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PRESENTATION

Operator

Good day, ladies and gentlemen. Welcome to the Hallador second quarter earnings conference call.

(Operator Instructions).

As a reminder, this conference is being recorded.

I would now like to introduce your host for today's conference, Rebecca Palumbo, Director of Investor Relations.

Ma'am, please begin.

Rebecca Palumbo - *Hallador - Investor Relations*

Thank you, Shedae. Good afternoon, everyone. And welcome to our second quarter 2015 earnings call.

On Friday afternoon, August 7, we filed our Form 10-Q with the SEC. It is available during this call on our website under the SEC filings tab. This call is being webcast and a replay will be available on our website, along with the transcript later this week.

On today's call will be Brent Bilsland, President and CEO; Andy Bishop, CFO; Larry Martin, CFO of Sunrise Coal; and myself, Director of Investor Relations.

Our remarks will include forward-looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially. For example, our estimates of mining costs, future coal sales, and regulations relating to the Clean Air Act and other environmental initiatives. We do not undertake to update our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. The format for today will be a discussion from management, followed by a question-and-answer period.

Larry Martin, Sunrise CFO, will now discuss our second quarter highlights, followed by comments from Brent Bilsland.

Larry Martin - *Sunrise Coal - CFO*

Good afternoon. Hallador Energy released their 10-Q Friday afternoon and I'm going to highlight some of the information from our Q. Hallador achieved $6.9 million of net income on $2.1 million tons of coal sales for the quarter. This resulted in a free cash flow of $5.8 million, which we calculated our free cash flow as EBITDA, less interest expense, less maintenance CapEx, and then we add back our non-cash deferred financing, amortization, our ARO accretion, and our restricted stock unit expense compensation.

Our EBITDA for the quarter was $23.4 million and we reduced debt by $14.4 million for the quarter. For the six months ended at June 30, we achieved 4.4 million tons -- or $4.4 million in net income, which resulted in $0.48 per share, which was 109% increase over--

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Brent Bilsland - *Hallador - CEO, President*

Excuse me, I think you said that wrong; $14.4 million of net income for the year-to-date.

Larry Martin - *Sunrise Coal - CFO*

Correct. Which is $0.48 a share and a 109% increase over six months in 2014. This resulted in free cash flow of $22.6 million and EBITDA of $51.2 million and our total debt reduction for the year has been $28.8 million, which leads us with bank debt at the end of June of $277.6 million, and our net debt after taking into account our cash at the end of June is $259.5 million. Our debt target for the end of the year is still at $250 million, and we think by the end of 2016, we estimate that our debt position will be $210 million.

I will now turn it over to Brent Bilsland to talk about our comments and insights for the rest of the year and going forward.

Brent Bilsland - *Hallador - CEO, President*

Hi, and thank you for calling in this morning -- this afternoon, I should say. On July 27, we filed an 8-K announcing our decision to modify our contract position. I want to clarify that the numbers posted are what we have agreed to currently, and we anticipate those agreements being signed in the next few weeks. We believe we will make additional sales in 2016, 2017, and beyond, as fuel buyers gain clarity as to what their fuel needs are. We were forecasting total sales of 7 million tons in 2016 and 8 million tons in 2016. We feel these are conservative numbers as we started 2015 with $9.4 million in sales.

We have the capacity to produce 8 million tons at our Oaktown Mine Complex, that's a -- we've kind of increased the capacity there of what we can produce now that we've run almost a year, we feel much more comfortable with what mine is able to turn out, that that is an increase of what we said in past filings. Additional sales above the 8 million would come from our Carlisle Mine, which has a capacity of 3.3 million tons.

In year's 2017 to 2020, three customers makeup all of our 4.2 million to 5 million tons of annual sales, traditionally, we sell to 8 to 10 customers. Again, we feel that several of our customers purchase too much coal for 2015, as they were surprised by low natural gas prices, and their experience in 2015 has made them hesitant to discuss purchasing more coal at the present time. We kind of equates this to and stuff to think about your next new when you're just over eight, but somehow you know, you're going to eat again. And we're confident that our customers will be back to buy and we will make additional sales.

Coal burn nationally is fluctuating between 30% and 40% of U.S. electricity supply, and natural gas is competing for coal for that 10% slice of generation. Then coal is competing with coal to determine its price curve, kind of like I gave with musical chairs and gases influencing whether we play with three chairs or four. In late 2015 and early 2016, we think coal burns are going to be more towards the lower-end of that 30% range. And as time goes on, we think it will be closer to the 40% range, as customers gain comfort with their position and as gas prices improve. And if we look out ahead at the future swap, we see that the forward curve on gas pricing is 30% to 40%, even 50% higher than what it is today as you look out at 2016, 2017 and 2018.

But as far as modifying your contract, it was important for us to take advantage of the opportunity to establish a base of business for 2016 and beyond. This maintains our profitability and keeps our leverage ratios manageable. Customers roll on and we provide a relief and leverage that situation into longer-term contracts. Now we have a good base of business for the next 5.5 years.

To implement this plan, we have moved employees from our Carlisle Mine to our Oaktown Mine to increase the production of Oaktown. This restructuring is necessary as we work towards lowering our cost to $27 a ton for the remainder of 2015. We will sell less tons, but at greater margins.

Carlisle is still producing coal at a limited capacity and we still have the capability of moving crews from our Oaktown Complex to the Carlisle Mine if there is a specific quality a customer needs. Another detail to emphasize is that, and I think I just touched on this, that is we have increased our capacity at Oaktown to 8 million tons from the six-and-change that we had stated in previous filings.

As our sales continue and if we exceed the 8 million mark then we will look to ramp production up at Carlisle at that time. In the second quarter, we continue to generate a lot of cash and these funds were used to pay down debt for $14.4 million in debt to be exact, in addition, to paying a quarterly dividend of $1.2 million.

In the 10 months since purchasing Vectren Fuels, we have repaid $72.4 million in bank debt equal to $2.50 a share. We're proud of the fact that we have quickly delevered to 2.67 times debt-to-EBITDA, we will continue to--

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Larry Martin - *Sunrise Coal - CFO*

2.76--

Brent Bilsland - *Hallador - CEO, President*

2.76 times debt-to-EBITDA, we will continue to focus on debt repayment until we can find better uses of funds.

We are disappointed to see the complete sell off of the U.S. coal sector, and further surprise to see that little distinction has been given to coal producers that are performing well. This event reminds me of the financial crisis; the more prices decline, the more credibility was given to the belief that the stock market was going to zero. As we look back on that period of time, the question many investors now ask is why I did not start buying more stocks in March of 2009. It's so obvious now that everything was too cheap.

I think today's coal equities are in much the same position. Admittedly, some individual coal companies have filed for bankruptcies and others will continue to do so. But several will continue to thrive and find themselves in stronger competitive positions. The headlines have a brought a continuous string of negative headlines, most recently the Clean Power Plan. Time magazine reports, Obama is trying to achieve by regulation what he was unable to do by legislation.

Obviously, this will be challenged in the courts. The outcome of which is too early to predict. The Governor of Indiana has publically pledged not to comply with the Clean Power Plan, and this gives us some comfort as 85% of our sales are in the State of Indiana.

Additionally, I'd like to remind everybody that we are 17 months away from a new President and new department heads in our government agencies. I fully understand that our nation's current focus on emission reduction brings fear and uncertainty to our industry, but it can also bring to you some growth. Coal has been one of the fastest growing fuels throughout the world and other nations are unlikely to volunteer to close plants they just recently built, especially at the time when they're attempting to electrify the respective nation.

Thus, if carbon reduction becomes the goal of the world, the massive amount of time, effort, and money will be put towards capturing CO_2 from existing coal plants and creating a better beneficial use for this carbon.

In the mean time, investors should focus on coal producers to generate positive free cash flow, have low leverage, possess a good base of contracted coal sales and who's production is focused in basins that are in positioned to take market share from other basins. I believe Hallador is one such company. Our annualized free cash flow is around 23%. Our free cash flow yield is around 23%. To me that is unheard of.

Our debt-to-EBITDA leverage is 2.76 times. We have good basic contracted coal sales for the next 5.5 years. And 100% of our coal assets are located in the Illinois Basin.

So, with that, that is end of my prepared remarks. We're going to open it up to Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). And our first question comes from the line of Bryan Bergin from Cowen and Company. Your line is open.

Bryan Bergin - *Cowen & Co - Analyst*

Good afternoon. On the contract modifications, did all customers amend the sales contracts and did Hallador receive any monetary compensation for those or is it more so just layering on the out year tons to gain that sales visibility?

Brent Bilsland - *Hallador - CEO, President*

I'm sorry. Could you repeat the question?

Bryan Bergin - *Cowen & Co - Analyst*

Yes. Did you get any, I guess, monetary compensation for amending the contracts or is it more so just layering on the tons to gain that visibility in the out years?

Brent Bilsland - *Hallador - CEO, President*

Well, a combination of both. It depends on the customer, those that didn't work well into the longer-term contracts there was some compensation those that worked. We were able to basically blend in existing contract. So, that's really what you're seeing is due to this. So it was more than with one customer. So, it depends on the situation, a little bit of both.

Bryan Bergin - *Cowen & Co - Analyst*

Okay. Can you, I guess, just from the current contracting environment. Can you provide some commentary, I guess, on the number of RFPs and the price levels today relative to a quarter or two quarters ago? Just trying to get a sense of -- on your open pricing, what type of discount you may have to expect over the next two to three years?

Brent Bilsland - *Hallador - CEO, President*

Well, as far as open RFPs, I don't think there are a lot of open RFPs right now. We're in a couple of different negotiations that are more a one-off. And we've been asked pricing in the past. We don't reveal pricing, but we did just do a fair amount of business. So I think you can kind of look at our contract position from previous quarters and look at our contract position today, kind of get a sense of where the market is on pricing.

Bryan Bergin - *Cowen & Co - Analyst*

Okay, that's fair. And then, just lastly, on -- I think you disclosed some of $12 million SG&A run rate and then some charges on Carlisle and Prosperity. As far as where are those charges show up, is that additive to the SG&A run rate or is there partially an amount embedded in those operating costs, the unit costs?

Brent Bilsland - *Hallador - CEO, President*

No, that's additive.

Bryan Bergin - *Cowen & Co - Analyst*

Okay. Thank you.

Brent Bilsland - *Hallador - CEO, President*

Thank you.

Operator

Thank you. Our next question comes from the line of David Pointer from VI Capital Management. Your line is open.

David Pointer - *VI Capital Management, LLC - Analyst*

Hi, guys, thanks for taking the questions. I just had a couple of questions. One of them was just to clarify what was just asked. The $12 million SG&A, the Prosperity and Carlisle $6 million, which is kind of additional color on that, right? I mean, we should be thinking $12 million for SG&A?

Brent Bilsland - *Hallador - CEO, President*

No. You should be thinking $12 million plus $6 million.

David Pointer - *VI Capital Management, LLC - Analyst*

Okay.

Brent Bilsland - *Hallador - CEO, President*

I mean, we basically have two mines that are in -- we're not producing anything at Prosperity. It costs something to maintain that facility just to keep the lights on and keep the water compliance in that, that sort of thing. We have a rail spur there that takes some maintenance. And we have a parts inventory at that facility that we utilize still today.

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And then Carlisle, Carlisle right now, we said in previous quarters that we're going to seal off the south end of that mine. And I don't know, we didn't comment on this, but we were -- basically some of the reserve base -- it was originally Oaktown and then we were going to mine it from the Carlisle side, now we're back to mining at from Oaktown too. But we're going to seal off the south end of Carlisle so that it's just to lower the cost of maintaining that mine. And when we do our Carlisle up, we believe it will help lower our cost to produce coal there.

David Pointer - *VI Capital Management, LLC - Analyst*

I guess, what I'm saying is, in the quarter your SG&A was a little lower $3 million. And you're not saying it's going to go up, because it's going to be, we should think. So $3 million is the run rate of $12 million and which would be kind of consistent with what you said in the Q. But if we added another $6 million, you're not saying it's going to go up. That other $6 million is already in your other operating cost, right? Or are you saying it's going to go -- going forward, we should think SG&A more like $4.5 million for quarter?

Larry Martin - *Sunrise Coal - CFO*

No, SG&A will be $12 million, but then there will be cost just to maintain those two mines. At Prosperity at an idle stage and Carlisle at a slow stage will be another $6 million on top of that, just to maintain those.

Brent Bilsland - *Hallador - CEO, President*

I mean--

David Pointer - *VI Capital Management, LLC - Analyst*

And sorry, sorry, just one more time, will that show up in the SG&A line or is that going to be up -- is that going to be buried in the operating cost line?

Anderson Bishop - *Hallador - CFO, Treasurer*

Dave, this is Andy. We're still debating whether we're going to show a separate line item for the $6 million or included in cost of sales. But it won't be part of SG&A.

David Pointer - *VI Capital Management, LLC - Analyst*

Okay. Fair enough. Okay. So, one other question, it sounded like, you said, that the contracts from the press release few weeks ago were three customers. Can I assume or would you disclose, I would assume that that's [Marum] and Cayuga and Petersburg. Is that -- and if that's the case, it looks like you're going to get more business from those facilities than you have in the past is that accurate or can you put a little more color on that.

Brent Bilsland - *Hallador - CEO, President*

We're not going to disclose who the customers were. When I was talking about three customers, I mean, our current sales position from 2017, 2018, 2019 and 2020, that in those four years we have somewhere between $4.2 million and $5 million of sales, and those contracts are just with three customers.

So it's additionally--

David Pointer - *VI Capital Management, LLC - Analyst*

Okay. That's really helpful. So it's -- I mean, it's quite reasonable to assume. I mean, you guys have done business with seven customers and it's quite reasonable to assume that you have some additional volumes open in those years to folks that have traditionally been your customers.

Brent Bilsland - *Hallador - CEO, President*

Right. That's the point we're trying to make.

David Pointer - *VI Capital Management, LLC - Analyst*

Okay. And then the big question, what happened to operating cost in the quarter, that was kind of -- that came out [less-field], that's pretty big number?

Brent Bilsland - *Hallador - CEO, President*

Well, basically, you staff up and you're mining and you're customers are struggling, so they're not picking up their coal. And so, you start to slow the mines down, and when you slow the mines down, your cost rise.

And so, as our customers were coming to the realization that, hey, they've got more coal than they can handle, contracted; that's what we made the decision to, well, look, we don't want to slow everything down and let our cost get away from us, trying to run at a heavier count. What we want to do is modify the contracts, try to get ourselves in a better long-term position. As part of that we ended up unfortunately having to reduce our workforce by 175 people. And we're pushing all the production to Oaktown which unloads cost production, because we know if we run an underground mine hard, our cost structures will drop; and if we run underground mines slow, our cost structures will rise.

So that's why we did what we did and that's the situation we were getting ourselves into in the second quarter.

David Pointer - *VI Capital Management, LLC - Analyst*

Okay. So just -- and then I'll let somebody else get in the line. But just to clarify, when you re-did the contracts, suddenly what you expected to produce in back-half of this year changed a little bit. And as you kind of slowed things down you can't keep your costs in front of that, your costs are behind that and so we saw the spike in cost per ton.

However, what I think you're also saying is that with production moving to Oaktown where costs are a bit lower, you're still very confident in some of cost per ton numbers for the back-half that you disclosed.

Brent Bilsland - *Hallador - CEO, President*

Yes.

David Pointer - *VI Capital Management, LLC - Analyst*

Perfect. Okay. Thanks, guys.

Brent Bilsland - *Hallador - CEO, President*

Thank you.

Operator

Thank you. (Operator Instructions). And our next question comes from the line of David Sleeter from Total Clarity Wealth Management. Your line is open.

David Sleeter - *Total Clarity Wealth Management - Analyst*

Hi, good afternoon. Just a couple quick clarification questions, what roughly today is the cost per ton difference between Oaktown and Carlisle?

Anderson Bishop - *Hallador - CFO, Treasurer*

Right, it's not a number we're going to disclose.

David Sleeter - *Total Clarity Wealth Management - Analyst*

Is it a material difference?

Anderson Bishop - *Hallador - CFO, Treasurer*

Yes.

David Sleeter - *Total Clarity Wealth Management - Analyst*

Okay. And then, how much insight you guys have on either a monthly or quarterly basis into inventories for your key utility customers such that, perhaps, next year inventories come, I mean, you guys have to make contract modification for 2016 going forward?

Brent Bilsland - *Hallador - CEO, President*

Well, I kind of want to point out that we chose to make contract modifications, we don't have to make contract modification.

David Sleeter - *Total Clarity Wealth Management - Analyst*

I have -- if the contract modification had not happened with the customers have been required to take delivery of everything?

Brent Bilsland - *Hallador - CEO, President*

Yes. We have a contract. They have -- they purchase the coal, and we have the scheduling which we delivered on. So--

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David Sleeter - *Total Clarity Wealth Management - Analyst*

And then I forgot it, you guys mentioned that per ton -- the 8 million ton number for 2016, what has the production number the production has met, what percentage of that is under contract?

Brent Bilsland - *Hallador - CEO, President*

We said that in our 8-K that we have -- I'm sorry, what you asked me about?

David Sleeter - *Total Clarity Wealth Management - Analyst*

7 million in 2016 and 8 million in 2017?

Brent Bilsland - *Hallador - CEO, President*

Okay. And then 7 million in -- in 2017, we have 4.2 of that committed today, I think that was your question.

David Sleeter - *Total Clarity Wealth Management - Analyst*

Also one more for 2016, is that 7 million fully committed?

Brent Bilsland - *Hallador - CEO, President*

6.1.

Larry Martin - *Sunrise Coal - CFO*

6.1.

David Sleeter - *Total Clarity Wealth Management - Analyst*

Okay.

Brent Bilsland - *Hallador - CEO, President*

That's in the -- all of those years are in the 8-K.

David Sleeter - *Total Clarity Wealth Management - Analyst*

Okay.

Brent Bilsland - *Hallador - CEO, President*

That was released on the 27, they're also in our 10-Q, which was released Friday.

David Sleeter - *Total Clarity Wealth Management - Analyst*

Thank you very much.

Brent Bilsland - *Hallador - CEO, President*

Yes.

Operator

Thank you. (Operator Instructions). And we have a follow-up question from the line of David Pointer from VI Capital Management. Your line is open.

David Pointer - *VI Capital Management, LLC - Analyst*

Just a quick follow-up, I know you don't disclose production cost difference in the two complexes, but it does state in your Q that presumably you're shifting production capacity at Oaktown, that's kind of what happened with the cost in this quarter? And you are saying -- for the back-half of the year, your -- I think you said working diligently to lower our costs to $27 a ton or less, so presumably, I think, we can assume that your production costs at Oaktown are in the 27 or less range, I mean, is that fair?

Brent Bilsland - *Hallador - CEO, President*

That's what we are trying to say.

David Pointer - *VI Capital Management, LLC - Analyst*

Okay. That's it.

Brent Bilsland - *Hallador - CEO, President*

Thank you, David.

Operator

Thank you. We have another follow-up question from the line of Bryan Bergin from Cowen and Company. Your line is open.

Bryan Bergin - *Cowen & Co - Analyst*

Thanks for taking the follow up. Just on the debt reductions you guys have done very well with that. Is it say, I think, I -- just like $250 million target by year end on the bank debt first-half?

Larry Martin - *Sunrise Coal - CFO*

That's correct.

Bryan Bergin - *Cowen & Co - Analyst*

Okay. And then as we think about next year, it sounds like debt reduction is still priority number one in this environment. Is the current rate of reduction still what you're planning next year, or is it somewhat slower as you try and buffer some maybe cash buffer due to the uncertainty?

Brent Bilsland - *Hallador - CEO, President*

Yes, we -- I mean, we think it will slow a little bit, and we think we pay down $40 million in 2016 to get our debt down to $210 by the end of 2016.

Bryan Bergin - *Cowen & Co - Analyst*

Okay. And then on, just on CapEx it did have a little bit higher this quarter than normal. It looks like you're getting back to that $4 target going forward. Is there anything on, there is no unexpected growth CapEx needs, or anything value of equipment, I assume that it can shift back and forth as need be?

Brent Bilsland - *Hallador - CEO, President*

Yes, I mean, the second quarter for us is, we just got a slug of miners that all showed up in the second quarter. It was kind of a -- perhaps the scheduling snafu but--

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Bryan Bergin - *Cowen & Co - Analyst*

Miner rebuilds.

Brent Bilsland - *Hallador - CEO, President*

Yes, or miner rebuilds, I mean, some of our guys supporting over 25% of the total miners that we owned were rebuilt and showed up in the second quarter. So that's very unusual for that to happen and we don't foresee that going forward.

Larry Martin - *Sunrise Coal - CFO*

Yes, Bryan, the CapEx per ton for the second quarter was $6. For the third quarter and fourth quarter, we estimate it to be more like $2 a ton.

Bryan Bergin - *Cowen & Co - Analyst*

Right. I see that and then it looks like Oaktown is a $4 maintenance run rate per ton too. So it looks to be a safe model going forward? The other thing -- when you're targeting this $27 or below, is that -- do you expect to get down to that immediately, or close to that in the third quarter, or is that an average, that you're trying to get to through 3Q and 4Q?

Brent Bilsland - *Hallador - CEO, President*

I guess, more of an average, just trying to get you through 3Q and 4Q. Then we've had --you got to realize we're already halfway through the third quarter. We've had months this year where Oaktown has run in the low 20s. So we've seen most of that, pretty exciting. But then we also say, quite a bit of the year at a slower production pace than what we would like to have run.

So, as we've made this pretty pronounced shift in basically at the end of July, we've got to -- we've been transferring guys up from Carlisle to Oaktown getting them trained mine-specific. We got a little bit for [college] setup. We run a little different. We are on a fishtail system or a [splittering] system versus a single [splitter-ware] like we do in Carlisle.

So, it's little bit for now, it's a little bit of training. And so we think cost will get better as the year goes on there and now we think we put them in a position to where they can get their foot on the gas and keep it there. And we've seen, pretty -- yes, I think we said in the second quarter, we were pretty elated with what the cost, excuse me, in the first quarter with what the cost looked like at Oaktown.

Carlisle had been our disappointment in the first quarter, and we're just trying to get things back to Oaktown and get them where they can run, and hopefully have some positive surprises on where cost can be.

Bryan Bergin - *Cowen & Co - Analyst*

Okay. Thanks, guys.

Operator

Thank you. And our next question comes from the line of David Pointer from VI Capital Management. Your line is open.

David Pointer - *VI Capital Management, LLC - Analyst*

Thanks, guys. Yes, I'm just wondering what with Alpha's filing and, I mean, what's the scuttlebutt. I mean, it's probably early, but are you guys hearing anything about closing of -- facilities closing and production coming offline more broadly and particularly Illinois Basin, kind of what -- because I'm sure that's kind of, your customers would hear that too. And, is that maybe some of the incentives for going out several years like that or just kind of any color on industry contraction through the bankruptcy process?

Brent Bilsland - *Hallador - CEO, President*

Well, I think, we're definitely seeing production come offline everywhere. I think we're seeing consolidations. There's some significant consolidation in the Illinois Basin. I mean, if you look at it, a year ago, we purchased Vectren and we closed the Prosperity mine. So there is a couple of million tons that came offline. This year, we have dramatically slowed the Carlisle Mine. There's 3 million tons of production that is coming offline, so to speak.

You've seen Patriot Coal company, their Illinois Basin assets be observed by Alliance. You see White Oak be absorbed by Alliance. You see Foresight being absorbed by Murray. So we're seeing consolidation, and this will bring discipline back to the market.

2015 is just kind of strange year, okay. You got the dollar appreciating to all other currencies by 20%. That killed exports. All the exports start backing up. And then you've got, oil prices plummeting, which took gas prices down with it. And so now we had all this long gas position which today doesn't have a place to go.

We're building LNG export. We're building pipelines to Mexico. So gas in the future will have places to go, but there seems to be a new rationale that oil maybe isn't going to be over $100 a barrel, and maybe this $40 to $50 range is the new normal. If so, a lot of oil production in the United States is not economic, and then, therefore all the associated gas that's produced with that oil may not come to the market.

So 2015 was the perfect storm, plus you've got all the negative headlines of -- a lot of these bigger guys, what got them really in trouble was, leveraging up to buy metallurgical coal assets, because they thought China was going to be able to steal forever. And United States printed money;

China built buildings. So that cyclical boom was a little bit false. And that put them in such a leverage situation that, now there has to be massive restructuring by the largest coal producers, and quite arguably the best known names in the business.

And so, as Wall Street runs from the crowd, I think some of the other producers such as ourselves, that really have good economics behind us, I mean our stock prices have just been great. And I think if there are investors out there that can take the time and have the courage to kind of pick through this and say, wait a second, is Hallador really worth half of what it was worth a year ago; would we pay down $2.5 a share of debt, where we've improved our net income quarter-to-quarter by 109%, where we've increased EBITDA of 167%. We're not overly leveraged.

I think we've been very aggressive in trying to pay down debt. So that's our game plan and I think it's a decent game plan. Is it going to be a rocky ride? It's going to be a rocky ride, but I think there is opportunity here for investors that want to take the time to really understand who the surviving companies there going to be and what the landscape is going to look like after that.

If you kind of circle back on your question, yes, I think that, right now, you got coal companies that have so much debt, they're trying to run all the production they can to keep their interest payment per ton in line. And as they go through restructuring -- as they go through restructuring then they're going to see -- they're going to be able to take some of that production offline and focus on what's really making decent margin.

Like I said, the perfect storm was 2015, 2016 and 2017, we're basically going unwind. And I think there's a real opportunity for some investors to make a lot of money in the meantime.

Anderson Bishop - *Hallador - CFO, Treasurer*

One thing -- this is Andy again. One thing we done is we disclosed metrics, so people can prepare their EBITDA models, free cash flow models for the last time for 2015, 2016 and 2017. And when we do it ourselves, we get pretty excited. It looks good.

David Pointer - *VI Capital Management, LLC - Analyst*

Yes. I agree. I mean, I would just add that Peabody, Orange and Alpha, all three in the last four years, well, if you take in account this year, are losing money on an operating basis. So even if they file and there is debt they're in possession, it's not -- they're not even contributing anything to interest. So you have to take capacity out. I mean, you're not -- debt they're in possession one operate at a cash loss. I mean, interest expense is one thing, but they're not going to operate at cash loss. So it's got to be, I mean, production has to come out, it seems like.

Brent Bilsland - *Hallador - CEO, President*

We think that is happening. We think that continues to happen. And, basically you can operate at a loss until your capital rise up. And what you're seeing with some of the larger names is their capital is drying up and they're going to forced to make tough decisions. And that's an opportunity for everyone else that's operating better. So you're going to see a few more negative headlines for the next six months, but you're also going to see more consolidation. And I think long-term that's a good thing for our industry.

Operator

Thank you. (Operator Instructions). At this time, I'm showing no further questions. I would like to turn the call back over to Ms. Rebecca Palumbo for closing remarks.

Rebecca Palumbo - *Hallador - Investor Relations*

That concludes everything for today. So thank you for joining our call and we'll talk to you next time.

Brent Bilsland - *Hallador - CEO, President*

Thank you.

Operator

Ladies and gentlemen, thank you for your participation in today's conference. This concludes the program.