



HALLADOR ENERGY COMPANY
Compensation and Nominating Committee Charter

Purpose

The purpose our Compensation and Nominating Committee (the "Committee") is to (1) oversee our executive and director compensation, (2) oversee and administer our stock incentive plans, (3) assist our Board of Directors (the "Board") by identifying individuals qualified for election and re-election as Board members and to recommend to our Board the director nominees for each annual meeting of stockholders, subject to the provisions of any stockholder or similar agreement binding on us (4) recommend to the Board director nominees for each committee of the Board, subject to the provisions of any stockholder or similar agreement binding on us, and (5) act on specific matters within its delegated authority, as determined by the Board from time to time.

Committee Membership

The Committee shall be composed of two or more directors as determined by resolution of the Board, and in accordance with any independence requirements imposed by law, regulation or The NASDAQ Stock Market Marketplace Rules (the "NASDAQ Marketplace Rules"), if and as applicable. Each member of the Committee shall be a "non-employee director" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 and an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code and Treasury Regulations promulgated thereunder.

The members of the Committee shall be elected by the Board to serve until their successors shall be duly elected and qualified. Unless the Board elects a Chair to the Committee, a Chair may be designated by a majority vote of the full Committee. Any vacancy on the Committee shall be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy or by resolution of the Board. No member of the Committee shall be removed except by majority vote of the Board.

Committee Authority and Responsibilities

A. Compensation of Executive Officers

The Committee shall have the following responsibilities with respect to the compensation of our executive officers:

1. The Committee shall review and approve on at least an annual basis corporate goals and objectives with respect to compensation for the Chief Executive Officer ("CEO"). The Committee shall receive and review the CEO's reports and recommendations regarding at least once a year the CEO's performance and recommended compensation in light of these established goals and objectives and based upon these evaluations shall recommend to the Board the CEO's annual compensation, including salary, bonus, incentive and equity compensation. The CEO shall not be present during such evaluation. The Compensation Committee shall summarize the results of such evaluation for the Board and the CEO. The Chairman will meet with the CEO to discuss the Committee's evaluation.
2. The Committee shall review and approve on at least an annual basis the evaluation process and compensation structure for our other executive officers. The Committee shall evaluate the performance of our executive officers and key employees and shall recommend to the Board the annual compensation, including salary, bonus, incentive and equity compensation, for such officers and key employees. The Committee shall seek and consider the recommendation of the other independent members of the Board of

Directors regarding any such CEO compensation, agreement, arrangement, benefit, grant or award. Unless otherwise determined by the Committee, the CEO may be present during discussions evaluating and setting the compensation levels of our key employees and executive officers except himself but may not vote on such deliberations. The CEO may not be present for voting on his compensation.

3. The Committee shall review our incentive compensation and other stock-based plans and recommend new plans and changes in existing plans to the Board as needed. The Compensation Committee shall have and shall exercise all the authority of the Board with respect to the administration of such plans.

B. Compensation of Directors

1. The Committee shall review on at least an annual basis director compensation and make a recommendation to the Board regarding the form and amount of director compensation. Directors who are employees of the Company shall not receive any additional compensation for service on the Board.

C. CD&A and Engagement of Professional Advisers

1. The Committee will meet with management to review and discuss the Compensation Discussion and Analysis (the "CD&A") required by the SEC's rules and regulations. The Committee will recommend to the Board whether the CD&A should be included in our proxy statement or other applicable SEC filings. The Committee will prepare a "Report of the Compensation and Nominating Committee" for inclusion in our applicable filings with the SEC. The report will state whether the Committee reviewed and discussed with management the CD&A, and whether, based on such review and discussion, the Committee recommended to the Board that the CD&A be included in our proxy statement or other applicable SEC filings.
2. The Committee shall have the authority to retain any compensation consultant, independent legal counsel or other adviser to the Committee (each, a "Compensation Adviser") to be used to assist the Committee in the evaluation of senior executive compensation and shall have the sole authority to supervise and terminate any Compensation Adviser retained by it. The Committee shall have the authority to approve the Compensation Adviser's fees and other retention terms and to cause the Company to pay the fees and expenses of such Compensation Adviser. The Committee may only select a Compensation Adviser after taking into consideration the factors set forth in Rule 10C-1 under the Securities Exchange Act of 1934, as amended, including but not limited to:
 - a. the provision of other services to the Company by the person that employs the Compensation Adviser;
 - b. the amount of fees received from the Company by the person that employs the Compensation Adviser, as a percentage of such person's total revenue;
 - c. the policies and procedures of the person that employs the Compensation Adviser that are designed to prevent conflicts of interest;
 - d. any business or personal relationship of the Compensation Adviser with a member of the Committee;
 - e. any equity interest in the Company by the Compensation Adviser; and
 - f. any business or personal relationship of the Compensation Adviser or the person employing the Compensation Adviser with an executive officer of the Company.

The Committee must consider the foregoing independence factors prior to consulting with any adviser, including outside counsel or advisers retained by management, other than the Company's in-house legal counsel.

The Committee shall participate with management to address any conflict of interest with any Compensation Adviser engaged by the Committee.

D. Board Candidates

The Committee shall have the following responsibilities with respect to Board candidates:

1. The Committee shall establish procedures for evaluating the suitability of potential director nominees proposed by directors, management (including the CEO) or stockholders. The Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have sole authority to approve the search firm's fees and other retention terms.
2. The Committee shall recommend to the Board the director nominees for election by the stockholders or appointment by the Board, as the case may be, pursuant to our bylaws, which recommendations shall be consistent with the Board's criteria for selecting new directors and independence requirements imposed by law, regulation or NASDAQ Marketplace Rules, as applicable.
3. The Committee shall review the suitability for continued service as a director of each Board member when his or her term expires and when he or she has a significant change in status, including but not limited to an employment change, and recommend whether the director should be re-nominated.

Board Composition and Procedures

The Committee shall have the following responsibilities with respect to the composition and procedures of the Board as a whole:

1. The Committee shall review as it deems appropriate with the Board the composition of the Board as a whole and recommend, if necessary, measures to be taken so that the Board contains at least the minimum number of independent directors as may be required by law, regulation or NASDAQ Marketplace Rules, as applicable, and reflects the balance of knowledge, experience, skills, expertise, integrity and ability to carry out the Board's duties that the Committee deems appropriate.
2. The Committee shall review periodically the size of the Board and recommend to the Board any appropriate changes, subject to our bylaws.

E. Other

1. The Committee shall make regular reports to the Board.
2. The Committee shall review such other matters within the scope of its responsibilities as the Committee shall determine from time to time, and make such recommendations to the Board with respect thereto as the Committee deems appropriate.
3. The Committee and the Board shall review and reassess on at least an annual basis the adequacy of this Charter and make appropriate changes.

4. The Committee shall have the resources and sole authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of any Compensation Adviser, as it deems appropriate, without seeking approval of the Board or management.

Adopted as of October 6, 2014