



November

2019



**Ramaco Resources**  
*3<sup>rd</sup> Quarter 2019 Earnings Release*

# Disclaimer

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. This presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. Any such offering of securities will only be made by means of the registration statement (including the prospectus) filed with the SEC, after such registration statement becomes effective. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov).

## Forward Looking Statements

The information in this presentation includes “forward-looking statements.” All statements, other than statements of historical fact included in this presentation, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this presentation, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management’s current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading “Risk Factors” included in the prospectus.

Forward-looking statements may include statements about:

- our status as a recently organized corporation with no operating history, no current revenue and properties that have not yet been developed into producing coal mines;
- deterioration of economic conditions in the steel industry generally;
- deterioration of economic conditions in the metallurgical coal industry generally;
- higher than expected costs to develop our planned mining operations, including the costs to construct necessary processing and transport facilities;
- decreases in the estimated quantities or quality of our metallurgical coal reserves;
- our expectations relating to dividend payments and our ability to make such payments;
- our inability to obtain additional financing on favorable terms, if required, to complete the acquisition of additional metallurgical coal reserves as currently contemplated or to fund the operations and growth of our business;
- increased maintenance, operating or other expenses or changes in the timing thereof;
- impaired financial condition and liquidity of our customers;
- increased competition in coal markets;
- decreases in the price of metallurgical coal and/or thermal coal;
- the impact of and costs of compliance with stringent domestic and foreign laws and regulations, including environmental, climate change and health and safety regulations, and permitting requirements, as well as changes in the regulatory environment, the adoption of new or revised laws, regulations and permitting requirements;
- the impact of potential legal proceedings and regulatory inquiries against us;
- our inability to effectively deploy the net proceeds of this offering;
- impact of weather and natural disasters on demand, production and transportation;
- reductions and/or deferrals of purchases by major customers and our ability to renew sales contracts;
- credit and performance risks associated with customers, suppliers, contract miners, co-shippers and trading, banks and other financial counterparties;
- geologic, equipment, permitting, site access, operational risks and new technologies related to mining;
- transportation availability, performance and costs;
- availability, timing of delivery and costs of key supplies, capital equipment or commodities such as diesel fuel, steel, explosives and tires;
- the existence of registration rights with respect to the securities being offered and the costs of compliance or penalties for noncompliance with such rights;
- the amount of expenses and other liabilities incurred or accrued after the completion of this offering;
- the lack of a public market for our securities; and
- the other risks identified in the prospectus including, without limitation, those under the headings “Risk Factors,” “Business” and “Certain Relationships and Related Party Transactions.”

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the development, production, gathering and sale of coal. These risks include, but are not limited to, commodity price volatility, demand for domestic and foreign steel, inflation, lack of availability of mining equipment and services, environmental risks, operating risks, regulatory changes, the uncertainty inherent in estimating reserves and in projecting future rates of production, cash flow and access to capital, and the timing of development expenditures and the other risks described under “Risk Factors” in the prospectus.

Should one or more of the risks or uncertainties described in this presentation occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this presentation are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this presentation.

# Key Investment Highlights



# Ramaco overview



(NASDAQ: METC)

*“Pure play” metallurgical coal company with ~250 million tons of high quality metallurgical coal reserves (more than a 50-year production life), low debt, low ARO liabilities, and advantaged geology leading to low cash costs*

## At a glance

- Large ~250 million ton met coal reserve base with attractive quality characteristics across High Vol. and Low Vol.
- Advantaged reserve geology provides us with industry leading cash costs per ton and higher productivities
- Sales guidance for 2019 of 2.0 million tons. 2019 production guidance implies roughly 230% growth from 0.55 million tons produced in 2017. ~97% of 2019 production is anticipated to be high quality metallurgical coal
- Emphasis on recycling capital for organic growth, with the ability to maintain flexibility in challenging market conditions
- Minimal debt, ARO's, and legacy liabilities, with ample liquidity

## Market summary

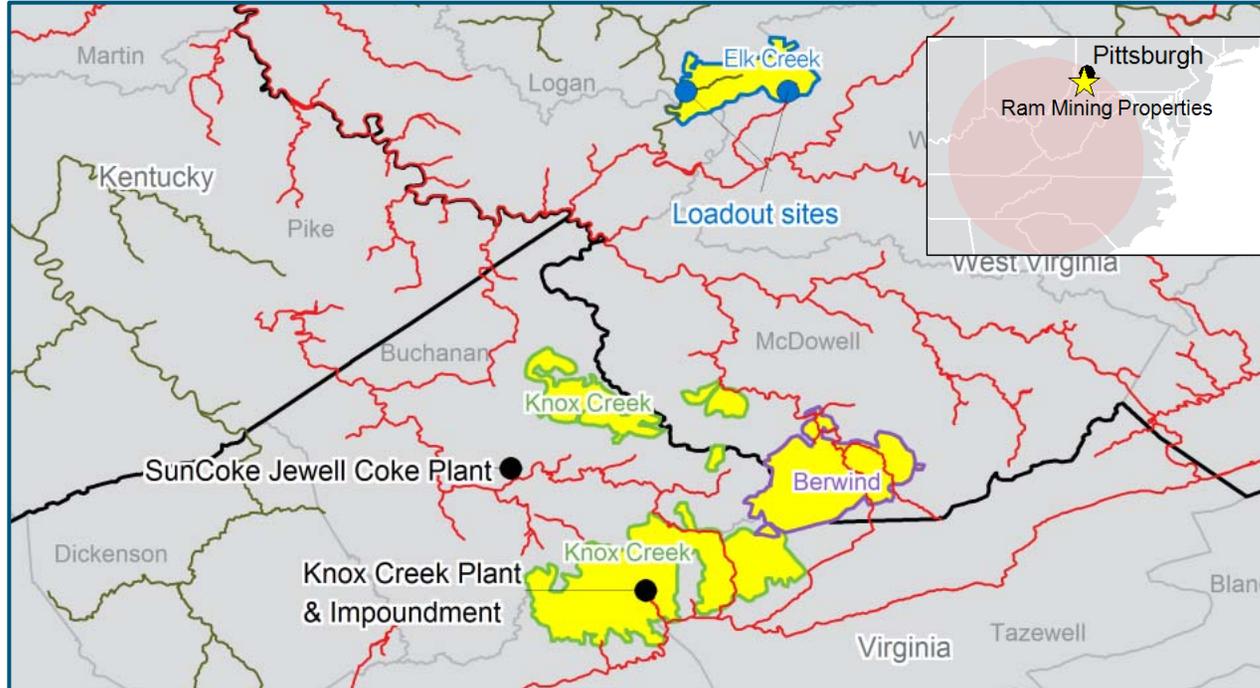
Share price (Nov. 1, 2019):	\$3.70
Ticker symbol:	METC
Market capitalization:	\$150 million
Net debt (9/30/19):	\$11 million
Implied enterprise value:	\$161 million
Management ownership:	>10%



# Met coal asset portfolio with competitive advantages

## Central Appalachian operations

- **Elk Creek**
  - 96 million tons of High Vol. Met reserves
  - 20+ year reserve life in relatively thick coal seams at deep mines and attractive ratios at surface mines translate to low costs
  - ~2.5 million tons per year of production at full capacity, including Elk Creek prep plant expansion
- **Berwind**
  - 71 million tons of Low Vol. Met reserves
  - Mining of the advantaged Poca #4 seam expected to begin in mid-2020
  - ~750,000 tons per year of production at full capacity with additional upside.
- **Knox Creek**
  - 75 million tons of High Vol. A
  - 650 raw tons/hr processing plant
  - Purchasing and reselling third party coal since December 2016
  - ~500,000 tons of per year of potential production, subject to market conditions



## Northern Appalachian operations

- **RAM**
  - Initial production expected in 2021-22, subject to permitting and market conditions
  - 6 million tons of High Vol. met reserves (Pittsburgh Seam)
  - Projected low mining costs; 6 miles by barge from U.S. Steel Clairton Coke Plant
  - ~500,000 tons per year of production at full capacity

*We anticipate growing annual production to 4.0-4.5 million tons of high quality met coal, subject to market conditions*

# Investment highlights

## Sustainable, low cash cost met coal platform, with minimal net debt and legacy liabilities

1	<b>Portfolio of high-quality, long-lived assets</b>	<ul style="list-style-type: none"> <li>Large ~250 million ton met coal reserve base with attractive quality characteristics across High-Vol. and Low-Vol. segments</li> </ul>
2	<b>Continued growth, but flexibility to be nimble</b>	<ul style="list-style-type: none"> <li>Production growth up to 4.0-4.5 million clean tons, subject to market conditions, with over two-thirds coming from High-Vol. A and Low-Vol. met coal</li> <li>Geologically advantaged reserve base allows for flexible capital spending in challenging market conditions</li> </ul>
3	<b>Low cost U.S. met coal producer</b>	<ul style="list-style-type: none"> <li>Cash costs substantially below most U.S. domestic met coal producers</li> <li>Superior geology yields high expected clean-tons-per-foot. Combined with attractive surface mining ratios and low cost highwall mining, this creates greater tons-per-employee hour productivity at Elk Creek than most peers</li> </ul>
4	<b>Positioned to serve both domestic and export markets</b>	<ul style="list-style-type: none"> <li>Well-positioned to sell into both domestic and export markets</li> <li>Advantaged infrastructure and flexibility</li> </ul>
5	<b>Clean balance sheet with ample liquidity</b>	<ul style="list-style-type: none"> <li>Minimal debt AND minimal legacy liabilities provide greater flexibility and lower risk relative to peers</li> </ul>
6	<b>Strong third quarter 2019 earnings</b>	<ul style="list-style-type: none"> <li>Adjusted EBITDA was \$13.6 million in the third quarter of 2019, which was 24% above the same period in 2018</li> </ul>
7	<b>Highly experienced team</b>	<ul style="list-style-type: none"> <li>Highly experienced management team and board of directors with a long history of acquiring, developing, financing, building, and operating coal properties</li> </ul>
8	<b>Attractive valuation for long-term investors</b>	<ul style="list-style-type: none"> <li>Current trading levels offer a compelling opportunity to invest in a premier met coal producer with a visible runway for growth</li> </ul>

# 3Q19 financial highlights

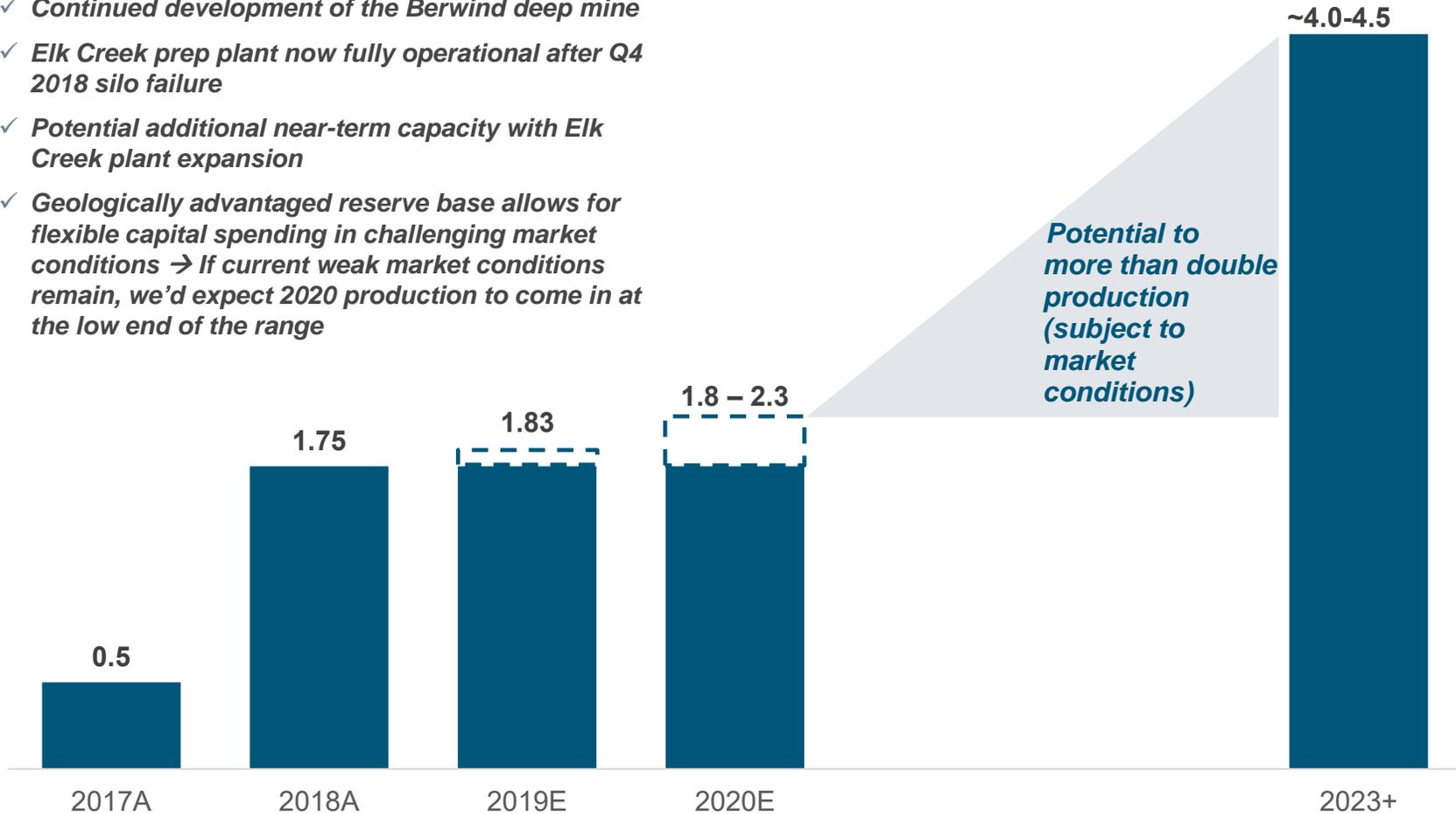
*Third quarter 2019 adjusted EBITDA of \$13.6 million was 24% above the same period in 2018*

Key Metrics								
	3Q19	2Q19	Change	3Q18	Change	3Q19 YTD	3Q18 YTD	Change
Sales of Company Produced Tons ('000)	510	499	2%	510	0%	1,452	1,406	3%
Revenue (\$mm)	\$61.4	\$65.8	-7%	\$62.2	-1%	\$184.6	\$183.4	1%
Cost of Sales (\$mm)	\$45.0	\$43.2	4%	\$49.4	-9%	\$129.2	\$141.6	-9%
Pricing of Company Produced (\$/Ton)	\$111	\$116	-4%	\$90	23%	\$110	\$91	21%
Cash Costs of Sales - Company Produced (\$/Ton)	\$80	\$71	13%	\$65	23%	\$73	\$62	18%
Cash Margins on Company Produced (\$/Ton)	\$31	\$45	-31%	\$25	24%	\$37	\$29	29%
Net Income (\$mm)	\$5.5	\$10.6	-48%	\$6.2	-11%	\$23.0	\$21.7	6%
Adjusted EBITDA (\$mm)	\$13.6	\$19.1	-29%	\$11.0	24%	\$46.4	\$35.2	32%
Capex (\$mm)	\$14.3	\$11.5	24%	\$12.4	15%	\$34.0	\$39.9	-15%
Diluted Earnings per Share	\$0.14	\$0.26	-46%	\$0.15	-7%	\$0.56	\$0.54	4%

# Ramping production prudently

## Ramaco annual production (in millions of tons)

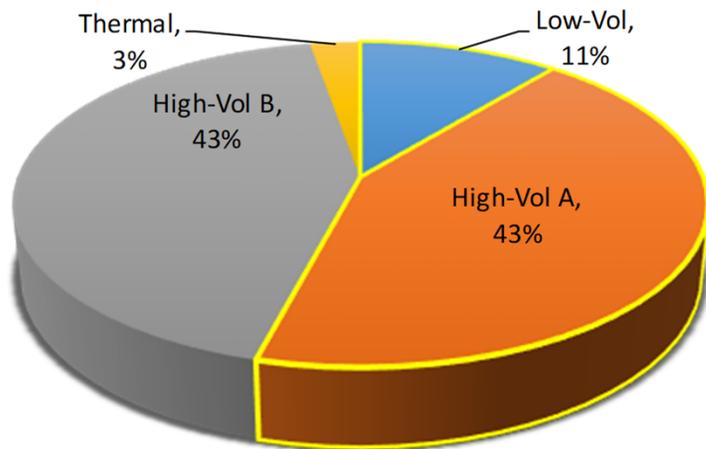
- ✓ Continued development of the Berwind deep mine
- ✓ Elk Creek prep plant now fully operational after Q4 2018 silo failure
- ✓ Potential additional near-term capacity with Elk Creek plant expansion
- ✓ Geologically advantaged reserve base allows for flexible capital spending in challenging market conditions → If current weak market conditions remain, we'd expect 2020 production to come in at the low end of the range



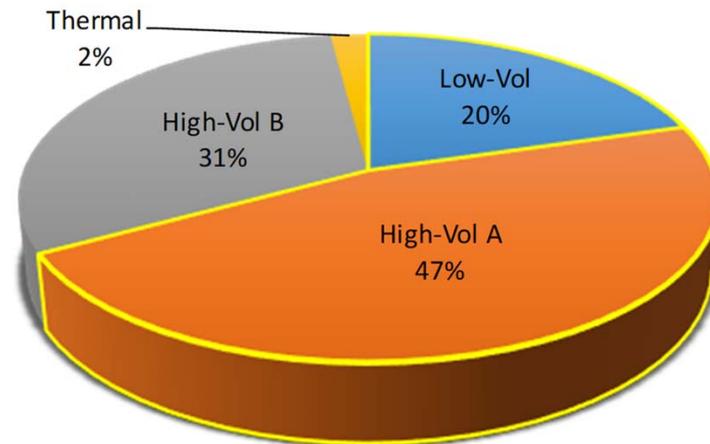
# Metallurgical quality breakdown

*Growth is focused to create a quality portfolio with over two-thirds of annual production eventually being high quality Low Vol. and High Vol. A coal*

### 2019 Production Outlook



### Long-Term Production Outlook <sup>(1)</sup>

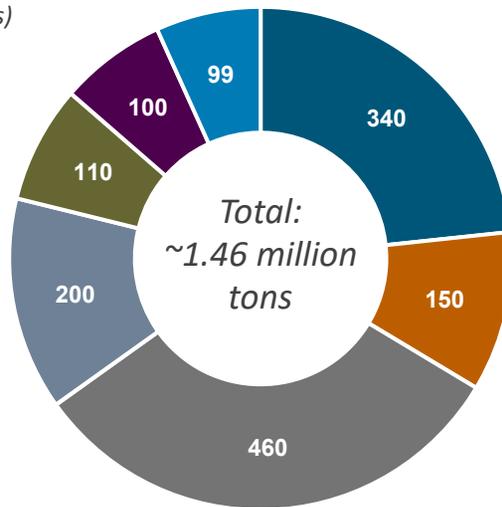


# Coal sales commitments for 2019

*~2.0 million tons committed for 2019, with ~1.9 million tons priced at a ~\$110/ton average*

## Domestic, fixed price business <sup>(1)</sup>

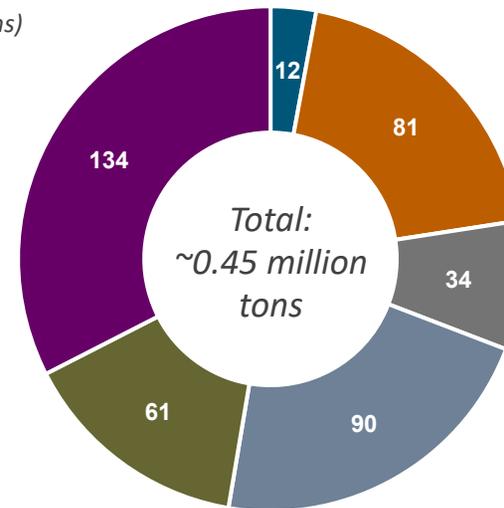
(in 000s tons)



- Buyer 1 - HV
- Buyer 2 - HV
- Buyer 3 - HV
- Buyer 1 - LV
- Buyer 4 - LV
- Buyer 5 - HV
- Misc. / 2018 Carry Forward

## Export, fixed price business <sup>(1)</sup>

(in 000s tons)



- Buyer 1 - LV
- Buyer 2 - HV
- Buyer 3 - HV
- Buyer 4 - HV
- Buyer 5 - HV
- Buyer 6 - HV

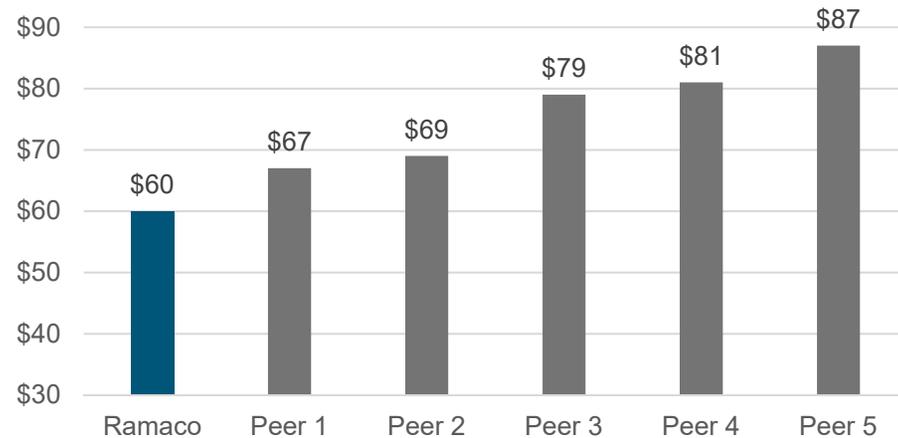
(1): As of Sept. 30, 2019; includes less than 0.1 million tons of purchased coal, and less than 0.1 million tons of thermal coal by-product. Thermal coal is excluded from charts above.

# Ramaco's cash costs remain among the lowest in the industry, while insider ownership is among the highest

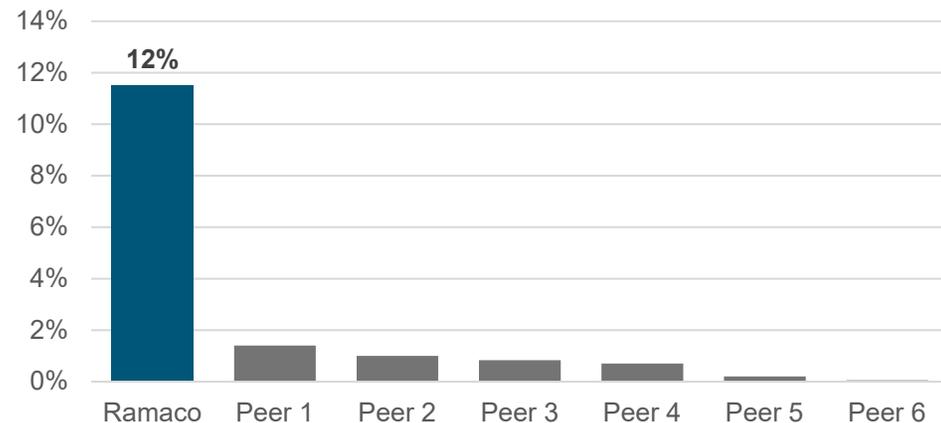
✓ *We believe Ramaco is firmly in the first quartile of U.S. metallurgical coal cash costs.*

✓ *Ramaco management currently owns ~12% of the company, with no peer at much more than 1% of insider ownership*

**2018 met coal cash costs (\$/short ton FOB mine) <sup>(1)</sup>**



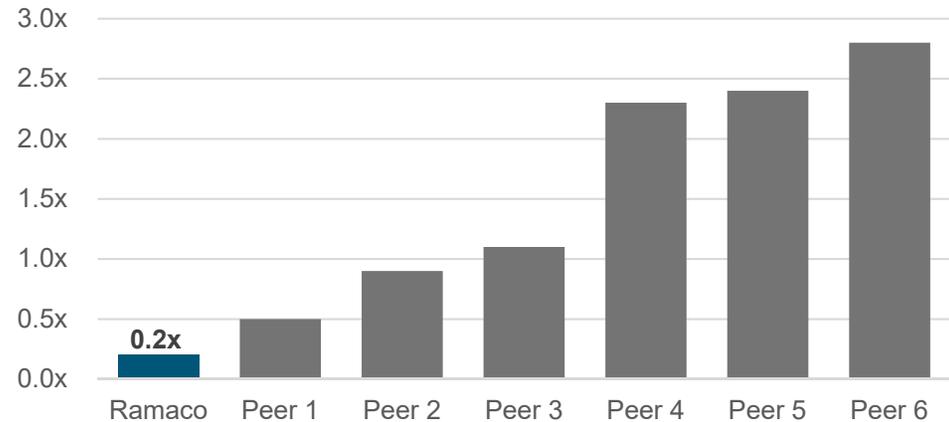
**Management Ownership % Of Stock <sup>(2)</sup>**



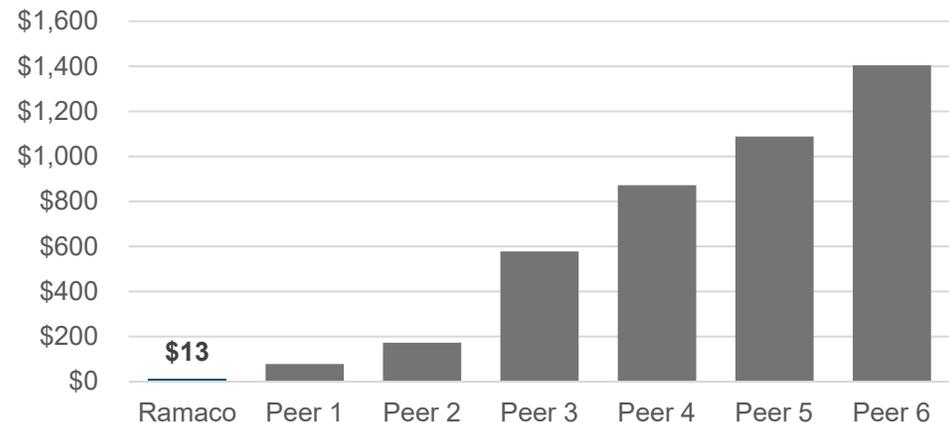
# Ramaco has a *best-in-class* balance sheet

- ✓ *Ramaco has limited debt, mostly to manage receivables*
- ✓ *Management is focused on maintaining a strong financial position to allow full flexibility throughout all pricing cycles*
- ✓ *Ramaco has the lowest legacy liabilities among its direct peer group, 98% below the group average*

**Debt / EBITDA<sup>(1)</sup>**



**Legacy Liabilities (\$M)<sup>(2)</sup>**



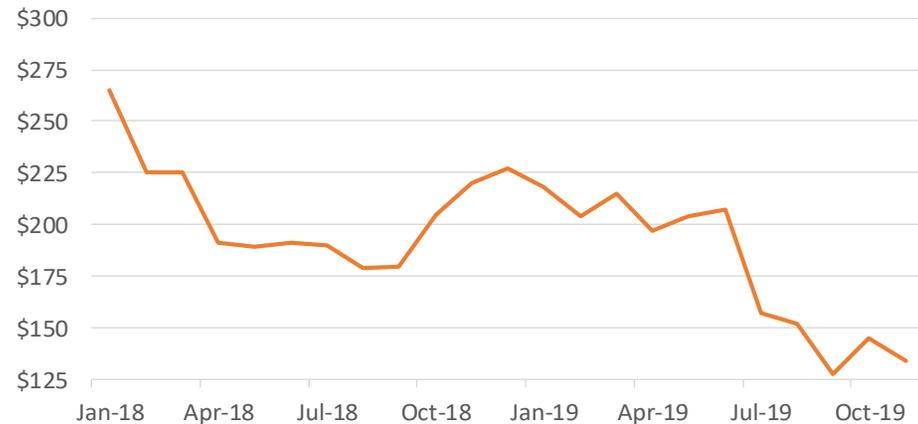
# Met Coal Market Overview



# Forward curve remains well supported, despite fall in spot

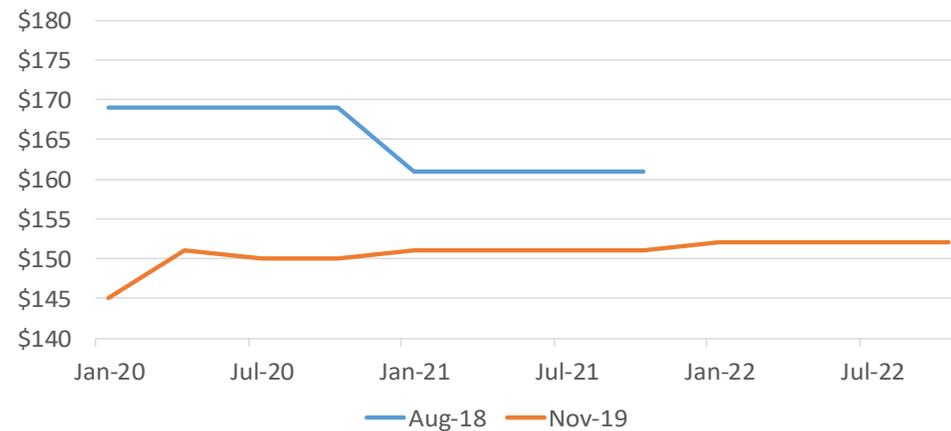
✓ *As of Nov. 1, met coal spot prices were down almost 40% YTD, or over \$75/ton. The Australian benchmark spot price as of Nov. 1 was \$134/metric ton FOB port*

**Met Coal Spot Price (1)**



✓ *However, the forward curve for 2021 is currently down just \$10/ton versus where it was in August 2018, and is now in contango compared to current spot prices*

**Met Coal Forward Curve (1)**



# Supply underinvestment continues, but short-term demand a concern

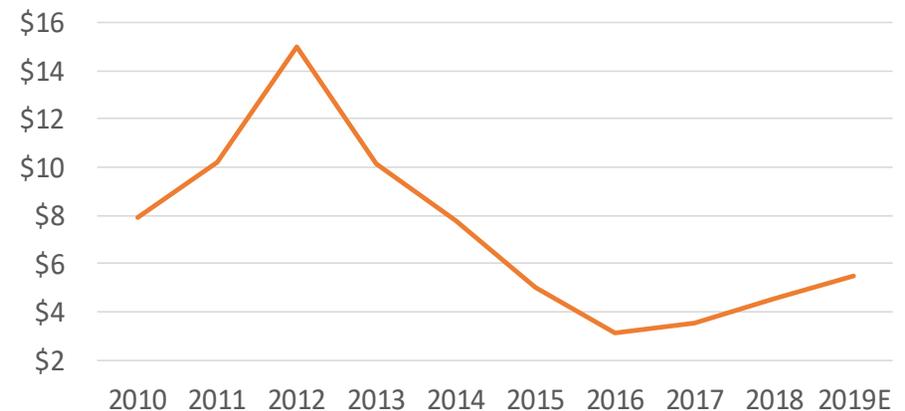
## Supply underinvestment continues:

- Met coal capex remains ~70% below peak 2012 levels
  - High cost of capital for many producers, while ESG pressure continue
- High cost of production for many players has caused 3 large U.S. met coal bankruptcies in the last 2 quarters, which should further rationalize supply. During that time, Seaport Global estimates almost 4 million tons of U.S. met coal production has come offline, representing ~5% of total production

## Long-Term demand is growing, offset by short-term weakness:

- **Long-Term:** Chinese steel production is up 8% YTD. Indian steel production reached 100 million tons in 2018 for the first time
- **Short-Term:** However, European steel production is down 4% YTD. Many European and U.S. steel blast furnace producers have cut capacity due to weak market conditions, with a forecast for further cuts in 2020

## Global Met Coal Capex (1)

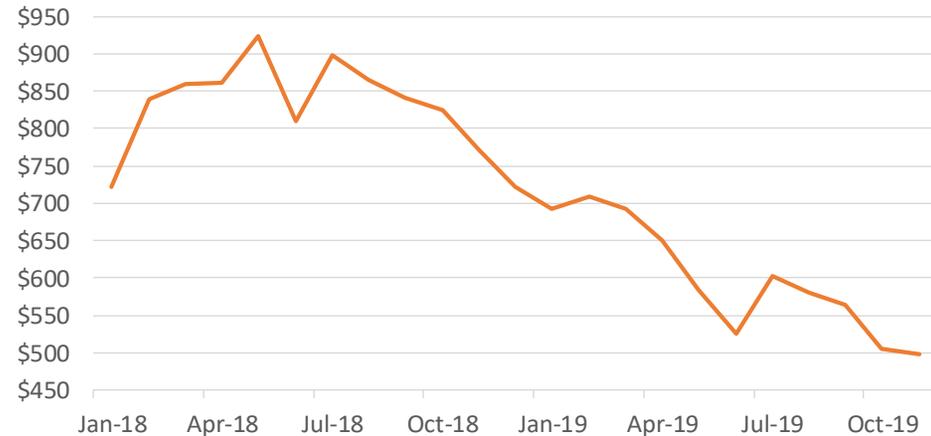


*Unlike the most recent downturn in the early part of the decade, met coal supply growth remains limited, on the back of lower capex. However, steel pricing & demand remains a short-term concern*

# Steel pricing remains weak

✓ *As of Nov. 1, U.S. hot rolled steel prices were down ~30% YoY. Though a recent across-the-board price hike is expected to “stop the bleeding”*

### U.S. Steel Prices (1)



✓ *U.S. steel capacity utilization has been in a downward trend for most of the past 6 months, on the back of production cuts due to weak pricing*

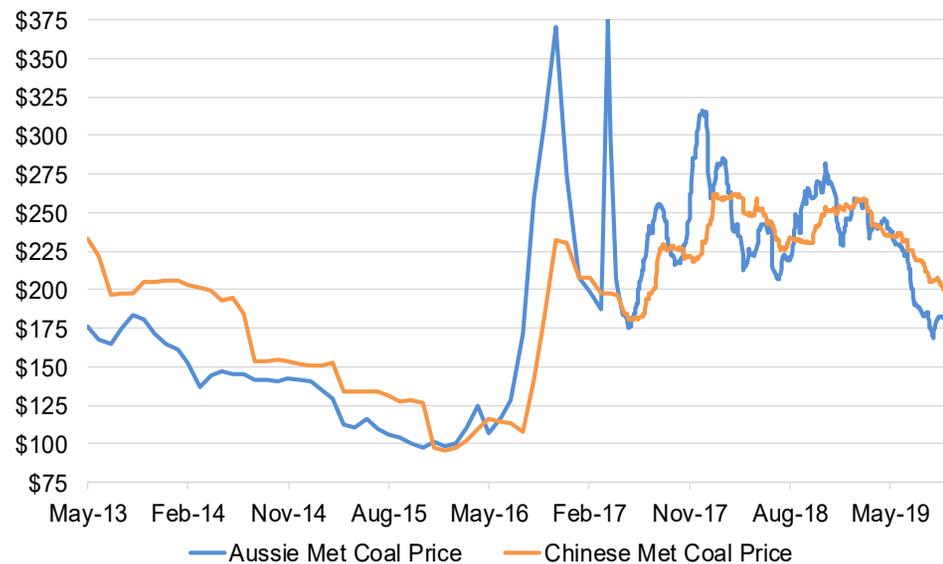
### U.S. Steel Capacity Utilization



# Met coal arb into China is wide open, as Chinese port restrictions “mess” with traditional pricing relationship

- ✓ *As of Nov. 1, the metallurgical coal arb is \$30/ton, which means it is roughly \$30/ton cheaper for a Chinese steel mill to import coal compared to buying domestically*
- ✓ *The uncertainty over recent Chinese import restrictions has caused the import arb to remain elevated, with a \$28/ton average since the beginning of Aug., versus an average near \$0/ton since mid-2017*

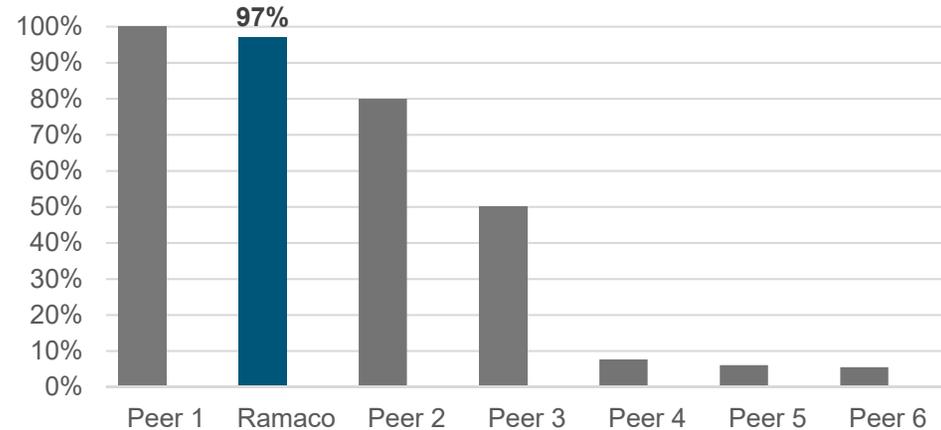
Met Coal Arb Into China<sup>(1)</sup>



# Ramaco is essentially a pure-play met coal producer

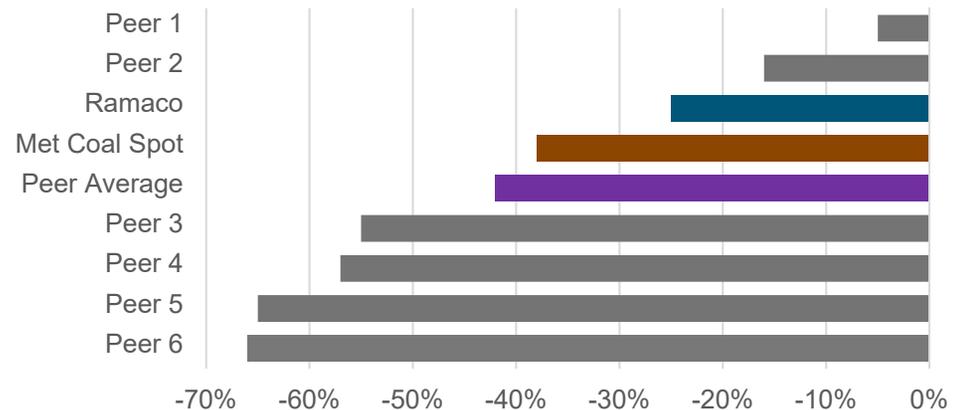
✓ *The majority of Ramaco’s U.S. “met coal” peers actually produce more thermal coal than met coal. Ramaco is one of two players that produce 95% or more met coal as a % of total production. Of those two, Ramaco is the only large domestic met supplier*

**Met Coal As A % Of Total Production (1)**



✓ *Through Nov. 1, met coal spot prices have dropped almost 40% YTD. Tracking that decline, Ramaco’s U.S. listed peer group has seen a ~42% on average YTD stock price decline, while Ramaco is down 25% YTD*

**YTD Price Performance**



# Safety & Environmental



# Environmental, Health & Safety

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**Ramaco is committed to complying with both regulatory and its own high standards for environmental and employee health and safety requirements**

***Ramaco's comprehensive health and safety program focuses on its core belief that all accidents and occupational illnesses are preventable. Ramaco believes that:***

- Business excellence is achieved through the pursuit of safer and more productive work practices
- Any task that cannot be performed safely should not be performed
- Working safely is a requirement for all employees
- Controlling the work environment is important, but human behavior within the work environment is paramount
- Safety starts with individual decision-making – all employees must assume a share of responsibility for acts within their control that pose a risk of injury to themselves or fellow workers
- All levels of the organization must be proactive in implementing safety processes that promote a safe and healthy work environment
- Consequently, we are committed to providing a safe work environment; providing our employees with proper training and equipment; and implementing safety and health rules, policies and programs that foster safety excellence.

**The safety program includes a focus on the following: *hiring the right workers, safety incentives, communication, drug & alcohol testing, continuous improvement programs, training, accident investigation, safety audits, employee performance improvement, employee involvement and positive reinforcement.***

# Appendix

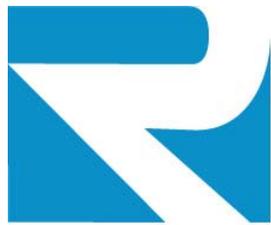


# Reconciliation of non-GAAP measures

Adjusted EBITDA is used as a supplemental non-GAAP financial measure by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. We believe Adjusted EBITDA is useful because it allows us to more effectively evaluate our operating performance.

We define Adjusted EBITDA as net income plus net interest expense, equity-based compensation, depreciation and amortization expenses and any transaction related costs. A reconciliation of income, net of income taxes to Adjusted EBITDA is included below. Adjusted EBITDA is not intended to serve as an alternative to U.S. GAAP measures of performance and may not be comparable to similarly-titled measures presented by other companies.

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
<i>(In thousands)</i>				
Reconciliation of Net Income to Adjusted EBITDA				
Net income	\$ 5,550	\$ 6,211	\$ 23,046	\$ 21,681
Depreciation and amortization	5,353	3,348	14,291	8,741
Interest expense, net	342	566	951	980
Income taxes	1,133	63	4,658	1,448
EBITDA	12,378	10,188	42,946	32,850
Stock-based compensation	1,104	695	3,058	1,940
Accretion of asset retirement obligation	128	124	383	370
Adjusted EBITDA	\$ 13,610	\$ 11,007	\$ 46,387	\$ 35,160



# RAMACO

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## RESOURCES

**Ramaco Resources, Inc.**

250 West Main Street, Suite 1800  
Lexington, Kentucky 40507

POINT OF CONTACT:

Jeremy Sussman  
Chief Financial Officer

[jrs@ramacocoal.com](mailto:jrs@ramacocoal.com) | 859-244-7455