applicability of the common United States classification system for measured and indicated coal resources. Historically, the United States has assumed that coal within ¼ mile of a point of observation represents a measured resource whereas coal between ¼ mile and ¾ mile from a point of observation is classified as indicated. Inferred resources are commonly assumed to be located between ¾ mile and 3 miles from a point of observation. Per SEC regulations, only measured and indicated resources may be considered for reserve classification, respectively as proven and probable reserves.

A general acceptable thickness variation for measured resources is approximately 20 percent. Thickness variations for indicated resources are assumed to average less than 30 percent, which is also comparable with historical standards.

MM&A extracted drill hole information from within projected reserve areas, which included coordinates (northing and easting) and combined Mary Lee and Blue Creek seam thickness. Drill holes included diamond core, rotary, and CBM holes. Those holes which lacked source data (i.e., lacked high resolution geophysical logs or original drillers logs) were fileted separately.

Once the data was extracted, matrices were formed to calculate the distance and percent change in seam thicknesses between each combination of drill holes in the reserve area. Distances were then sorted smallest to largest and the variation in thicknesses was analyzed as a function of distance between drill holes. Ultimately, the average variation in thicknesses between drill holes at ¼-, ¾- and 3-mile intervals were calculated to determine the applicability of common US resource classification systems.

The total number of drill holes used in this study is 517, of which 275 are included as source data. *Table 11-2* is a breakdown of the statistics used in the study with all three bench configurations combined.



Table 11-2: Statistical Breakdown

Classification:	Measured	Indicated	Inferred
Distance Between Drill holes (miles):	0 – ¼	¼ - ¾	¾ - 3
Number of Data Pairs (Source Data Only):	518	4,694	41,192
Number of Data Pairs (All Data):	1,478	10,604	119,622
Average Thickness Variation (Source Data Only):	24%	28%	33%
Average Thickness Variation (All Data):	45%	40%	57%
Percent of Pairs Exhibiting Less Than 20-percent Negative Variability (Source Data Only):	80%	80%	78%
Percent of Pairs Exhibiting Less Than 20-percent Negative Variability (All Data):	73%	75%	69%

As is shown, the thickness variation between holes (verified data only) is approximately equivalent to historically accepted standards. Utilizing all of the drill hole information, including that which lacks source data, significant variations exist which would prohibit historically accepted standards. As such, MM&A only utilized those points of observation with source information for indicated and measured status. Of important note, thickness modeling for resource (and subsequently, reserve) estimates included all available thickness information, including the highly variable, non-vetted drill holes which lack source information. MM&A initially computed resource estimates both with and without the highly variable, non-vetted information. Resources estimates were within 1-percent of one-another, despite the highly variable nature of the non-vetted information.

MM&A geologists and engineers modeled the deposit to reflect the realities of mining. This statistical study demonstrates that for each configuration of mineable seams, the classification system of measured (0 to ¼ mile), indicated (¼ to ¾ mile), and inferred (¾ to 3 miles) is reasonably adequate to predict seam thickness variation for modeling and mining purposes, for those drill holes which contain sufficient source exploration to be deemed reliable points of observation for thickness.

11.2 Qualified Person's Estimates

Based on the work described and detailed modelling of the areas considering all the parameters defined, a coal resource estimate, summarized in *Table 11-3*, was prepared as of December 31, 2021, for Property (see *Appendix 1*). Resources are presented *inclusive* of coal reserves, not in addition to coal reserves. Resources represent in-place coal tonnages *exclusive* of the interburden, but inclusive of any high-ash partings within the Mary Lee and Blue Creek coal seams. As such, in-situ tonnages and quality as presented in *Table 11-3* reflect the inclusion of high-ash partings which is ultimately removed after mining during coal preparation.



Table 11-3: Coal Resources Summary as of December 31, 2021

Seam	Coal Resource (Dry Tonnes, In Situ, Mt)				Resource Quality (Dry)		
	Measured	Indicated	Inferred	Total	Ash%	Sulfur%	VM%
Inclusive of Reserves (East Area)							
Mary Lee	18.8	10.5	0.0	29.3	-	-	-
Blue Creek	49.7	23.3	0.0	73.0	-	-	-
Total	68.5	33.8	0.0	102.3	13.7	0.8	30
Exclusive of Reserves (West Area)							
Mary Lee	0.0	15.3	0.0	15.3	-	-	-
Blue Creek	0.0	29.5	0.0	29.5	-	-	-
Total	0.0	44.9	0.0	44.9	19.3	1.6	31
Grand Total							
	68.5	78.7	0.0	147.2	-	-	-

Note 1: For the East area, Resource tonnes are inclusive of reserve tonnes since they include the in-situ tonnes from which recoverable coal reserves are derived.

Note 2: For the West area, Resource tonnes are exclusive of reserve tonnes since they include the in-situ tonnes for which no recoverable reserve tonnes have been estimated.

Note 3: Coal resources are reported on a dry basis, inclusive of high-ash partings which are ultimately removed during coal preparation. Surface moisture and inherent moisture are excluded.

Note 4: Coal resource quality reported on a raw, weight-averaged basis

11.3 Qualified Person's Opinion

Based on the data review, the attendant work done to verify the data integrity and the creation of an independent geologic model, MM&A believes this is a fair and accurate representation of the Property's resources.

Resources exclusive of reserve are limited by quality definition. Initial drilling suggests potentially higher ash and sulfur parameters in comparison to the eastern areas. Sufficient exploration data exists to define the thickness distribution trends of the western area, but ongoing additional exploration is needed to better define quality characteristics of the subject coals. Additionally, the western resource area exhibits thinner seam characteristics than the eastern area. Extrapolation of trends between seam thickness and costs suggests that the coals in the western resource area could be mined at reasonably similar costs to those in the east, albeit higher. Market impacts of potentially higher ash and sulfur values is unknown. Warrior Met is currently planning an exploration campaign to better define these trends.

12 Mineral Reserve Estimates

12.1 Assumptions, Parameters and Methodology

Coal Reserves are classified as *proven* or *probable* considering "modifying factors" including mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors.

- > **Proven Coal Reserves** are the economically mineable part of a measured coal resource, adjusted for diluting materials and allowances for losses when the material is mined. It is based on appropriate assessment and studies in consideration of and adjusted for reasonably assumed



modifying factors. These assessments demonstrate that extraction could be reasonably justified at the time of reporting.

- > **Probable Coal Reserves** are the economically mineable part of an indicated coal resource, and in some circumstances a measured coal resource, adjusted for diluting materials and allowances for losses when the material is mined. It is based on appropriate assessment and studies in consideration of and adjusted for reasonably assumed modifying factors. These assessments demonstrate that extraction could be reasonably justified at the time of reporting.

Upon completion of delineation and calculation of coal resources, MM&A generated a LOM plan for the Project. The footprint of the LOM plan is shown on the maps in various figures throughout the text. The mine plan was generated based on previous mine plans, anticipated lease acquisitions, and operational criteria with modifications where necessary due to geologic mapping, or other factors determined during the evaluation.

Carlson Mining software was used to generate the LOM plan. The mine plan was sequenced based on productivity schedules developed collaboratively between MM&A and Warrior Met. MM&A judged the productivity estimates and plans to be reasonable based on experience and current industry practice.

A minimum mining height of 5 feet was used due to the longwall mining method being employed, and 7.0 feet for continuous miner sections. For coal seams thinner than the assigned mining height, the difference between the coal seam height and assigned mining height consists of OSD. Mine recovery generally varies between 30 and 60 percent for continuous mining panels, and 95 percent for longwall. Plant recovery is a function of in-seam recovery, OSD and adjustments to produce a 10-ash product. Typical entry width is 20-feet.

Raw, ROM production data outputs from LOM plan sequencing were processed into Microsoft® EXCEL spreadsheets and summarized on a quarter and annual basis for processing into the economic model. Average seam densities were estimated to determine raw coal tonnes produced from the LOM plan. Average mine recovery and wash recovery factors were applied to determine coal reserve tonnes .

Coal reserve tonnes in this evaluation are reported at a 10.0-percent moisture and represent the saleable product from the Property.

Pricing, as provided by Warrior Met, is described in *Section 16.2*. The pricing data assumes an FOB railcar or barge price of approximately \$125 per metric tonne for calendar year 2025 when production begins. The price increases, based on the most recent supply and demand forecast, to approximately \$158 per metric tonne by 2030 then it is held constant afterwards. Pricing for years 2022 through 2024 is shown for information purposes only, as revenue streams from the operation are not projected to be realized until 2025.

The coal resource mapping and estimation process, described in the report, was used as a basis for the coal reserve estimate. Proven and probable coal reserves were derived from the defined coal resource



considering relevant processing, economic (including technical estimates of capital, revenue, and cost), marketing, legal, environmental, socio-economic, and regulatory factors and are presented on a moist, recoverable basis.

As is customary in the US, the categories for proven and probable coal reserves are based on the distances from valid points of measurement as determined by the QP for the area under consideration. For this evaluation, measured resource, which may convert to a proven reserve, is based on a ¼-mile radius from a valid point of observation.

Points of observation include exploration drill holes and gas wells, approximately half of which have been vetted by the review of original, source information. The geologic model is based on seam depositional modeling, the interrelationship of overlying and underlying strata on seam mineability, seam thickness trends, the impact of seam structure (i.e., faulting), intra-seam characteristics, etc. Once the geologic model was completed, a statistical analysis, described in *Section 11.1.1* was conducted and a ¼-mile radius from a valid point of observation was selected to define Measured Resources. Likewise, the distance between ¼ and ¾ of a mile radius was selected to define Indicated Resources. Indicated Resources may convert to Probable Reserves.

There are no Inferred Resources (greater than a ¾-mile radius from a valid point of observation) within the mine plan, resources, or reserves.

12.2 Qualified Person’s Estimates

The coal reserves, as shown in *Table 12-1*, are based on a technical evaluation of the geology and a bankable feasibility study of the coal deposits. The extent to which the coal reserves may be affected by any known environmental, permitting, legal, title, socio-economic, marketing, political, or other relevant issues has been reviewed rigorously. Similarly, the extent to which the estimates of coal reserves may be materially affected by mining, metallurgical, infrastructure and other relevant factors has also been considered.

The results of this TRS define an estimated 63.3 Mt of proven and probable marketable coal reserves.

Table 12-1: Coal Reserves Summary, Specific to Eastern Mining Areas A through D, (Marketable Sales Basis) as of December 31, 2021

Seam	Demonstrated Coal Reserves (Wet Tonnes, Washed or Direct Shipped, Mt)						Quality (Dry Basis)		
	By Reliability Category			By Control Type			Ash%	Sulfur%	VM%
	Proven	Probable	Total	Owned	Leased	Option			
Mary Lee	11.1	6.7	17.8	3.0	12.4	2.3	12.8	0.9	31
Blue Creek	30.4	15.1	45.5	7.7	32.8	5.0	8.4	0.6	32
Total	41.5	21.8	63.3	10.7	45.3	7.3	10.2	0.7	32

Note: Marketable reserve tonnes are reported on a moist basis, including a combination of surface and inherent moisture. The combination of surface and inherent moisture is modeled at 10-percent, comparable to Warrior Met’s current product moisture at its operating mines. Actual product moisture is dependent upon multiple geological factors, operational factors, and product contract specifications.



12.3 Qualified Person's Opinion

The estimate of coal reserves was determined in accordance with SEC standards.

The LOM mining plan for the Property was prepared to the level of preliminary feasibility. Mine projections were prepared with a timing schedule to match production with coal seam characteristics. Production timing was carried out from current locations to depletion of the coal reserve area. Coal reserve estimates could be materially affected by the risk factors described in *Section 22.2*.

Based on the preliminary feasibility study and the attendant economic review, MM&A believes this is a fair and accurate estimation of Property's coal reserves.

13 Mining Methods and Mine Plan Design

13.1 Geotechnical and Hydrologic Aspects of Mine Design

13.1.1 Horizontal Stress

The orientation and magnitude of horizontal stress in the subject area has not been measured; however, consideration of published data from The World Stress Map Project and industry experience in the general region suggests that the orientation of the principal horizontal stress may be between approximately N50°E and N70°E. No significant horizontal stress issues are known to have been reported at Warrior Met's Mine No. 4 and Mine No. 7. Future exploration activities may consider conducting horizontal stress-related measurements, potentially via overcoring to determine stress magnitude and direction or by using an Acoustic Televiewer (ATV) downhole geophysical probe to detect principal horizontal stress orientation.

13.1.2 Pillar Design

Pillar design for the proposed mine has been evaluated considering design methodology successfully implemented at nearby mines, as well as with modern pillar design software. Deep mining in the subject region commonly implements a yield pillar design (herein referred to as the Wilson Method) as described in Carr and Wilson (1982) and Martin, et al. (1988). In addition, pillar design specific to the subject area is discussed in Park (1989). In addition to assessment via the Wilson Method, the proposed pillar designs were also evaluated using a software package known as Analysis of Coal Pillar Stability (ACPS), which includes a combination of methodologies initially developed as part of the National Institute for Occupational Safety & Health (NIOSH) Ground Control Toolbar. Pillar sizing and design for the proposed mining is consistent with that of Warrior Met's two active mines that operate locally in similar geologic conditions.

The proposed pillar dimensions are expected to be adequate for mine stability under typical mining conditions. Pillar stability assessment should be updated as additional geotechnical information is



collected for the project. Cut-depth, panel sequencing, face ventilation, and seal locations have not been specifically considered for the current pillar stability assessment.

13.1.3 Hydrogeology

Hydrogeologic concerns are expected to be minimal within the majority of the proposed mine area, with the exception of areas near existing faults and overlain by large surface water features (see *Section 7.4*). Warrior Met currently operates two similar mines in the vicinity, using the same mining methods and in the same coal beds as the proposed mine. These two active mines have reportedly experienced minimal hydrologic concerns or material issues. Mining of the subject reserve is generally projected to occur in areas exhibiting similar hydrogeological conditions as Warrior Met's active mines, including stream undermining, undermining of aquifers, and mining through hydraulically fractured coalbed methane wells. Based upon the history of the current operations with regards to hydrogeological matters, the proposed operation is not expected to be significantly affected by mine-wide hydrogeologic issues.

13.2 Production Rates

Plans summarized in this TRS include a single longwall operation which is supported by continuous mining units. Warrior Met is considering an alternative plan which would include two longwall mining units.

The mine plan and productivity expectations reflect historical performance and efforts have been made to adjust the plan to reflect future conditions. MM&A is confident that the mine plan is reasonably representative to provide an accurate estimation of coal reserves. Mine development and operation have not been optimized within the TRS. Rather, the plan is developed at the Pre-Feasibility level to gain a realistic estimate of potential operational and capital costs to demonstrate the economic viability of the subject reserves.

Productivity for continuous mining sections and longwall units reflect typical rates incurred in the region. At steady state, the mine produces approximately 3.7 million clean tonnes per year.

Carlson Mining software was used by MM&A to generate the mine plan for the underground mineable coal seams. The mine plan was sequenced based on productivity schedules provided by Warrior Met, which were based on historically achieved productivity levels. All production forecasting ties assumed production rates to geological models as constructed by MM&A's team of geologists and mining engineers.

13.3 Mining Related Requirements

Although the continuous miner sections are significantly more expensive to operate on a cost-per-tonne basis, they are necessary to open up areas of the mine by developing main entries and gate roads in preparation for the longwall. The LOM plan included in this TRS requires three continuous mining support sections for the majority of the duration of the operation.



13.4 Required Equipment and Personnel

The Blue Creek Project will be a sister operation to Warrior Met's active operations, Mine No. 7 and Mine No. 4. The longwall shearing machines are used for extraction of coal at the production face. A chain conveyor is used to remove coal from the longwall face for discharge onto the conveyor belt which then ultimately delivers it to the skip system. Development for the longwalls is conducted by the extraction of coal from the production faces using continuous miners and haulage using shuttle cars to a feeder-breaker located at the tail of the section conveyor belt. The feeder-breaker crushes large pieces of coal and rock and regulates coal feed onto the mine conveyor. Roof-bolting machines are used to support the roof on the development sections of the longwall mine and battery scoops are available to clean the mine entries and assist in delivery of mine supplies to work areas. Other supplemental equipment such as personnel carriers, supply vehicles, etc., are also used daily.

Mine conveyors typically range in width up to 6 feet. Multiple belt flights are arranged in series to deliver raw coal to the underground storage. Along the main and sub-main entries and panels, a travel way is provided for personnel and materials by rubber-tired equipment or on rail. The haulage slope conveyor will be used to transport ROM coal to the surface where the coal may be sampled, crushed and washed in the preparation plant and stockpiled to await shipment.

Surface ventilation fans are installed as needed to provide a sufficient volume of air to ventilate production sections, coal haulage and transport entries, battery charging stations, and transformers in accordance with approved plans. High-voltage cables deliver power throughout the mine where transformers reduce voltage for specific equipment requirements. *The Mine Improvement and New Emergency Response Act of 2006 (MINER Act)* requires that carbon monoxide detection systems be installed along mine conveyor belts and that electronic two-way tracking and communications systems be installed throughout the underground mine. Water is required to control dust at production sections and along conveyor belts, and to cool electric motors. Water is available from nearby sources and is distributed within the mine by pipelines as required. At steady state, the mine is projected to employ approximately 375 employees.

14 Processing and Recovery Methods

14.1 Description or Flowsheet

A new coal processing is being designed to handle the run-of-mine coal from proposed longwall operation. Current plans call for a processing plant with a capacity of 1,800 tons per hour (1,620 metric tonne per hour). Following initial sizing of the material, the coarse coal (2-inch by 1-mm) is to be cleaned using a dense media cyclone (DMC) with the overflow from the DMC being dried via clean coal centrifuges.

The undersize material (sub 1-mm) will be divided at 100-mesh via classifying cyclones. The underflow material from the cyclones (greater than 100-mesh) is processed by either triple start compound spirals,



reflux classifiers, or fines dense media technology. The overflow stream from the classifying cyclones (smaller than 100-mesh) is to be treated using stack cell flotation technology. The flotation circuit will use a rougher-scavenger configuration, where the tailings from the first flotation unit are reprocessed by the following unit.

The cleaned coal from the flotation and spiral units will be combined and dewatered using a screen bowl centrifuge (SBC).

The underflow stream from the coarse dense media circuit and the reject material from the spirals are combined and treated as coarse refuse. The tailings stream from the flotation cells and various effluent circuits are combined and fed to a thickener. The thickener underflow is then pumped to an impoundment or combined with coarse refuse for long-term storage.

15 Infrastructure

15.1 Mine Ventilation

The subject coal reserves will be accessed via a combination of vertical shafts and a slope. Ventilation to the Blue Creek mine workings will be provided through multiple shafts, utilizing an exhausting ventilation fan atop the main return shaft to power the airflow. The fresh-air intake shaft will be divided, housing a personnel/supply elevator to service the mine as well as provide intake air. Prior to longwall startup, a dedicated intake shaft will be developed on the initial mains to support longwall ventilation. In conjunction with the longwall mining plan, each longwall district will be ventilated using a dedicated bleeder shaft with its own exhausting fan. Additional main ventilation shafts will be needed as the mainline entries progress further from the slope bottom.

15.2 Methane

Methane is not expected to adversely affect mine production and should be managed with attention to sound ventilation practices. Coalbed degasification and methane drainage are very mature practices in the BWB and many of the CBM wells began degasification 20 to 30 years ago. Therefore, it is expected that degasification has been completed to the extent that methane will not represent a significant source of production delays.

CBM liberated during mining can create a safety hazard and interrupt production if the concentrations along the working face exceed safe limits. The mine ventilation system has been planned to deliver sufficient volume of air to ensure that the methane concentration in the immediate return of the production sections does not exceed 1 percent. Factors that may affect the concentration and liberation of methane gas during mining include depth of overburden cover, which generally exceeds 1,000 feet in the proposed mine area; geology and structural features such as faults; mine production rates; methane release characteristics of the coal seam; and previous CBM development (vertical and/or horizontal wells).

15.3 Materials Handling

Transport of coal within the mine and to the surface via the planned slope will be done exclusively with belt conveyors. The Blue Creek conveyors are designed to accommodate constant, high volume longwall production.

15.4 Seam Access

Access to the proposed mine will be provided by a combination of a slope and shafts. The decline slope will be for conveyor access, in order to transport ROM coal from the mine and multiple shafts will allow for transport of personnel, materials, and equipment as well as serve for ventilation purposes. Details pertaining to engineering design of slopes and shafts are retained in MM&A and Warrior Met's files.

15.5 Surface Infrastructure

15.5.1 Preparation Plant & Materials Handling Infrastructure

The Project includes surface facilities to be constructed at multiple locations in close proximity to the intersection of State Route 69 and Brandon School Road. The map below illustrates the locations of various site infrastructure. MM&A and Warrior Met maintain more detailed mapping and supporting information in their files.

Figure 15-1: Approximate Location of Plant and Various Infrastructure





15.5.2 Clean Coal Transportation

This TRS assumes that all clean coal is shipped to market via a barge loadout facility on the Black Warrior River, necessitating the construction an overland conveyor. The conveyor route follows an existing powerline right of way. The final location of the barge loadout has not been determined, and as such, Warrior Met is actively assessing a “wedge” from the termination of the right of way to the Black Warrior River. Preliminary sonar studies have indicated sufficient water depth for barge loadouts along the “wedge”. While still a critical item for project development, the barge facility will be permitted as a non-mining related industrial facility.

Additionally, Warrior Met reports that it is considering an alternative transportation method via rail. Rail transportation would require the installation of a significant rail spur to an existing mainline railroad. Although this TRS assumes capital and operating costs associated with an overland conveyor and barge system, Warrior Met is still considering both methods of transportation.

15.5.3 Water Supply

The Project’s water system is designed to deliver water to multiple end-use locations across the mine complex and maintain storage capacity in the freshwater impoundment. A freshwater pump in a proximal waterway will provide the majority of water for the operation, including firefighting water, plant make-up water and water for mining needs. Details pertaining to the design are retained in MM&A and Warrior Met’s files.

15.5.3.1 Potable Water

Potable water will be needed at several surface locations such as the bathhouse, plant, and mine office. Additionally, potable water is required for emulsion hydraulic system for longwall equipment, preventing algae buildup in the hydraulic system. Public water is available locally through **Oakman Water Works, Inc. (Oakman)**.

Public sewer is not available in the area, requiring the construction of a sewage treatment facility to handle the raw sewage prior to discharge. Multiple systems may be required to service the preparation plant and the deep mine. Permitting actions through the Health Department and NPDES may be required.

15.5.4 Power

Power for the Project will be sourced from Alabama Power’s 115kV transmission line that lies to the west of the Property. It is anticipated that the final power system will be similar to those employed at Warrior Met’s active operations. Capital associated with power systems has been included in the pre-feasibility level economic analysis.



16 Market Studies

16.1 Market Description

Drill hole data was utilized to develop average coal quality characteristics for Project. Detailed metallurgical characteristics are presented in *Table 10-4*. Yield projections are based upon a 10% dry ash product with sulfur percentages under 1%.

All the mine production serves the metallurgical markets. The metallurgical coal could potentially be marketed as a high-volatile A (typically greater than 32 percent and less than 34 percent volatile matter content) product, however due to various other mine and market considerations, the Coal pricing in this PFS is based on Premium Low-Volatile Indices (PLV).

16.2 Price Forecasts

Warrior Met provided MM&A with the PLV price forecasts through 2030. Pricing was held constant beyond that date. Warrior Met has recommended utilizing the PLV forecast to determine sales realizations for the Blue Creek Project. To develop the price received FOB the barge or rail car, transportation and loading were backed out of the FOB vessel price. The adjusted pricing is detailed in *Table 16-1*.

Table 16-1: Adjusted Pricing

	LOM	2022	2023	2024	2025	2026
Price FOB Vessel	\$184.00	\$267.00	\$151.00	\$152.00	\$152.00	\$157.00
Transportation	\$26.63	\$0.00	\$0.00	\$0.00	\$26.63	\$26.63
Revenue FOB Rail or Barge	\$157.37	\$0.00	\$0.00	\$0.00	\$125.37	\$130.37
	2027	2028	2029	2030	2031	2032
Price FOB Vessel	\$173.00	\$179.00	\$182.00	\$185.00	\$185.00	\$185.00
Transportation	\$26.63	\$26.63	\$26.63	\$26.63	\$26.63	\$26.63
Revenue FOB Rail or Barge	\$146.37	\$152.37	\$155.37	\$158.37	\$158.37	\$158.37
	2033	2034	2035	2036	2037	2038
Price FOB Vessel	\$185.00	\$185.00	\$185.00	\$185.00	\$185.00	\$185.00
Transportation	\$26.63	\$26.63	\$26.63	\$26.63	\$26.63	\$26.63
Revenue FOB Rail or Barge	\$158.37	\$158.37	\$158.37	\$158.37	\$158.37	\$158.37
	2039	2040	2041	2042	2043	2044
Price FOB Vessel	\$185.00	\$185.00	\$185.00	\$185.00	\$185.00	\$185.00
Transportation	\$26.63	\$26.63	\$26.63	\$26.63	\$26.63	\$26.63
Revenue FOB Rail or Barge	\$158.37	\$158.37	\$158.37	\$158.37	\$158.37	\$158.37
	2045	2046	2047	2048	2049	2050
Price FOB Vessel	\$185.00	\$185.00	\$185.00	\$185.00	\$185.00	\$185.00
Transportation	\$26.63	\$26.63	\$26.63	\$26.63	\$26.63	\$26.63
Revenue FOB Rail or Barge	\$158.37	\$158.37	\$158.37	\$158.37	\$158.37	\$158.37
	2051	2052	2053	2054	2055	2056
Price FOB Vessel	\$185.00	\$185.00	\$185.00	\$185.00	\$185.00	\$185.00
Transportation	\$26.63	\$26.63	\$0.00	\$0.00	\$0.00	\$0.00
Revenue FOB Rail or Barge	\$158.37	\$158.37	\$0.00	\$0.00	\$0.00	\$0.00

16.3 Contract Requirements

Some contracts are necessary for successful marketing of the coal. For Blue Creek, since all mining, preparation and marketing is done in-house, the remaining contracts required include:

- > **Transportation** – The mine will contract with requisite railroad and barge transportation companies to transport the coal to either the domestic customers or to the Mobile export terminal for overseas shipment.
- > **Handling** – Contracts for loading vessels for export sales are necessary. These are typically handled by annual negotiations based on projected shipments.
- > **Sales** – Sales contracts are a mix of spot and contract sales.

17 Environmental Studies, Permitting and Plans, and Social and Community Impacts

17.1 Results of Studies

The Project represents a greenfield site with minimal completed development work. Aside from baseline analysis pertaining to permitting, MM&A is not aware of existing environmental studies on the Property. MM&A did not undertake a review of permitting violation history for the active permits or an Environmental Site Assessment (ESA) of the properties. The property is located adjacent and proximal to multiple active longwall operations which are subject to the same regulatory environment as the proposed BC mine.

17.2 Requirements and Plans for Waste Disposal

17.2.1 Disposal Methods and Design Concepts

Coal refuse from the preparation plant will be disposed on site at several locations over the life of the mine. Fine refuse will be handled in the form of slurry and pumped via pipeline to a slurry impoundment and/or integrated combined coarse/fine refuse facilities. The coarse refuse product will be used to construct the slurry impoundments as needed and will also be disposed of in standalone coarse refuse embankments. Coarse refuse will travel by conveyor belt to a central location and then by truck to its final destination as needed. Bulldozers and other mobile equipment will be used to spread and compact the material for the construction of the disposal structures.

In order to minimize the number of slurry impoundments needed over the project life, coarse refuse embankments are planned in conjunction with slurry impoundments. The addition of these structures allows for excess coarse material to be placed outside of the impoundment areas when dam construction is not needed. Coarse refuse embankments are typically more cost effective to construct



and operate, due to the less stringent construction specifications associated with lower hazard potential.

The refuse produced by the plant is expected to generate 4 tonnes of coarse refuse per tonne of fine refuse. Volumetrically, this equates to 2.33 cubic yards of coarse refuse produced to every cubic yard of slurry (on a dry, consolidated, design basis). In all, approximately 15% of the coarse refuse produced will be used in the construction of the impoundment dams, with the remaining 85% being placed in lower cost, less regulated, coarse refuse embankments. Warrior Met reports that it is also considering the option of combined coarse/fine refuse storage should slurry impoundments become prohibitive.

17.2.2 Life-of-Mine Storage Requirements

For the life of the Project, it is estimated that the plant will generate 21,000 ac-ft of fine refuse and 79 million cubic yards of coarse refuse. These figures were derived from the MM&A's production model using a coarse to fine ratio and refuse densities provided by Warrior Met. Such figures were reviewed by MM&A and deemed appropriate. These characteristics are also typical of Warrior Met's active facilities that are mining and processing similar material as that expected at the Project. For refuse planning, the assumed ratio of coarse to fine refuse is 4 to 1 by weight and dry, compacted densities are 110 pounds per cubic foot (coarse refuse) and 64 pounds per cubic foot (fine refuse). At full production, the Project is expected to generate an average of 1.7 million cubic yards of coarse refuse and 450 acre-ft of slurry annually.

17.2.3 Storage Areas

Warrior Met has identified 4 slurry impoundment sites and 2 separate coarse refuse sites for refuse disposal. MM&A has confirmed storage volumes for these sites. Total storage estimated within these areas is roughly 13,550 ac-ft for slurry and about 59-million cubic yards for coarse refuse. This represents approximately 31 years of slurry and 35 years of coarse refuse storage, or over half of the LOM needs of the Project.

Preliminary design for these sites appears to be reasonable and it is expected that permit approvals can be obtained for these locations. More detailed design work will be needed, however general layouts and expected capacities should not result in significant change.

Warrior Met reports that it is also considering integrated coarse/fine refuse storage.

17.2.4 Control of Proposed Storage Areas

Warrior Met currently controls the surface property needed for three of the proposed refuse disposal areas and is in the process of permitting two of the sites. The areas currently controlled by Warrior Met for refuse disposal consist of two slurry impoundment sites and one coarse refuse site. An estimated 13 years of storage for both fine and coarse refuse is contained on these controlled sites.

Warrior Met does control a majority of the surface property for the other sites as well. Property control for the remaining impoundment areas ranges from 60 to 80-percent. Timely property acquisitions will



need to be made to utilize these planned sites. MM&A has no reason to believe that that the remaining surface properties will not be acquired.

17.2.5 Refuse Permitting

Currently, the initial refuse impoundment areas are not fully permitted for use. Permitting actions are currently underway for the initial slurry impoundment and coarse refuse area. These areas under permitting action will allow for 11 years and 4 years of coarse refuse and slurry storage respectively. It is reasonable to anticipate that these timeframes would be reduced if Warrior Met opts to utilize combined coarse/fine refuse storage. Permits and approval from several State and Federal agencies are required for operation. These Include:

- > **United States Army Corps. Of Engineers:** 404 Permit (for disturbing stream beds with fill material)
- > **Alabama Surface Mining Commission:** Article 3 environmental permit.
- > **Mine Safety and Health Administration:** Technical review for design and construction issues pertaining to slurry impoundments and coarse refuse embankments.

Permitting of these facilities, slurry impoundments in particular, can be a difficult and time-consuming process, sometimes taking upwards of three or more years for regulatory review and approval. With an expected plant start date of July 2025, it is expected that approval for all required permits can be obtained within this time frame, allowing for any site preparation and preliminary construction needed.

Considering the lengthy process of permitting slurry impoundments, considerable attention will be required to ensure that proper lead time is given to develop future impoundment facilities. At this time there are no extraordinary factors known that would impede design and permitting to an unusual extent for any of these areas.

Warrior Met and MM&A maintain detailed mapping and supporting information related to refuse storage in their files.

17.3 Permit Requirements and Status

Warrior Met (through its predecessor, Walter) has successfully obtained multiple permits for the proposed operations on the Property. *Table 17-1* depicts the mine permits which are currently in place from: **Alabama Surface Mining Commission (ALSMC)**; **Alabama Department of Environmental Management (ADEM)**; **United States Army Corps of Engineers (USACE)**; and MSHA. All of the currently approved permits have been renewed as needed and remain in good standing. The existing **Surface Mine Control and Reclamation Act (SMCRA)** permit will require a minor revision to accommodate revised surface infrastructure plans which have changed since the Project's inception.



Permits listed in *Table 17-1* pertain to the proposed preparation plant and portal facilities. Additional permitting actions will be needed for the development and installation of the slurry Impoundment, coarse refuse facility, overland conveyor and barge loading facility.

Table 17-1: Currently Active Permits

Permit	Agency	Date Approved	Status
SMCRA (875-5007) Blue Creek Energy, Inc. Permit P-3964-63-17-U	ALSMC	21-Jun-12	Approved/Issued, Submittal of Minor Revision Pending
Blue Creek Energy, Inc. Permit P-3964-63-17-U Revision No. 1	ALSMC	27-Sep-12	Approved/Issued Added Power line and access roads
Blue Creek Energy, Inc. Permit P-3964-63-17-U Revision No. 2	ALSMC	22-May-13	Approved/Issued Added power line, conveyor belt system, primary road
Blue Creek Energy, Inc. (NPDES) Permit AL0081477	ADEM	1-May-12	Approved / Issued
404 Permit SAM-2011-01645 - CMS	USACE	5-Jan-15	Jurisdictional Determination Approved / Issued
404 Permit SAM-2011-01645 - CMS	USACE	12-Mar-12	Mitigation Approval
404 Permit SAM-2012-00668 - CMS	USACE	21-Jun-12	Power line Approval – No stream impacts proposed.
404 Permit SAM-2012-01537 - CMS	USACE	1-Jan-13	Nationwide 14 for overland beltline system associated with Revision No. 2

Additionally, Warrior Met will require permits related the coarse and fine refuse facilities, barge loadout, and overland conveyor. Regulatory agencies which will be involved with such permit activities include the USACE, ALSMC, MSHA and ADEM.

The most time-consuming aspect of the required remaining permitting action is associated with the MSHA review of the Slurry Impoundment design. These structures are classified as High-Hazard dams and as such, receive thorough and lengthy technical reviews through MSHA’s Technical Support group in Pittsburgh, Pennsylvania. Review approvals for these facilities can be expected to take two to three years. Early submittal is essential to receiving timely approvals for these critical structures. **National Pollutant Discharge Elimination System (NPDES)** discharge for the impoundment area is covered under the existing state mine permit.

While the Coarse Refuse Facility will also require MSHA review and approval, these structures do not have the same complexity in design and can be approved rather quickly. The conveyor from the plant to the barge loading facility will share the ROW of the powerline in its entirety, permitting of the beltline will coincide with the powerline. Permits for the overland conveyor and the Barge Loading Facility pose minimal risk of delay to the Project if pursued diligently. The permitting process will need to begin in the near future to match the required construction timeline for these items.

17.4 Local Plans, Negotiations or Agreements

MM&A found no indication of ancillary agreements beyond the scope of Federal or State Regulations.

17.5 Mine Closure Plans

Applicable regulations require that mines be properly closed, and reclamation commenced immediately upon abandonment. In general, site reclamation includes removal of structures, backfilling, regrading, and revegetation of disturbed areas. Sediment control is required during the establishment of vegetation, and bond release generally requires a minimum five-year period of site maintenance, water sampling, and sediment control following mine completion and rough grading. For most mines, unless special issues arise, reclamation and monitoring costs continue for about 7 years after cessation of production. Reclamation of underground mines includes closure and sealing of mine openings such as portals and shafts in addition to the items listed above.

Estimated costs for mine closure for all the Blue Creek facilities, including water quality monitoring during site reclamation, are included in the financial model. As with all mining companies, an accretion calculation is performed annually so the necessary Asset Retirement Obligations (ARO) can be shown as a liability on the balance sheet.

Costs have been included for closure of some existing facilities prior to exhaustion of the mine. As Bleeder shafts are determined to no longer be needed, they are sealed and as refuse disposal areas are filled and replaced, reclamation is done. The costs for this non-ARO reclamation work have been accrued for on a per tonne basis in the model.

17.6 Qualified Person's Opinion

Warrior Met's environmental and permitting staff is strongly engaged in the project. As it continues to move forward within existing project timelines and schedules, it is anticipated that Warrior Met will remain on target to obtain all necessary permits.

Estimated expenditures for site closure and reclamation are included in the financial model for this site.

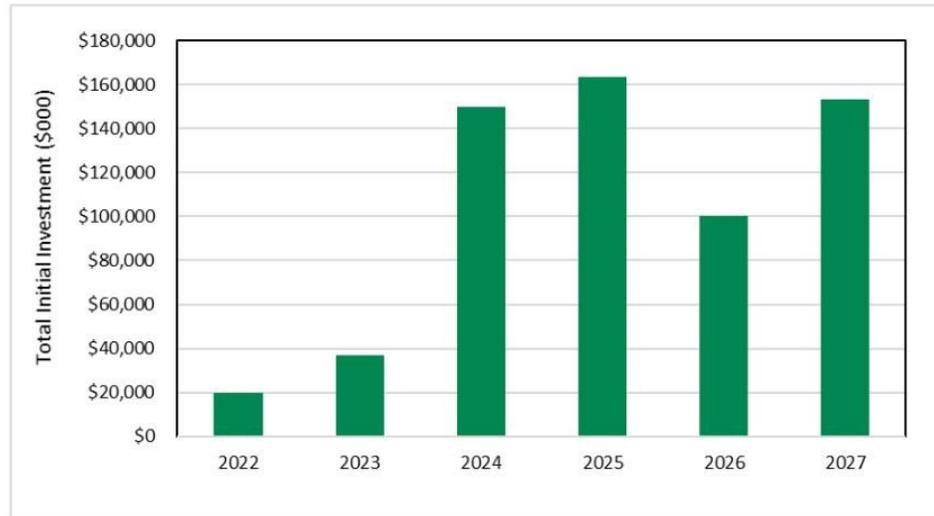
18 Capital and Operating Costs

18.1 Capital

Capital expenditures (CAPEX) are typically reviewed and compared to other projects using three measures: initial investment, LOM capital and LOM capital per ton (or tonne) of production.

The initial investment for this project is defined as the capital necessary until the mine reaches full production. With the longwall starting in early 2027, CAPEX for the Project (current through 2027) as shown in *Figure 18-1* totals \$623.7 million.

Figure 18-1: Initial Investment Capital (\$000)



Note: Capital figures are based upon MM&A's best estimates and are supported by a combination of MM&A's experience in comparable projects & comparable quotations. Such level is sufficient to meet the criteria of a pre-feasibility level financial assessment.

LOM CAPEX totals \$1.48 billion, inclusive of sustaining and replacement items. Underground mine capital is projected to include the purchase and rebuild of major equipment for both the continuous miner sections and the longwall. Major development capital items include the slope, shafts, bottom development, future air and access shafts, bleeder shafts and other purchases necessary to sustain production. A new 1,800 TPH (1,600 tonnes per hour) preparation plant, an overland conveyor, and barge loadout have also been included in the CAPEX. All equipment and infrastructure are assumed to be purchased new for this project.

For the purpose of calculating tax liability, it is necessary to forecast Depreciation. Development Capital is assumed to have an average depreciable life of 8 years beginning once the mine starts production. Sustaining Capital has been assumed to have an average depreciable life of 5 years, beginning at purchase.

For the life of the mine, the CAPEX Expenditures average to \$15.55 per marketed tonne which is reasonable for a project of this magnitude.

18.2 Operating Cost

MM&A used a combination of historical information from Warrior Met's nearby existing operations and detailed operating cost estimates from a recent study of a property in the region. Hourly labor rates and salaries were based upon regional information and expectations. Fringe-benefit costs were developed for vacation and holidays, federal and state unemployment insurance, retirement, workers'

compensation and pneumoconiosis, casualty and life insurance, healthcare, and bonuses. A cost factor for mine supplies was developed that relates expenditures to mine advance rates for roof-control costs. Other mine-supply costs are typically related to factors such as feet of section advance, ROM tonnes mined, and days worked. Other factors were developed for maintenance and repair costs, rentals, mine power, outside services and other direct mining costs.

Operating costs factors were also developed for the coal preparation plant processing, refuse handling, coal loading, property taxes, and insurance and bonding. Appropriate royalty rates were assigned for production from leased coal lands, and sales related taxes were calculated for state severance taxes, the federal black lung excise tax, and federal and state reclamation fees.

Mandated sales related costs such as black lung excise tax are summarized in *Table 18-1*.

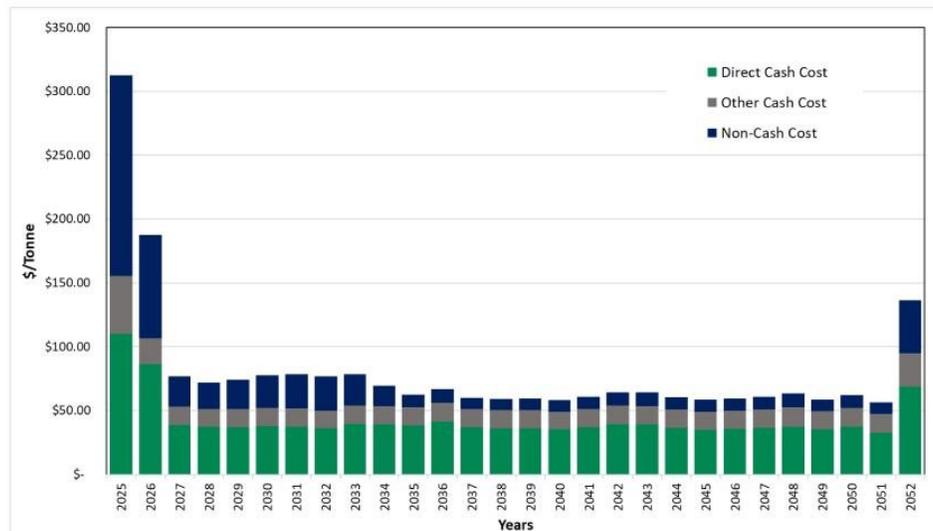
Table 18-1: Estimated Coal Production Taxes and Sales Costs

Description of Tax or Sales Cost	Basis of Assessment	Cost
Federal Black Lung Excise Tax - Underground	Per Tonne	\$1.21
Federal Reclamation Fees – Underground	Per Tonne (Moisture Adjusted)	\$0.123
Alabama Severance Tax	Per Tonne (Moisture Adjusted)	\$0.344
Royalties	Percentage of Revenue (FOB Mine)	8%

Note: 1. Federal black lung excise tax is paid only on coal sold domestically. MM&A assumed 15% of total coal sales to be domestic in the economic analysis discussed below.

A summary of the projected operating costs is in *Figure 18-2*.

Figure 18-2: OPEX



*The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as “reserve”. The development of costs incorporates a combination of Warrior Met’s historical performance and MM&A’s knowledge of mine productivity and cost structures for comparable operations.



19 Economic Analysis

19.1 Assumptions, Parameters and Methods

A pre-feasibility LOM plan was prepared by MM&A for the Blue Creek operation. MM&A prepared mine projections and production timing forecasts based on coal seam characteristics. Production timing was carried out to depletion (exhaustion) of the coal reserve areas, which is projected for the year 2052. All costs and prices are based on 2022 constant United States real dollars.

The mine plan, productivity expectations and cost estimates generally reflect historical performance by Warrior Met and efforts have been made to adjust plans and costs to reflect conditions at Blue Creek. MM&A is confident that the mine plan and financial model are reasonably representative to provide an accurate estimation of coal reserves.

A capital forecast was developed by MM&A for mine development, infrastructure, and on-going capital requirements for the life of the mine. Staffing levels were prepared, and operating costs estimated by MM&A. MM&A utilized historical cost data provided by Warrior Met and its own knowledge and experience to estimate direct and indirect operating costs.

The preliminary feasibility financial model, prepared for this TRS, was developed to test the economic viability of the coal reserve areas. The results of this financial model are not intended to represent a bankable feasibility study, required for financing of any current or future mining operations, but are intended to prove the economic viability of the estimated coal reserves. All costs and prices are based on 2022 constant United States dollars.

On an unlevered basis, the NPV of the real cash flows after taxes was estimated for the purpose of classifying coal reserves. The cash flows, excluding debt service, are calculated by subtracting direct and indirect operating expenses and capital expenditures from revenue. Direct costs include labor, operating supplies, maintenance and repairs, facilities costs for materials handling, coal preparation, refuse disposal, coal loading, sampling and analysis services, reclamation, and general and administrative costs. Indirect costs include statutory and legally agreed upon fees related to direct extraction of the mineral. The indirect costs are the federal black lung tax, federal reclamation taxes, property taxes, local transportation prior to delivery at rail or barge loading sites, coal production royalties, sales and use taxes, income taxes and State severance taxes. Warrior Met's historical costs provided a useful reference for MM&A's cost estimates.

Sales revenue is based on the metallurgical coal price information provided to MM&A by Warrior Met, based on the PLV forecast.

Projected debt service is excluded from the P&L and cash flow model to determine enterprise value.



The financial model expresses coal sales prices, operating costs, and capital expenditures in current day dollars without adjustment for inflation. Capital expenditures and reclamation costs are included based on estimates for the mine by year.

Warrior Met will pay royalties for the various current and projected operations. The royalty rates vary by mining method and location. The average royalty rate for Blue Creek is estimated to be 8.0% of the sales revenue FOB the mine after deduction of all transportation and loading costs between the mine and the vessel.

The projection model also includes consolidated income tax calculations at the Warrior Met level, incorporating federal and state income taxes with an overall effective rate of 19%. To the extent the mine generates net operating losses for tax purposes, the losses are assumed to offset other corporate taxable income. The term “cash flows” is used in this report refers to after tax cash flows.

Consolidated cash flows are driven by annual sales tonnage, which starts at 3.2 million tonnes in 2027, the first year of longwall production and averages 3.7 million tonnes per year from 2027 to 2051 the final full year of production. Projected consolidated revenue averages approximately \$589.8 million per year during the period 2027 to 2051. Revenue totals \$14.9 billion for the property’s life.

Consolidated cash flow from the operation is positive throughout the projected operating period, with the exception of mine development years 2022 through 2026 and the post-production years, due to end-of-mine reclamation spending. Consolidated cash flow from the operation averages approximately \$331.8 million per year from 2027 to 2051 and totals \$8.3 billion over the mine life. Capital expenditures total \$1.5 billion over the property’s life.

19.2 Results

The pre-feasibility financial model, prepared by MM&A for this TRS, was developed to test the economic viability of each coal resource area. The results of this financial model are not intended to represent a bankable feasibility study, as may be required for financing of any current or future mining operations contemplated but are intended to prove the economic viability of the estimated coal reserves. Optimization of the LOM plan was outside the scope of the engagement.

Table 19-1 shows LOM tonnage, P&L, and EBITDA for Blue Creek.

Table 19-1: Life-of-Mine Tonnage, P&L before Tax, and EBITDA

	Tonnes (000)	Pre-Tax P&L (\$000)	P&L per Tonne	EBITDA (\$000)	EBITDA per Tonne
Blue Creek	94,969	\$8,527,427	\$89.79	\$9,962,324	\$104.90

Note 1: The LOM model includes a portion of tonnage contained within adverse tracts which are not included in reserve estimates.

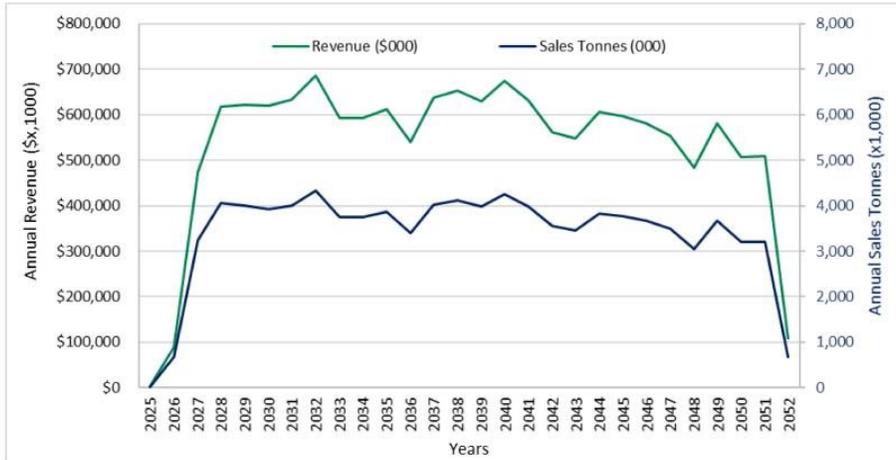
Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as “reserve”. The exercise should not be construed to represent a valuation of Warrior Met’s holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met’s historical performance and MM&A’s knowledge of mine productivity and cost structures for comparable operations.



As shown in *Table 19-1*, Blue Creek has positive EBITDA over the LOM. Overall, the operation shows positive LOM P&L and EBITDA of \$8.5 billion and \$10.0 billion, respectively.

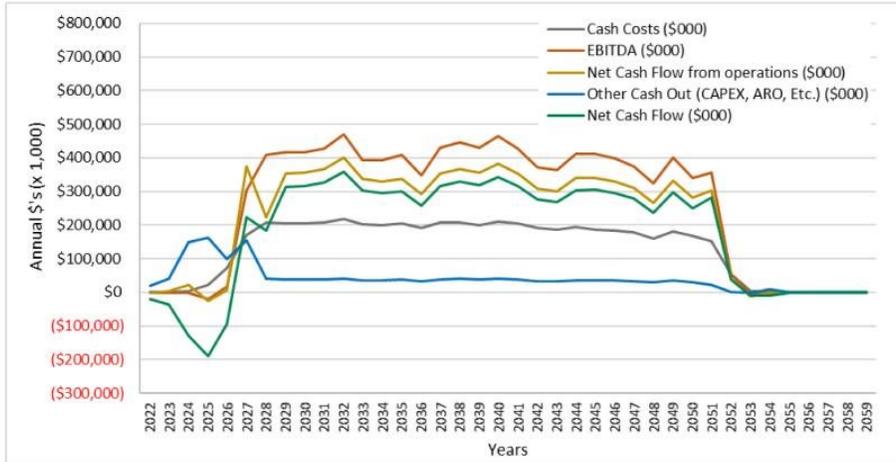
Warrior Met’s Blue Creek annual production and revenue are shown in *Figure 19-1* and the Mine’s after-tax cash flow summary in constant dollars, excluding debt service, is shown in *Figure 19-2* below.

Figure 19-1: Blue Creek Production and Revenue



Note 1: The LOM model includes a portion of tonnage contained within adverse tracts which are not included in reserve estimates.
 Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as “reserve”. The exercise should not be construed to represent a valuation of Warrior Met’s holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met’s historical performance and MM&A’s knowledge of mine productivity and cost structures for comparable operations.

Figure 19-2: After-tax Cash Flow Summary (000)

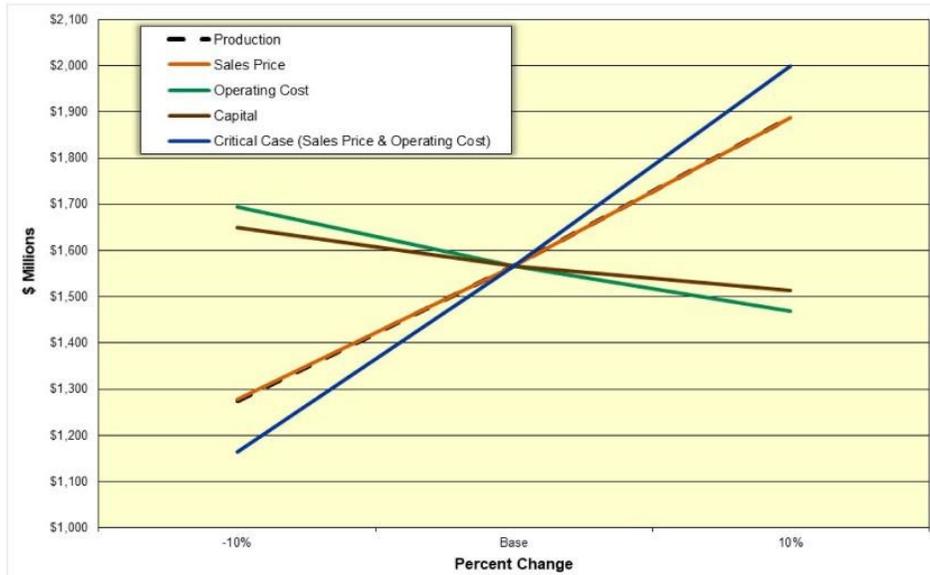


Note 1: The LOM model includes a portion of tonnage contained within adverse tracts which are not included in reserve estimates.
Note 2: The LOM model and associated economic analysis is intended to prove the economic viability of the subject coal tonnage, allowing controlled tons to be classified as "reserve". The exercise should not be construed to represent a valuation of Warrior Met's holdings. Long term cash flows incorporate forward looking market projections which are expected to vary over time based upon historic volatility of coal markets. The development of costs incorporates a combination of Warrior Met's historical performance and MM&A's knowledge of mine productivity and cost structures for comparable operations.

19.3 Sensitivity

Sensitivity of the NPV results to changes in the key drivers is presented in the chart below. The sensitivity study shows the NPV at the 9% discount rate when base case sales prices, operating costs, and capital costs are increased and decreased within a +/- 10% range.

Figure 19-3: Sensitivity of NPV



19.4 Economic Analysis Summary

This TRS, conducted in accordance with industry standards, is sufficient to conclude the Property has reasonable potential of obtaining long-term shareholder value given forecast market conditions approaching those used in the analysis. The plan appears to be reasonable, complete, and capable of being executed under competent management.

20 Adjacent Properties

20.1 Information used

No Proprietary information associated with neighboring properties was used as part of this study.

21 Other Relevant Data and Information

MM&A has performed various technical studies of the Property over the past decade. MM&A utilized this former work as the basis of an updated study which meets those standards set forth by the SEC. Additionally, MM&A has a longstanding history of various geological and mining based studies in the Black Warrior Basin, with specific projects conducted for Warrior Met in several operations adjacent to

the Property during due diligence activities. This experience was utilized in the development of this TRS.

22 Interpretation and Conclusions

22.1 Conclusion

Sufficient data have been obtained through various exploration and sampling programs and mining operations to support the geological interpretations of seam structure and thickness for coal horizons situated on the Property. The data are of sufficient quantity and reliability to reasonably support the coal resource and coal reserve estimates in this TRS.

The geological data and TRS, which consider mining plans, revenue, and operating and capital cost estimates are sufficient to support the classification of coal reserves provided herein.

This geologic evaluation conducted conjunction with the feasibility study is sufficient to conclude that Warrior Met currently controls 63.3 million tonnes of marketable underground coal reserves identified on the Property. The LOM model includes 94.9 million tonnes, a portion of which are currently classified as mineral adverse and must be obtained to successfully engage in the venture.

22.2 Project Risk Assessment

The MM&A projected team identified project risks for operational, technical and administrative subjects related to the development of the Blue Creek Project. A risk matrix has been constructed to present the risk levels for all the risk factors identified and quantified in the risk assessment process. The risk matrix and risk assessment process are modelled to the standards presented in the Australian and New Zealand Standard on Risk Management (AS/NZS 4360).

The purpose of the risk assessment presented herein is to inform project stakeholders of key aspects of the Project that can be impacted by events, the consequences of which could affect the success of the venture. The significance of an impacted aspect of the operation is directly related to both the probability of occurrence and the severity of the consequences. The initial risk for a risk factor is herein defined as the risk level after the potential impact of the risk factor is addressed by competent and prudent management utilizing control measures readily available. Residual risk for a risk factor is herein defined as the risk level following application of special mitigation measures if management determines that the initial risk level is unacceptable. Initial risk and residual risk can be quantified numerically, derived by the product of values assigned to probability and consequence ranging from very low risk to very high risk.

Risk aspects identified and evaluated during this assignment total 25. No residual risks are rated Very High; 5 risk aspects are rated High; 10 of the risk aspects are classified as Moderate residual risk, and 10 of the risk aspects were attributed Low and Very Low residual risks.

22.2.1 Assumptions and Limitations

Key assumptions in the risk assessment are outlined below.

1. The identification of project risks is not presumed to be exhaustive. Instead, that listing of risks is presented based on the experiences of the project team.
2. The probability and consequence ratings are subjectively assigned and are assumed to reasonably reflect the condition of the projected mine operations.
3. The Control Measures shown in the matrices presented in this chapter are not exhaustive. They represent a condensed collection of activities that the MM&A team has observed to be effective in coal mining scenarios.
4. Mitigation Measures listed for each risk factor of the operation are not exhaustive. The measures listed, however, have been observed to be effective.
5. The monetary values used in ranking the consequences are assumed to be appropriate for projected investment and expected size of the operation.

The risk assessment is subject to the limitations of the information currently collected, tested, and interpreted at the effective date of the report.

22.2.2 Methodology

The numerical quantities (i.e., risk levels) attributable to either “initial” or “residual” risks are derived by the product of values assigned to probability and consequence ranging from very low risk to very high risk.

$$R = P \times C$$

Where: R = Risk Level
P = Probability of Occurrence
C = Consequence of Occurrence

The Probability (P) and Consequence (C) parameters recited in the formula are subjective numerical estimates made by MM&A’s team of practiced mine engineers, geologists and managers. Both P and C are assigned integer values ranging from 1 to 5 for which the value 1 represents the lowest probability and least consequence, and the value 5 represents the highest probability and greatest consequence. The products (R = P x C) which define the Risk Level, are thereafter classified from very low to very high.

Risk Level Table

Risk Level (R)
Very Low (1 to 2)
Low (3 to 5)
Moderate (6 to 11)
High (12 to 19)
Very High (20 to 25)



Very high initial risks are considered to be unacceptable and require corrective action well in advance of project development. In short, measures must be applied to reduce very high initial risks to a tolerable level.

After the consideration and application of mitigation factors, the residual risk can be determined. The residual risk provides a basis for the management team to determine if the residual risk level is acceptable or tolerable. If the risk level is determined to be unacceptable, further actions should be considered to reduce the residual risk to acceptable or tolerable levels to provide justification for continuation of the proposed operation.

22.2.3 Development of the Risk Matrix

22.2.3.1 *Quantification of Risk Likelihood and Severity of Impact*

Risks have been identified for the technical, operational, and administrative activities expected to be encountered throughout the development, installation, and operation of the Project. The likelihood of risk occurrence was developed and quantified according to *Table 22-1*.

Table 22-1: Probability Levels of Risks and Corresponding Values

Category	Probability Level (P)		
1	Remote	Not likely to occur except in exceptional circumstances.	<10%
2	Unlikely	Not likely to occur; small in degree.	10 - 30%
3	Possible	Capable of occurring.	30 - 60%
4	Likely	High chance of occurring in most circumstances.	60 - 90%
5	Almost Certain	Event is expected under most circumstances; impossible to avoid.	>90%

The lowest rated probability of occurrence is assigned the value of 1 and described as remote, with a likelihood of occurrence of less than 10 percent. Increasing values are assigned to each higher probability of occurrence, culminating with the value of 5 assigned to incidents considered to be almost certain to occur.

Consequences of each risk were estimated and quantified by MM&A according to the following *Table 22-2*.



Table 22-2: Consequence Level Table

Correlation of Events in Key Elements of the Project Program to Event Severity Category							
Category	Severity of the Event	Financial Impact of the Event	Unplanned Loss of Production (Impact on Commercial Operations)	Events Impacting on the Environment	Events Affecting the Program's Social and Community Relations	Resultant Regulatory / Sovereign Risk	Events Affecting Occupational Health & Safety
1	Insignificant	< \$1MM	≤ 12 hours	Insignificant loss of habitat; no irreversible effects on water, soil and the environment.	Occasional nuisance impact on travel.		Event recurrence avoided by corrective action through established procedures (Engineering, guarding, training).
2	Minor	\$1MM to \$4MM	≤ 1 day	No significant change to species populations; short-term reversible perturbation to ecosystem function.	Persistent nuisance impact on travel. Transient adverse media coverage.		First aid – lost time. Event recurrence avoided by corrective action through established procedures.
3	Moderate	\$4MM to \$10MM	≤ 1 week	Appreciable change to species population; medium-term (≤10 years) detriment to ecosystem function.	Measurable impact on travel and water/air quality. Significant adverse media coverage / transient public outrage.	Uncertainty securing or retaining essential approval / license.	Medical Treatment – permanent incapacitation. Avoiding event recurrence requires modification to established corrective action procedures.
						Change to regulations (tax; bonds; standards).	
4	Major	\$10MM to \$20MM	1 to 2 weeks	Change to species population threatening viability; long-term (>10 years) detriment to ecosystem function.	Long-term, serious impact on travel and use of water resources; degradation of air quality; sustained and effective public opposition.	Suspension / long-delay in securing essential approval / license. Change to laws (tax; bonds; standards).	Fatality. Avoiding event recurrence requires modification to established corrective action procedures and staff retraining.
5	Critical	> \$20MM	>1 month	Species extinction; irreversible damage to ecosystem function.	Loss of permits.	Withdraw / failure to secure essential approval / license.	Multiple fatalities. Avoiding event recurrence requires major overhaul of policies and procedures.

The lowest rated consequence is assigned the value of 1 and is described as Insignificant Consequence parameters include non-reportable safety incidents with zero days lost accidents, no environmental damage, loss of production or systems for less than one week and cost of less than \$2-million. Increasing values are assigned to each higher consequence, culminating with the value of 5 assigned to critical consequences, the parameters of which include multiple-fatality accidents, major environmental damage, and loss of production or systems for longer than six months and cost of greater than \$20-million.

Composite Risk Matrix $R = P \times C$ and Color-Code Convention

The risk level, defined as the product of probability of occurrence and consequence, ranges in value from 1 (lowest possible risk) to 25 (maximum risk level). The values are color-coded to facilitate identification of the highest risk aspects.

Table 22-3: Risk Matrix

P x C = R		Consequence (C)				
		Insignificant	Minor	Moderate	Major	Critical
		1	2	3	4	5
Probability Level (P)	Remote	1	2	3	4	5
	Unlikely	2	4	6	8	10
	Possible	3	6	9	12	15
	Likely	4	8	12	16	20
	Almost Certain	5	10	15	20	25

22.2.4 Categorization of Risk Levels and Color Code Convention

Very high risks are considered to be unacceptable and require corrective action. Risk reduction measures must be applied to reduce very high risks to a tolerable level.

22.2.5 Summary of Residual Risk Ratings

Each risk factor is numbered, and a risk level for each is determined by multiplying the assigned probability by the assigned consequence. The risk levels are plotted on a risk matrix, *Table 22-4*, to provide a composite view of the Warrior Met risk profile. The average risk level is 7.1, which is defined as Moderate.

Table 22-4: Residual Risk Assessment Matrix

Consequence	Critical	>\$50 MM	8,9					
	Major	\$10-50MM	14	13	16	6		
	Moderate	\$2-10 MM	7	4, 15	1,3	11		
	Minor	\$0.5-\$2 MM	2		12	5		
	Low	<\$0.5 MM			10			
			<10% Remote	10-30% Unlikely	30-60% Possible	60-90% Likely	>90% Almost Certain	

22.2.6 Risk Factors

A high-level approach is utilized to characterize risk factors that are generally similar across a number of active and proposed mining operations in the region. Risk factors that are unique to a specific operation or are particularly noteworthy are addressed individually.

22.2.6.1 Geological and Coal Resource

Coal mining is accompanied by risk that, despite exploration efforts, mining areas will be encountered where geological conditions render extraction of the resource to be uneconomic (such as faulting), or coal quality characteristics that may disqualify the product for sale into target markets.

Offsetting the geological and coal resource risk are the massive size of the controlled property which allows large areas to be mined in the preferred mine areas sufficiently away from areas where coal quality and/or mineability may be less favorable. This flexibility, combined with the extensive work done to define the reserve, reduces the risk at BC below that of other mine properties.

Table 22-5: Geological and Coal Resource Risk Assessment (Risks 1 and 2)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Recoverable coal tonnes recognized to be significantly less than previously estimated, including impacts of faulting. Impacts of faulting & associated geotechnical & hydrogeological result in project delays and operational challenges, including decreased productivity.	Reserve base is adequate to serve market commitments and respond to opportunities for many years. Local adverse conditions may increase frequency and cost of production unit relocations. Potential cost overruns and project delays. Reduced productivity on CM and LW sections; increased roof control cost on CM sections and LW gateroads;	Previous and ongoing exploration and extensive regional mining history provide a high level of confidence of coal seam correlation, continuity of the coal seams, and coal resource tonnes. Attempt to locate coal barriers and mains away from areas exhibiting poor mineability; conduct hazard mapping and training to reduce accident risk; conduct ongoing exploration to locate problem areas in ample time to allow adjustment to mine plan	4	4	16	Optimize mine plan to increase resource recovery; develop mine plan to provide readily available alternate mining locations to sustain expected production level. Continue to conduct significant drilling ahead of mining and project infrastructure installation. Assess geomechanical characteristics of roof and floor ahead of mine development, shaft & slope installation.	3	3	9
Coal quality locally proves to be lower than initially projected.	If uncontrolled, production and sale of coal that is out of specification can result in rejection of deliveries, cancellation of coal sales agreements and damage to reputation.	Exploration and vast experience and history in local coal seams provide confidence in coal quality; limited excursions can be managed with careful product segregation and blending.	2	3	6	Develop mine plan to provide readily available alternate mining locations to sustain expected production level; modify coal sales agreements to reflect coal quality.	1	2	2

22.2.6.1 Environmental

Water quality and other permit requirements are subject to modification and such changes could have a material impact on the capability of the operator to meet modified standards or to receive new permits and modifications to existing permits. Permit protests may result in delays or denials to permit applications.

Environmental standards and permit requirements have evolved significantly over the past 50 years and to-date, mining operators and regulatory bodies have been able to adapt successfully to evolving environmental requirements.

Table 22-6: Environmental (Risks 3 and 4)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Environmental performance standards are modified in the future.	Delays in receiving new permits and modifications to existing permits; cost of testing and treatment of water and soils	Work with regulatory agencies to understand and influence final standards; implement testing, treatment and other actions to comply with new standards.	3	4	12	Modify mining and reclamation plans to improve compliance with new standards while reducing cost of compliance.	3	3	9
New permits and permit modifications are increasingly delayed or denied.	Interruption of production and delayed implementation of replacement production from new mining areas.	Comply quickly with testing, treatment and other actions required; continue excellent compliance performance within existing permits.	2	4	8	Establish and maintain close and constructive working relationships with regulatory agencies, local communities and community action groups. Prepare and submit permits well in advance of needs. Conduct additional drilling to lower risk associated with quality concerns in suspect areas.	2	3	6

22.2.6.2 Regulatory Requirements

Federal and state health and safety regulatory agencies occasionally amend mine laws and regulations. The impact is industry wide. Mining operators and regulatory agencies have been able to adapt successfully to evolving health and safety requirements.

Table 22-7: Regulatory Requirements (Risk 5)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Federal and state mine safety and health regulatory agencies amend mine laws and regulations.	Cost of training, materials, supplies and equipment; modification of mine examination and production procedures; modification of mining plans.	Participate in hearings and workshops when possible to facilitate understanding and implementation; work cooperatively with agencies and employees to facilitate implementation of new laws and regulations.	4	3	12	Familiarity and experience with new laws and regulations results in reduced impact to operations and productivity and improved supplies and equipment options.	4	2	8

22.2.6.3 Market and Transportation

Most of the current and future production is expected to be directed to domestic and international metallurgical markets. Historically the metallurgical markets have been cyclical and highly volatile.



Table 22-8: Market (Risk 6)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Volatile coal prices drop precipitously.	Loss of revenue adversely affects profitability, reduced cash flow may disrupt capital expenditures plan.	Cost control measures implemented; capital spending deferred.	4	5	20	High-cost operations closed, and employees temporarily furloughed.	4	4	16

Occasional delay or interruption of rail, river and terminals service may be expected. The operator can possibly minimize the impact of delays by being a preferred customer by fulfilling shipment obligations promptly and maintaining close working relationships. Multiple shipment means (rail and barge) helps minimize this risk.

Table 22-9: Transportation (Risk 7)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Rail or river transport is delayed; storage and shipping access at river and ocean terminals is not available.	Fulfillment of coal sales agreements delayed; limited coal storage at mines may increase cost of rehandling; production may be temporarily idled.	Provide adequate storage capacity at mines; coordinate continuously with railroad and shipping companies to respond quickly and effectively to changing circumstances.	2	3	6	Provide back-up storage facility along with personnel, equipment and rehandle plan to sustain production and fulfill sales obligations timely.	1	3	3

22.2.6.4 Mining Plan

Occupational health and safety risks are inherent in mining operations. Comprehensive training and retraining programs, internal safety audits and examinations, regular mine inspections, safety meetings, along with support of trained fire brigades and mine-rescue teams are among activities that greatly reduce accident risks. Employee health-monitoring programs coupled with dust and noise monitoring and abatement reduce health risks to miners.

As underground mines are developed and extended, observation of geological, hydrogeological and geotechnical conditions lead to modification of mine plans and procedures to enable safe work within the mine environment.

Highlighted below are selected examples of safety and external factors relevant to Warrior Met operations.

22.2.6.4.1 Methane Management

Coalbed methane is present in coal operations below drainage. Often the methane concentration in shallow coal seams is at such low levels that it can be readily managed with frequent testing and



monitoring, vigilance, and routine mine ventilation. Very high methane concentrations may be present at greater depths, as experienced in the Mary Lee and Blue Creek seams at the BC Property in Alabama. High methane concentrations may require degasification of the coal seams to assure safe mining. Proximal mines have operated safely for many years in one of the most intense methane environments in the United States through careful management of coal seam degasification, gob degasification and mine-ventilation procedures.

Table 22-10: Methane Management (Risk 8)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Methane hazard is present in mines operating below drainage.	Injury or loss of life; possible ignition of gas and mine explosion; potential loss of mine and equipment temporarily or permanently; additional mine fan, mine power, ventilation, monitoring and examination requirements.	Low to moderate levels can be managed with frequent examinations, testing and monitoring within the mine ventilation system. Excellent rock dust maintenance minimizes explosion propagation risk should an ignition occur.	2	5	10	Very high-level methane concentrations may require coal seam degasification and gob degasification if longwall or pillar extraction methods are employed.	1	5	5

22.2.6.4.2 Mine Fires

Mine fires, once common at mine operations, are rare today. Most active coal miners have not encountered a mine fire. Vastly improved mine power and equipment electrical systems, along with safe mine practices, reduce mine fire risks. Crew training and fire brigade support and training improve response for containment and control if a fire occurs. Spontaneous combustion within coal mines, which is the source of most fires that occur today, is not expected to occur at BC.

Table 22-11: Mine Fires (Risk 9)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Mine fire at underground or operation.	Injury or loss of life; potential loss of mine temporarily or permanently; damage to equipment and mine infrastructure.	Inspection and maintenance of mine power, equipment and mine infrastructure; good housekeeping; frequent examination of conveyor belt entries; prompt removal of accumulations of combustible materials.	1	5	5	If spontaneous combustion conditions are present, enhanced monitoring and examination procedures will be implemented; mine design will incorporate features to facilitate isolation, containment and extinguishment of spontaneous combustion locations.	1	5	5



22.2.6.4.3 Availability of Supplies and Equipment

The industry has periodically experienced difficulty receiving timely delivery of mine supplies and equipment. Availability issues often accompanied boom periods for coal demand. Any future delivery of supplies and equipment delays are expected to be temporary with limited impact on production.

Table 22-12: Availability of Supplies and Equipment (Risk 10)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Disruption of availability for supplies and equipment.	Temporary interruption of production.	Force majeure provision in coal sales agreements to limit liability for delayed or lost sales.	3	2	6	Work closely with customers to assure delayed coal delivery rather than cancelled sales; monitor external conditions and increase inventory of critical supplies; accelerate delivery of equipment when possible.	3	1	3

22.2.6.4.4 Labor

Work stoppage due to labor protests are considered unlikely and are accompanied by limited impact should it occur. Excellent employee relations and communications limit the exposure to outside protesters. Loss of supervisors and skilled employees to retirement is inevitable; the impact can be lessened with succession planning and training and training and mentorship of new employees.

Table 22-13: Labor – Work Stoppage (Risk 11)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Work stoppage due to strikes, slowdowns or secondary boycott activity.	Loss of production and coal sales; damaged customer and employee relations; reputation loss.	Maintain excellent employee relations and communications; maintain frequent customer communications. Train salary employees for hourly tasks in case of long-term strike.	4	4	16	Develop plan for employee communications and legal support to minimize impact of secondary boycott activities.	4	3	12

Table 22-14: Labor – Retirement (Risk 12)

Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
			P	C	R		P	C	R
Retirement of supervisors and skilled employees.	Loss of leadership and critical skills to sustain high levels of safety, maintenance and productivity.	Monitor demographics closely and maintain communications with employees who are approaching retirement age; maintain employee selection and training programs.	3	3	9	Maintain selection of candidates and implementation of in-house or third-party training for electricians and mechanics; develop employee mentoring program.	3	2	6

22.2.6.4.5 Project Execution

Surface facilities construction commenced via a previous owner of the Property and permitting/engineering activity is actively underway by Warrior Met. The experienced and highly qualified executive management team improves the likelihood that the major construction project will be completed within the expected time frame and budget.

As construction of the Blue Creek complex continues, the executive management team will be challenged to assemble an experienced and highly competent operations team to execute the mining plan to avoid production short-falls and cost overruns. Key will be establishing a reasonable development schedule and predicating coal sales commitments to management’s ability to select and train its workforce. The experience and capability of the executive team provides confidence that operational readiness will be forthcoming. Risks pertaining to project execution are summarized below.

Table 22-15: Construction Delays and Cost Overruns (Risk 13)

No.	Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
				P	C	R		P	C	R
21	Project construction phase time and cost exceeds expectations.	Excessive cost and time diminish project investment return; additional project financing may be required; coal sales commitments be delayed.	Realistic budget and project construction schedule developed; continuous monitoring of cost and time to readily detect performance shortcomings and implement corrective actions; utilization of competent, highly reputable contractors and subcontractors.	3	4	12	Preparation of detailed schedule of each construction component; daily review of progress and issues; weekly coordination with all contractors and implementation of corrective actions if project falls behind schedule.	2	4	8



Table 22-16: Permitting Delays (Risk 14)

No.	Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
				P	C	R		P	C	R
22	Permitting delays (SMCRA, ACOE, MSHA, etc.) result in delays of construction and production.	Lack of ample time to acquire state and federal permits delay production and require additional working capital.	Initiate key permitting requirements immediately, including those related to barge development and refuse impoundments.	2	4	8	Incorporate contingencies into development schedule.	1	4	4

Table 22-17: Select, Isolated Parcels of Uncontrolled Mineral (non-BLM lease) within Mine Plan (Risk 15)

No.	Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
				P	C	R		P	C	R
10	Select, Isolated Parcels of Uncontrolled Mineral within Mine Plan prohibit execution of mine plan. These parcels are associated with private (non-governmental) entities and individuals.	Payment of extortionary terms to secure mining rights; adjustment of mine plan to avoid adverse tracts.	Company has secured vast majority of land titles for development and mining of initial panels; continue efforts to secure timely title acquisition; mine plan defers production on adverse tracts to allow time to secure at reasonable cost.	5	2	10	As last resort, pay above-market price to secure mining right or adjust mine plan to avoid adverse tracts.	2	3	6

Table 22-18: Select, Isolated Parcels of Uncontrolled Mineral (BLM lease) within Mine Plan (Risk 16)

No.	Aspect	Impact	Control Measures	Initial Risk Level			Mitigation Measures	Residual Risk Level		
				P	C	R		P	C	R
11	Select, Isolated Parcels of Uncontrolled Mineral within Mine Plan prohibit execution of mine plan. These parcels are affiliated with Federal Bureau of Land Management (BLM) leases.	Adjustment of mine plan to avoid adverse tracts. Of important note, various presidential candidates have stated desire to limit leasing of federally owned mineral rights in an effort to reduce fossil fuel and natural resource production.	Company is actively pursuing BLM leases. Such activity should be prioritized to ensure that ample time to secure leases is available.	3	5	15	Develop mine plan to eliminate requirement for BLM leases as last resort.	3	4	12



23 Recommendations

Warrior Met is continuing to conduct ongoing geological campaigns to better define coal thickness and structure within the initial mine plan areas. As part of this campaign, significant efforts are being placed in defining fault networks proximal to the slope bottom and initial longwall districts. MM&A recommends continuing efforts in this regard. During this campaign, MM&A also recommends analyzing roof and floor samples for various geomechanically factors.

MM&A recommends expediting the BLM lease acquisition process, as multiple key leases need to be obtained to execute the mine plan.

24 References

1. Various sources of geological information, including a digital exploration database, coal quality laboratory information, drillers' and geologists' logs, and geophysical logs.
2. Various engineering, permitting and mine plans as presented to MM&A by Warrior Met.
3. Various previous engineering and reserve reports conducted on behalf of Warrior Met by MM&A.
4. Publicly available information from various State and Federal agencies
5. Various mapping information obtained via the public domain.

25 Reliance on Information Provided by Registrant

For the purpose of this TRS, MM&A utilized the Geological and Coal Quality data provided by Warrior Met. This information was subjected to verification of its integrity and completeness.

Historical productivity and operating costs were also supplied by Warrior Met. This information was combined with the experience and knowledge of the QP's to forecast the LOM plan.

Warrior Met supplied a long-term price forecast based on published benchmark pricing. This benchmark pricing was adjusted by Warrior Met to reflect the effects of quality and transportation borne after FOB plant costs were calculated.

A summary of the information provided by Warrior Met relied upon by MM&A for the purposes of this TRS is provided in *Table 25-1*.



Table 25-1: Information from Registrant Relied Upon by MM&A

Category	Information Provided by Warrior Met	Report Section
Legal	Mineral control and surface control rights as shown on maps	3.2, 3.3
Geological	Geologic data including digital databases and original source data including geologist logs, driller's logs, geophysical logs	9.1
Coal Quality	Database of coal quality information supplemented with original source laboratory sheets where available	10.1
Mining	Historical productivities and manpower from operating mines	13.2, 13.4
Coal Preparation	Flow sheet and other information representing current and future methods of coal processing	14.1
Marketing	Long-term price forecast used in financial projections and relevant transportation costs	16.2
Waste Disposal	Engineering data and estimates representing remaining capacities for coarse and fine coal waste disposal	17.2
Environmental	Permit and bonding information	17.3
Costs	Historical and budgetary operating cost information used to derive cost drivers for reserve financial modeling	18.2
Discount Rate	9% Discount Rate for NPV Derivation Provided by Warrior Met	19.1, 19.2, 19.3

APPENDIX

A

RESERVE TABLE



Warrior Met Coal, LLC
Blue Creek Area

Underground Mineable Reserves as of December 31, 2021
Appendix A - Table 1 (Metric Tonnes)



Moisture 10% Washed recoverable tons shown on 10.0% moisture basis
Preparation Plant Efficiency 100% Included in Wash Recovery*

Seam	Tons/ Acre-ft.	Wash Recovery*	Resource Thickness		Resource Acres			In Place Tonnes			Clean, Moist, Demonstrated Tonnes				
			Measured	Indicated	Measured	Indicated	Total	Measured	Indicated	Total	Proven	Probable	Total		
BC Area															
Block A															
Leased															
Continuous Mining	ML	1,938	84.40%	1.44	1.47	2,523	1,285	3,808	6,401,950	3,314,920	9,716,870	531,390	290,830	822,220	
Longwall Mining	ML	1,938	84.40%									3,592,520	1,779,520	5,372,040	
Continuous Mining	BC	1,851	87.60%	4.59	4.30	2,523	1,285	3,808	19,457,190	9,278,980	28,736,170	1,646,530	833,760	2,480,290	
Longwall Mining	BC	1,851	87.60%									11,409,390	5,244,820	16,654,210	
Total				3.81	3.56	5,047	2,569	7,616	25,859,140	12,593,900	38,453,040	17,179,830	8,148,930	25,328,760	
Owned															
Continuous Mining	ML	1,938	84.40%	1.48	0.00	198	0	198	515,800	0	515,800	45,750	0	45,750	
Longwall Mining	ML	1,938	84.40%									254,580	0	254,580	
Continuous Mining	BC	1,851	87.60%	5.03	0.00	198	0	198	1,669,860	0	1,669,860	149,460	0	149,460	
Longwall Mining	BC	1,851	87.60%									879,280	0	879,280	
Total				4.19	0.00	396	0	396	2,185,660	0	2,185,660	1,329,070	0	1,329,070	
Option															
Continuous Mining	ML	1,938	84.40%	1.57	1.48	136	26	162	373,930	68,310	442,240	24,740	8,310	33,050	
Longwall Mining	ML	1,938	84.40%									182,170	35,640	217,810	
Continuous Mining	BC	1,851	87.60%	5.03	4.31	136	26	162	1,147,250	190,260	1,337,510	78,620	22,390	101,010	
Longwall Mining	BC	1,851	87.60%									580,990	108,480	689,470	
Total				4.18	3.56	272	53	324	1,521,180	258,570	1,779,750	866,520	174,820	1,041,340	
Adverse															
Continuous Mining	ML	1,938	84.40%	1.53	1.49	609	1,063	1,672	1,635,670	2,778,790	4,414,460	132,300	244,940	377,240	
Longwall Mining	ML	1,938	84.40%									1,033,430	1,564,680	2,598,110	
Continuous Mining	BC	1,851	87.60%	3.96	3.37	609	1,063	1,672	4,042,800	6,012,980	10,055,780	310,860	528,400	839,260	
Longwall Mining	BC	1,851	87.60%									2,722,980	3,643,610	6,366,590	
Total				3.26	2.77	1,217	2,126	3,344	5,678,470	8,791,770	14,470,240	4,199,570	5,981,630	10,181,200	
Total															
Continuous Mining - ML_Only												601,880	299,140	901,020	
Longwall Mining - ML_Only						2,857	1,311	4,168	7,291,680	3,383,230	10,674,910	4,029,270	1,815,160	5,844,430	
Continuous Mining - BC_Only												1,874,610	856,150	2,730,760	
Longwall Mining - BC_Only						2,857	1,311	4,168	22,274,300	9,469,240	31,743,540	12,869,660	5,353,300	18,222,960	
Total						5,714	2,622	8,336	29,565,980	12,852,470	42,418,450	19,375,420	8,323,750	27,699,170	
Owned						396	0	396	2,185,660	0	2,185,660	1,329,070	0	1,329,070	
Leased						5,047	2,569	7,616	25,859,140	12,593,900	38,453,040	17,179,830	8,148,930	25,328,760	
Option						272	53	324	1,521,180	258,570	1,779,750	866,520	174,820	1,041,340	
Total						5,714	2,622	8,336	29,565,980	12,852,470	42,418,450	19,375,420	8,323,750	27,699,170	

Warrior Met Coal, LLC

Blue Creek Area

Underground Mineable Reserves as of December 31, 2021

Appendix A - Table 1 (Metric Tonnes)



Moisture 10% Washed recoverable tons shown on 10.0% moisture basis
 Preparation Plant Efficiency 100% Included in Wash Recovery*

Seam	Tons/ Acre-ft.	Wash Recovery*	Resource Thickness		Resource Acres			In Place Tonnes			Clean, Moist, Demonstrated Tonnes				
			Measured	Indicated	Measured	Indicated	Total	Measured	Indicated	Total	Proven	Probable	Total		
Block B															
Leased															
Continuous Mining	ML	1,938	84.40%	1.83	1.90	686	408	1,094	2,202,310	1,359,720	3,562,030	182,310	85,320	267,630	
Longwall Mining	ML	1,938	84.40%									1,270,060	808,170	2,078,230	
Continuous Mining	BC	1,851	87.60%	4.31	3.48	686	408	1,094	4,961,660	2,386,540	7,348,200	413,730	151,650	565,380	
Longwall Mining	BC	1,851	87.60%									3,006,130	1,518,700	4,524,830	
Total				3.55	2.91	1,371	816	2,187	7,163,970	3,746,260	10,910,230	4,872,230	2,563,840	7,436,070	
Owned															
Continuous Mining	ML	1,938	84.40%	1.74	1.82	198	104	302	604,670	332,540	937,210	92,110	24,510	116,620	
Longwall Mining	ML	1,938	84.40%									141,460	152,370	293,830	
Continuous Mining	BC	1,851	87.60%	4.21	4.44	198	104	302	1,397,980	776,190	2,174,170	237,010	58,890	295,900	
Longwall Mining	BC	1,851	87.60%									311,300	368,190	679,490	
Total				3.47	3.66	395	208	603	2,002,650	1,108,730	3,111,380	781,880	603,960	1,385,840	
Option															
Continuous Mining	ML	1,938	84.40%	1.85	1.87	364	273	637	1,180,730	897,470	2,078,200	87,150	53,470	140,620	
Longwall Mining	ML	1,938	84.40%									754,980	594,560	1,349,540	
Continuous Mining	BC	1,851	87.60%	4.27	3.47	364	273	637	2,606,810	1,589,490	4,196,300	206,600	95,100	301,700	
Longwall Mining	BC	1,851	87.60%									1,716,730	1,107,230	2,823,960	
Total				3.51	2.89	727	546	1,273	3,787,540	2,486,960	6,274,500	2,765,460	1,850,360	4,615,820	
Adverse															
Continuous Mining	ML	1,938	84.40%	1.81	1.91	661	268	929	2,100,910	901,950	3,002,860	170,050	73,180	243,230	
Longwall Mining	ML	1,938	84.40%									1,159,500	488,090	1,647,590	
Continuous Mining	BC	1,851	87.60%	4.07	3.85	661	268	929	4,520,640	1,734,500	6,255,140	363,840	132,030	495,870	
Longwall Mining	BC	1,851	87.60%									2,611,620	1,037,070	3,648,690	
Total				3.35	3.19	1,322	537	1,859	6,621,550	2,636,450	9,258,000	4,305,010	1,730,370	6,035,380	
Total															
Continuous Mining - ML_Only												361,570	163,300	524,870	
Longwall Mining - ML_Only						1,247	785	2,032	3,987,710	2,589,730	6,577,440	2,166,500	1,555,100	3,721,600	
Continuous Mining - BC_Only												857,340	305,640	1,162,980	
Longwall Mining - BC_Only						1,247	785	2,032	8,966,450	4,752,220	13,718,670	5,034,160	2,994,120	8,028,280	
Total						2,493	1,570	4,064	12,954,160	7,341,950	20,296,110	8,419,570	5,018,160	13,437,730	
Owned						395	208	603	2,002,650	1,108,730	3,111,380	781,880	603,960	1,385,840	
Leased						1,371	816	2,187	7,163,970	3,746,260	10,910,230	4,872,230	2,563,840	7,436,070	
Option						727	546	1,273	3,787,540	2,486,960	6,274,500	2,765,460	1,850,360	4,615,820	
Total						2,493	1,570	4,064	12,954,160	7,341,950	20,296,110	8,419,570	5,018,160	13,437,730	

Warrior Met Coal, LLC

Blue Creek Area

Underground Mineable Reserves as of December 31, 2021

Appendix A - Table 1 (Metric Tonnes)



Moisture 10% Washed recoverable tons shown on 10.0% moisture basis
 Preparation Plant Efficiency 100% Included in Wash Recovery*

Seam	Tons/ Acre-ft.	Wash Recovery*	Resource Thickness		Resource Acres			In Place Tonnes			Clean, Moist, Demonstrated Tonnes				
			Measured	Indicated	Measured	Indicated	Total	Measured	Indicated	Total	Proven	Probable	Total		
Block C															
Leased															
Continuous Mining	ML	1,938	84.40%	1.97	2.06	214	638	852	740,280	2,314,600	3,054,880	53,050	167,430	220,480	
Longwall Mining	ML	1,938	84.40%									438,760	1,415,660	1,854,420	
Continuous Mining	BC	1,851	87.60%	3.20	3.15	214	638	852	1,149,960	3,374,010	4,523,970	83,240	242,960	326,200	
Longwall Mining	BC	1,851	87.60%									682,180	2,164,410	2,846,590	
Total				2.72	2.71	428	1,275	1,703	1,890,240	5,688,610	7,578,850	1,257,230	3,990,460	5,247,690	
Owned															
Continuous Mining	ML	1,938	84.40%	1.88	1.85	305	45	350	1,009,490	144,610	1,154,100	107,220	5,930	113,150	
Longwall Mining	ML	1,938	84.40%									341,180	93,020	434,200	
Continuous Mining	BC	1,851	87.60%	4.05	4.16	305	45	350	2,075,040	311,130	2,386,170	222,210	13,630	235,840	
Longwall Mining	BC	1,851	87.60%									747,870	207,050	954,920	
Total				3.34	3.43	610	89	699	3,084,530	455,740	3,540,270	1,418,480	319,630	1,738,110	
Option															
Continuous Mining	ML	1,938	84.40%	1.95	1.81	276	24	300	943,760	76,670	1,020,430	85,560	8,640	94,200	
Longwall Mining	ML	1,938	84.40%									450,400	43,220	493,620	
Continuous Mining	BC	1,851	87.60%	3.63	3.24	276	24	300	1,680,250	131,170	1,811,420	158,560	14,640	173,200	
Longwall Mining	BC	1,851	87.60%									830,040	79,030	909,070	
Total				3.02	2.71	552	48	600	2,624,010	207,840	2,831,850	1,524,560	145,530	1,670,090	
Adverse															
Continuous Mining	ML	1,938	84.40%	1.95	2.00	633	1,639	2,271	2,168,230	5,749,550	7,917,780	210,080	503,690	713,770	
Longwall Mining	ML	1,938	84.40%									1,017,120	3,333,640	4,350,760	
Continuous Mining	BC	1,851	87.60%	3.73	2.97	633	1,639	2,271	3,958,950	8,183,650	12,142,600	387,370	693,270	1,080,640	
Longwall Mining	BC	1,851	87.60%									1,912,910	5,106,090	7,019,000	
Total				3.10	2.57	1,265	3,277	4,542	6,127,180	13,933,200	20,060,380	3,527,480	9,636,690	13,164,170	
Total															
Continuous Mining - ML_Only						795	706	1,501	2,693,530	2,535,880	5,229,410	245,830	182,000	427,830	
Longwall Mining - ML_Only												1,230,340	1,551,900	2,782,240	
Continuous Mining - BC_Only						795	706	1,501	4,905,250	3,816,310	8,721,560	464,010	271,230	735,240	
Longwall Mining - BC_Only												2,260,090	2,450,490	4,710,580	
Total						1,590	1,412	3,002	7,598,780	6,352,190	13,950,970	4,200,270	4,455,620	8,655,890	
Owned						610	89	699	3,084,530	455,740	3,540,270	1,418,480	319,630	1,738,110	
Leased						428	1,275	1,703	1,890,240	5,688,610	7,578,850	1,257,230	3,990,460	5,247,690	
Option						552	48	600	2,624,010	207,840	2,831,850	1,524,560	145,530	1,670,090	
Total						1,590	1,412	3,002	7,598,780	6,352,190	13,950,970	4,200,270	4,455,620	8,655,890	

Warrior Met Coal, LLC

Blue Creek Area

Underground Mineable Reserves as of December 31, 2021

Appendix A - Table 1 (Metric Tonnes)



Moisture	10%	Washed recoverable tons shown on 10.0% moisture basis
Preparation Plant Efficiency	100%	Included in Wash Recovery*

Seam	Tons/ Acre-ft.	Wash Recovery*	Resource Thickness		Resource Acres			In Place Tonnes			Clean, Moist, Demonstrated Tonnes				
			Measured	Indicated	Measured	Indicated	Total	Measured	Indicated	Total	Proven	Probable	Total		
Block D															
Leased															
Continuous Mining	ML	1,938	84.40%	1.41	1.42	977	573	1,549	2,414,620	1,428,690	3,843,310	180,450	135,620	316,070	
Longwall Mining	ML	1,938	84.40%									891,080	612,640	1,503,720	
Continuous Mining	BC	1,851	87.60%	4.57	4.02	977	573	1,549	7,498,970	3,863,110	11,362,080	579,920	366,230	946,150	
Longwall Mining	BC	1,851	87.60%									2,852,470	1,629,800	4,482,270	
Total				3.80	3.32	1,954	1,145	3,099	9,913,590	5,291,800	15,205,390	4,503,920	2,744,290	7,248,210	
Owned															
Continuous Mining	ML	1,938	84.40%	1.59	1.57	857	208	1,065	2,389,540	571,360	2,960,900	234,580	34,250	268,830	
Longwall Mining	ML	1,938	84.40%									1,159,610	302,110	1,461,720	
Continuous Mining	BC	1,851	87.60%	4.21	4.01	857	208	1,065	6,064,190	1,396,900	7,461,090	614,660	87,540	702,200	
Longwall Mining	BC	1,851	87.60%									3,010,630	807,850	3,818,480	
Total				3.47	3.30	1,714	415	2,130	8,453,730	1,968,260	10,421,990	5,019,480	1,231,750	6,251,230	
Option															
Continuous Mining	ML	1,938	84.40%	0.00	0.00	0	0	0	0	0	0	0	0	0	
Longwall Mining	ML	1,938	84.40%									0	0	0	
Continuous Mining	BC	1,851	87.60%	0.00	0.00	0	0	0	0	0	0	0	0	0	
Longwall Mining	BC	1,851	87.60%									0	0	0	
Total				0.00	0.00	0	0	0	0	0	0	0	0	0	
Adverse															
Continuous Mining	ML	1,938	84.40%	1.61	1.58	163	302	465	461,240	840,020	1,301,260	44,540	125,700	170,240	
Longwall Mining	ML	1,938	84.40%									274,990	282,460	557,450	
Continuous Mining	BC	1,851	87.60%	3.62	3.17	163	302	465	987,940	1,606,490	2,594,430	91,820	227,880	319,700	
Longwall Mining	BC	1,851	87.60%									629,300	619,770	1,249,070	
Total				2.98	2.62	325	604	929	1,449,180	2,446,510	3,895,690	1,040,650	1,255,810	2,296,460	
Total															
Continuous Mining - ML_Only						1,834	780	2,614	4,804,160	2,000,050	6,804,210	415,030	169,870	584,900	
Longwall Mining - ML_Only												2,050,690	914,750	2,965,440	
Continuous Mining - BC_Only						1,834	780	2,614	13,563,160	5,260,010	18,823,170	1,194,580	453,770	1,648,350	
Longwall Mining - BC_Only												5,863,100	2,437,650	8,300,750	
Total						3,668	1,560	5,228	18,367,320	7,260,060	25,627,380	9,523,400	3,976,040	13,499,440	
Owned						1,714	415	2,130	8,453,730	1,968,260	10,421,990	5,019,480	1,231,750	6,251,230	
Leased						1,954	1,145	3,099	9,913,590	5,291,800	15,205,390	4,503,920	2,744,290	7,248,210	
Option						0	0	0	0	0	0	0	0	0	
Total						3,668	1,560	5,228	18,367,320	7,260,060	25,627,380	9,523,400	3,976,040	13,499,440	



Warrior Met Coal, LLC
Blue Creek Area
Underground Mineable Reserves as of December 31, 2021
Appendix A - Table 1 (Metric Tonnes)

Moisture 10% Washed recoverable tons shown on 10.0% moisture basis
 Preparation Plant Efficiency 100% Included in Wash Recovery*

Seam	Tons/ Acre-ft.	Wash Recovery*	Resource Thickness		Resource Acres			In Place Tonnes			Clean, Moist, Demonstrated Tonnes			
			Measured	Indicated	Measured	Indicated	Total	Measured	Indicated	Total	Proven	Probable	Total	
Block E														
Leased														
Continuous Mining	ML	1,958	0.00%	0.00	1.40	0	6,161	6,161	0	15,296,200	15,296,200	0	0	0
Longwall Mining	ML	1,958	0.00%									0	0	0
Continuous Mining	BC	1,963	0.00%	0.00	2.68	0	6,161	6,161	0	29,408,440	29,408,440	0	0	0
Longwall Mining	BC	1,963	0.00%									0	0	0
Total				0.00	2.24	0	12,322	12,322	0	44,704,640	44,704,640	0	0	0
Owned														
Continuous Mining	ML	1,958	0.00%	0.00	0.85	0	30	30	0	44,910	44,910	0	0	0
Longwall Mining	ML	1,958	0.00%									0	0	0
Continuous Mining	BC	1,963	0.00%	0.00	2.53	0	30	30	0	133,790	133,790	0	0	0
Longwall Mining	BC	1,963	0.00%									0	0	0
Total				0.00	2.11	0	59	59	0	178,700	178,700	0	0	0
Option														
Continuous Mining	ML	1,958	0.00%	0.00	0.00	0	0	0	0	0	0	0	0	0
Longwall Mining	ML	1,958	0.00%									0	0	0
Continuous Mining	BC	1,963	0.00%	0.00	0.00	0	0	0	0	0	0	0	0	0
Longwall Mining	BC	1,963	0.00%									0	0	0
Total				0.00	0.00	0	0	0	0	0	0	0	0	0
Adverse														
Continuous Mining	ML	1,958	0.00%	0.00	1.23	0	5,603	5,603	0	12,217,840	12,217,840	0	0	0
Longwall Mining	ML	1,958	0.00%									0	0	0
Continuous Mining	BC	1,963	0.00%	0.00	2.66	0	5,603	5,603	0	26,588,710	26,588,710	0	0	0
Longwall Mining	BC	1,963	0.00%									0	0	0
Total				0.00	2.21	0	11,206	11,206	0	38,806,550	38,806,550	0	0	0
Total														
Continuous Mining - ML_Only						0	6,191	6,191	0	15,341,110	15,341,110	0	0	0
Longwall Mining - ML_Only												0	0	0
Continuous Mining - BC_Only						0	6,191	6,191	0	29,542,230	29,542,230	0	0	0
Longwall Mining - BC_Only												0	0	0
Total						0	12,382	12,382	0	44,883,340	44,883,340	0	0	0
Owned						0	59	59	0	178,700	178,700	0	0	0
Leased						0	12,322	12,322	0	44,704,640	44,704,640	0	0	0
Option						0	0	0	0	0	0	0	0	0
Total						0	12,382	12,382	0	44,883,340	44,883,340	0	0	0

Warrior Met Coal, LLC

Blue Creek Area

Underground Mineable Reserves as of December 31, 2021

Appendix A - Table 1 (Metric Tonnes)



Moisture	10%	Washed recoverable tons shown on 10.0% moisture basis
Preparation Plant Efficiency	100%	Included in Wash Recovery*

Seam	Tons/ Acre-ft.	Wash Recovery*	Resource Thickness		Resource Acres			In Place Tonnes			Clean, Moist, Demonstrated Tonnes				
			Measured	Indicated	Measured	Indicated	Total	Measured	Indicated	Total	Proven	Probable	Total		
Grand Total (A-D)															
Continuous Mining - ML_Only					6,733	3,583	10,315	18,777,080	10,508,890	29,285,970	1,624,310	814,310	2,438,620		
Longwall Mining - ML_Only											9,476,800	5,836,910	15,313,710		
Continuous Mining - BC_Only					6,733	3,583	10,315	49,709,160	23,297,780	73,006,940	4,390,540	1,886,790	6,277,330		
Longwall Mining - BC_Only											26,027,010	13,235,560	39,262,570		
Total					13,465	7,165	20,630	68,486,240	33,806,670	102,292,910	41,518,660	21,773,570	63,292,230		
Owned					3,115	712	3,828	15,726,570	3,532,730	19,259,300	8,548,910	2,155,340	10,704,250		
Leased					8,799	5,806	14,605	44,826,940	27,320,570	72,147,510	27,813,210	17,447,520	45,260,730		
Option					1,551	647	2,198	7,932,730	2,953,370	10,886,100	5,156,540	2,170,710	7,327,250		
Total					13,465	7,165	20,630	68,486,240	33,806,670	102,292,910	41,518,660	21,773,570	63,292,230		
Adverse					4,130	17,750	21,880	19,876,380	66,614,480	86,490,860	13,072,710	18,604,500	31,677,210		

*Average total seam thickness by mine

Definitions: Total seam is the thickness of coal and non-coal partings from the top to the base of the seam, excluding the middleman.

Wash recovery is estimated via a plant simulation utilizing multi-gravity data available to target a 10.2% ash product from exploration data and MM&A's experience in the subject coal horizons.

APPENDIX

B

MARKET MEMORANDUM PROVIDED BY WARRIOR MET



Key price expectations (nominal US dollars)

Price	Description	Basis	2022	2023	2024	2025	2026	2027	2028	2029	2030
MCC1	Low vol PHCC	FOB Australia	281	159	160	160	165	182	188	192	195

Note: This modeling is based on Chinese restrictions on Australian coal continuing through the end of 2022; an earlier or later end will meaningfully change our outlook, with higher CFR and lower FOB prices. PHCC = Prime hard coking coal, HCC = Hard coking coal, PCI = Pulverized coal injection; SSCC = Semi-soft coking coal; quarterly prices are quarter averages, including current quarter.

