



**HALLADOR ENERGY REPORTS ANNUAL EARNINGS OF \$1.08 PER SHARE AND  
ANNOUNCES FORMATION OF HOURGLASS SANDS, LLC**

DENVER, March 12, 2018 - Hallador Energy Company (Nasdaq: HNRG) reports financial and operating results for the year ended December 31, 2017. The Form 10-K will be filed before the markets open, Tuesday, March 13, 2018.

**Highlights include:**

- Net income was \$33.1 million, \$1.08 per share for the year.
  - The Tax Cuts and Jobs Act (Tax Act) created a tax benefit for 2017 of \$18.0 million.
  - Net income prior to the effects of the Tax Act was \$15.1 million, \$.51 per share for the year.
- Bank debt was reduced to \$202.0 million in 2017, a reduction of \$ 36.6 million.
  - Leverage was reduced to 2.40X.
- In February 2018, Hallador Energy Company invested \$4 million in Hourglass Sands, LLC, a frac sand mining company in the State of Colorado. Hourglass Sands currently controls a permitted sand reserve near Colorado Springs. The Company expects to truck test shipments to customers in the DJ Basin this summer. The Company believes it controls the only permitted frac sand mine in the State of Colorado. “We believe this investment brings diversification and growth opportunities to our company and shareholders by capitalizing on the shale boom in the United States, while complementing our core coal business. We do not anticipate Hourglass Sands to be profitable in 2018, but are excited about its growth potential in future years.” said Brent Bilsland, President and CEO of Hallador Energy.
- The Princeton Loop is expected to be operational in Q2 2018. It will serve as a truck to rail coal loading facility. The new facility will provide access to new markets and customers served by the Norfolk Southern Railway Company.

The table below represents some of our critical metrics (in thousands except for per ton data):

	<b>2017</b>	<b>2016</b>
Net Income	\$ 33,076	\$ 12,510
Total Revenues	\$ 271,633	\$ 281,450
Tons Sold	6,574	6,317
Average Price per Ton	\$ 40.80	\$ 44.15
Bank Debt	\$ 201,992	\$ 238,617
Operating Cash Flow	\$ 61,568	\$ 60,918
Adjusted EBITDA*	\$ 83,271	\$ 80,712
Adjusted Free Cash Flow**	\$ 58,716	\$ 58,322

\*Defined as EBITDA plus stock-based compensation plus ARO accretion.

\*\*Defined as net income plus deferred income taxes, DD&A, ARO accretion, and stock compensation, less maintenance capex.

EBITDA, adjusted EBITDA, and adjusted free cash flow should not be considered alternatives to net income, income from operations, cash flows from operating activities or any other measure of financial performance presented in accordance with GAAP. Our method of computing EBITDA, adjusted EBITDA and adjusted free cash flow may not be the same method used to compute similar measures reported by other companies.

Management believes that the presentation of such additional financial measures provides useful information to investors regarding our performance and results of operations because these measures, when used in conjunction with related GAAP financial measures, (i) provide additional information about our core operating performance and ability to generate and distribute cash flow, (ii) provide investors with the financial and analytical framework upon which management bases financial, operation, compensation and planning decisions and (iii) present measurements that investors, rating agencies and debt holders have indicated are useful in assessing our results.

## **Conference Call**

As previously announced our earnings conference call for financial analysts and investors will be held on Tuesday, March 13, 2018, at 2:00pm EST. Dial-in numbers for the live conference call are as follows:

Toll-free (888) 347-5317

Canadian Callers Toll-free (855) 669-9657

Conference ID #: Hallador Energy Company HNRG Call

An audio replay of the conference call will be available for approximately one week. To access the audio replay, dial US Toll-Free (877) 344-7529; Canada Toll-Free (855) 669-9658 and request to be connected to replay access code 10115860

Hallador is headquartered in Denver, Colorado and through its wholly owned subsidiary, Sunrise Coal, LLC, produces coal in the Illinois Basin for the electric power generation industry. To learn more about Hallador or Sunrise, visit our website at [www.halladorenergy.com](http://www.halladorenergy.com).