



Alliance Resource Partners, L.P.

MLP & Energy Infrastructure Conference

May 15, 2019



ALLIANCE RESOURCE
PARTNERS, L.P.

Forward-Looking Statements

This presentation contains forward-looking statements and information that are based on the beliefs of Alliance Resource Partners, L.P. (the “Partnership”), as well as assumptions made by and information currently available to them. When used in this presentation, words such as “anticipate,” “project,” “expect,” “plan,” “goal,” “forecast,” “intend,” “could,” “believe,” “may,” and similar expressions and statements regarding the plans and objectives of the Partnership for future operations, are intended to identify forward-looking statements. Actual results may differ materially from results contemplated by our forward-looking statements.

Any forward-looking statement in this presentation reflects the Partnerships’ current views with respect to future events and is subject to these views and other risks, uncertainties and assumptions relating to our operations, operating results, growth strategy and liquidity. We urge you to carefully review the disclosures we make concerning risks and other factors that may affect our business and operating results, including those made under the heading “Risk Factors” in our Annual Reports on Form 10-K for the fiscal year ended December 31, 2018, as such risk factors may be amended, supplemented or superseded from time to time by other reports the Partnership files with the SEC in the future. We caution you that any forward-looking statements in this presentation and the documents incorporated herein by reference are not guarantees of future performance and you should not place undue reliance on such statements or documents, which speak only as of the date on which they are made.

The Partnership does not intend, and undertake no obligation, to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, unless required by law to do so.

Today's Discussion

- ✓ *Alliance Overview*
- ✓ *Coal Platform*
- ✓ *Minerals Platform*
- ✓ *Positioned for Success*

Alliance Overview



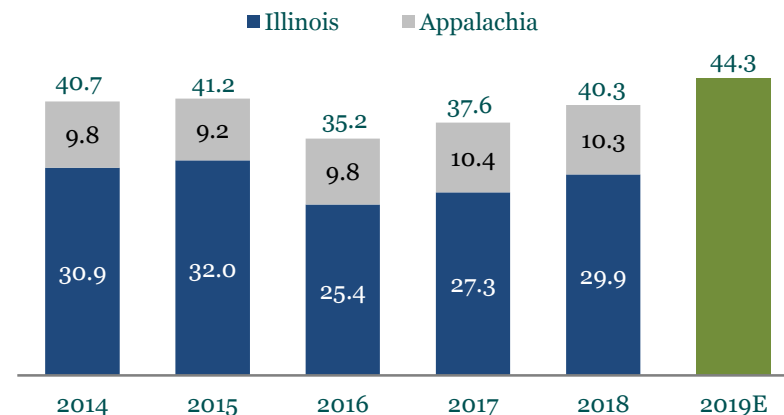
ALLIANCE RESOURCE
PARTNERS, L.P.

ARLP Company Overview

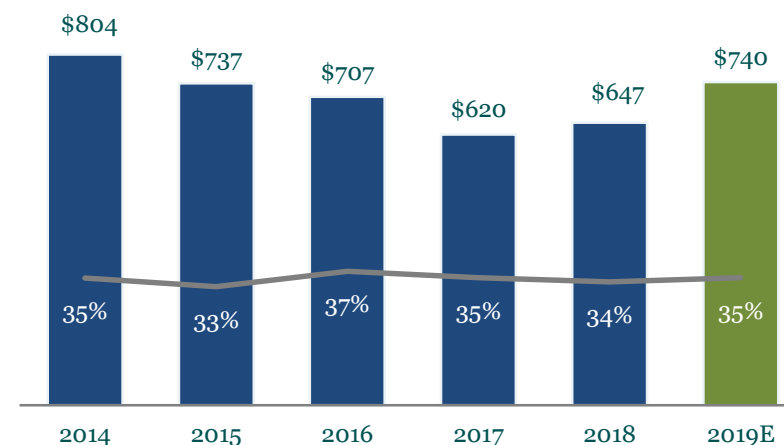
Historical Highlights

- Alliance Resource Partners, L.P. (ARLP) began operations in 1971. ARLP began trading on NASDAQ in 1999 as the coal industry's first publicly traded MLP.
- ARLP has grown to be the second largest coal producer in the eastern U.S., operating 8 underground mining complexes in the Illinois Basin and Appalachia and marketing thermal and metallurgical coal to domestic utilities, industrials and the growing international markets.
- Since late 2014, ARLP has pursued opportunities in addition to coal and now generates income from its Minerals segment.
- Alliance has a track record of success – consistently delivering strong operating and financial performance while maintaining a conservative balance sheet throughout market cycles.

Historical Coal Production (mm tons)



Historical Adjusted EBITDA (\$mm) / margin



Delivered Growth in 2018...

\$mm	2017 Actual	2018 Actual
Tons Sold (ooo's)	37,824	40,421
Tons Produced (ooo's)	37,609	40,266
Revenue ⁽¹⁾	\$1,755	\$1,890
Adjusted Net Income Attributable to ARLP⁽²⁾	\$312	\$327
Adjusted EBITDA ⁽³⁾	\$620	\$647
Minerals EBITDA Contribution	\$14	\$21
Capital Expenditures	\$145	\$233
Distributable Cash Flow⁽³⁾	\$420	\$416
Distribution Coverage Ratio⁽³⁾	1.75x	1.51x

Source: Company filings

(1) Excluding transportation revenue

(2) Net income attributable to ARLP excluding \$80 million settlement gain and \$40.5 million asset impairment for 2018; 2017 excludes \$8.1 million debt extinguishment loss

(3) Excluding \$80mm settlement gain and \$40.5 million asset impairment for 2018; 2017 excludes \$8.1 million debt extinguishment loss

...Continued Growth Expected in 2019

\$mm	2018 Actual	2019 Guidance ⁽³⁾
Tons Sold (ooo's)	40,421	43,500 – 45,000
Tons Produced (ooo's)	40,266	43,500 – 45,000
Revenue ⁽¹⁾	\$1,890	\$2,040 - \$2,140
Adjusted Net Income Attributable to ARLP⁽²⁾	\$327	\$355.5 - \$395.5
Adjusted EBITDA ⁽²⁾	\$647	\$720 - \$760
Minerals EBITDA Contribution	\$21	\$37 - \$47
Capital Expenditures	\$233	\$360 - \$400
Distributable Cash Flow⁽²⁾	\$416	\$446.5
Distribution Coverage Ratio⁽²⁾	1.51x	1.61x

Source: Company filings

(1) Excluding transportation revenue

(2) 2018 excludes \$80mm settlement gain and \$40.5 million asset impairment; 2019E excludes gain of \$170 million recorded in 1Q2019 to reflect fair value of previous AllDale partnerships interests

(3) 2019E guidance as of April 2019

Capital Allocation Priorities

Invest to Build and Grow Long-Term Cash Flows

- Coal Platform
 - ❖ Leverage off low-cost operations to take advantage of market opportunities
 - Developing Excel Mine No. 5 in East Kentucky
 - Expanding Production at Gibson and River View
 - Disciplined acquisitions
- Minerals Platform
 - ❖ Completed \$176 million AllDale acquisition
 - ❖ Actively evaluating additional opportunities

Return cash to unitholders

- Increasing cash distributions
- Unit buybacks

Coal Platform



ALLIANCE RESOURCE
PARTNERS, L.P.

COAL OPERATIONS

1. GIBSON COMPLEX

1A. GIBSON SOUTH

1B. GIBSON NORTH

2. HAMILTON COMPLEX

3. RIVER VIEW COMPLEX

4. DOTIKI COMPLEX

5. WARRIOR COMPLEX

6. HENDERSON/UNION
RESERVES

7. MC MINING COMPLEX

7A. EXCEL MINE NO. 4

7B. EXCEL MINE NO. 5

8. METTIKI COMPLEX

9. TUNNEL RIDGE COMPLEX

10. PENN RIDGE RESERVES

11. MOUNT VERNON

TRANSFER TERMINAL



○ Operating Mine

⬠ Mine in Development

△ Transfer Terminal

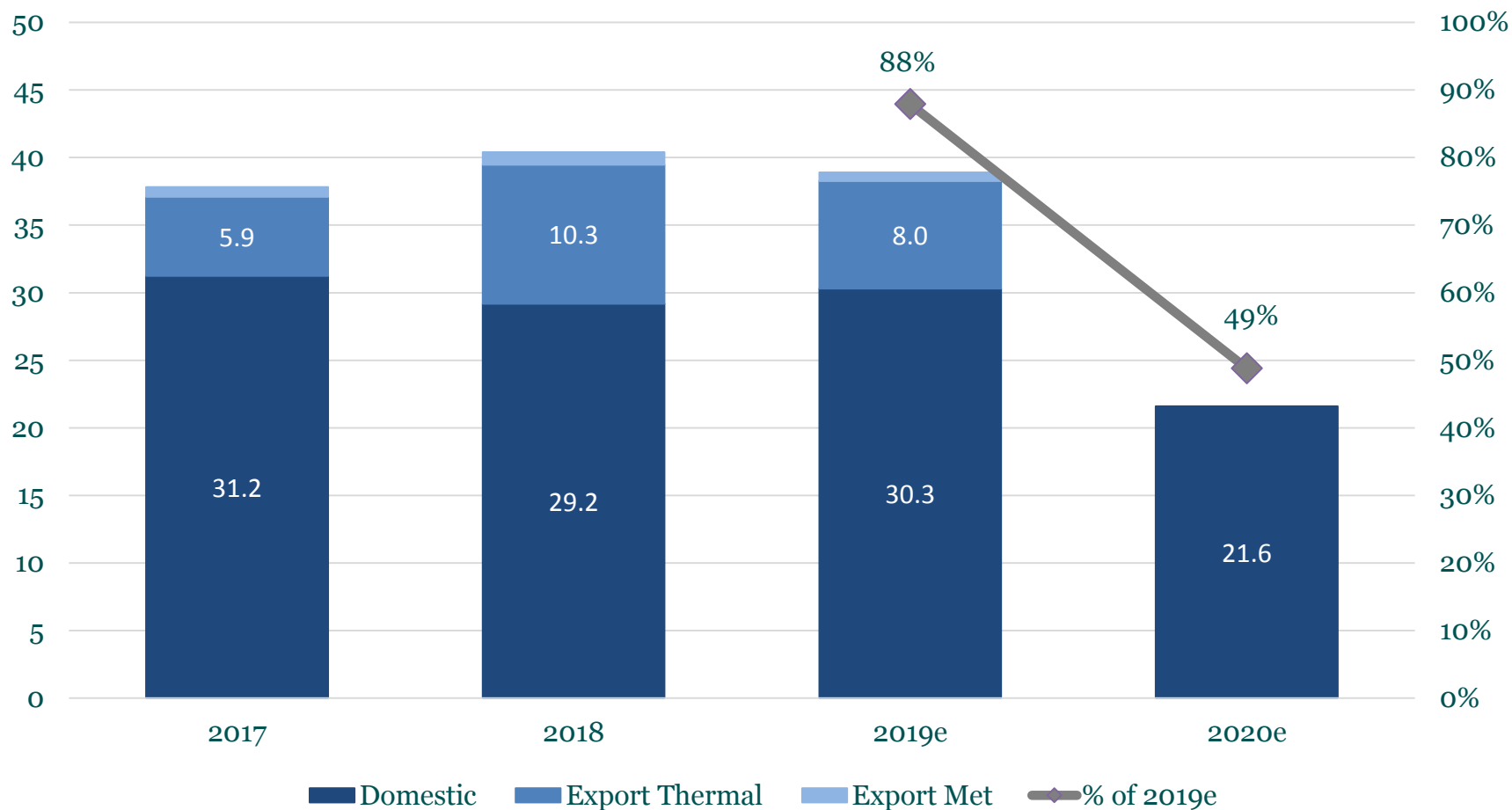
□ Reserve



**ALLIANCE RESOURCE
PARTNERS, L.P.**

Sales Commitments

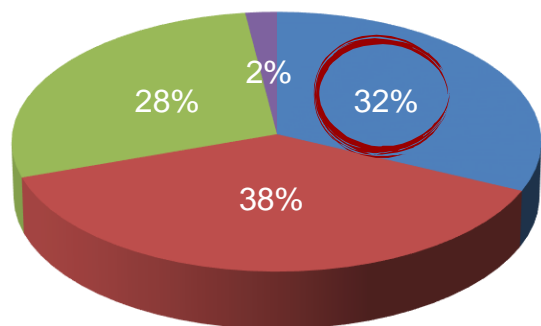
Alliance Committed and Priced Tons – 1Q2019



Note: 2019e – 2020e percentage based on midpoint of April 2019 guidance for tons sold

Coal's Share of Eastern U.S. Electricity Generation

Eastern U.S. Electricity Generation⁽¹⁾ – LTM Feb 2019



■ Coal ■ Natural Gas
■ Nuclear ■ Other

Eastern Coal Production and Consumption

(Million Short Tons)	2017	2018	% Change	2019	% Change
Eastern Coal Production					
Central Appalachia	78.5	79.4	1.2%	75.7	-4.7%
Northern Appalachia	107.3	106.8	-0.4%	105.4	-1.3%
Illinois Basin	103.2	105.7	2.4%	106.5	0.8%
Eastern Production	289.0	291.9	1.0%	287.6	-1.5%
Total U.S. Production	774.6	775.5	0.1%	699.8	-9.8%
Eastern Coal Consumption					
Electric Power Sector	194.5	189.7	-2.5%	177.4	-6.5%
Industrial & Other	15.5	16.0	3.5%	14.9	-6.9%
Domestic Met	17.6	18.1	2.6%	18.1	0.0%
Total Domestic	227.6	223.8	-1.7%	210.4	-6.0%
Export Met	44.6	52.0	16.6%	50.9	-2.1%
Export Steam	26.8	39.8	48.3%	45.0	13.2%
Total Export	71.4	91.8	28.5%	95.9	4.5%
Eastern Consumption	299.0	315.5	5.5%	306.3	-2.9%
Eastern Build (Draw)	(10.0)	(23.6)		(18.7)	

Coal remains a substantial source of U.S. electricity generation with demand stable in Alliance's primary markets

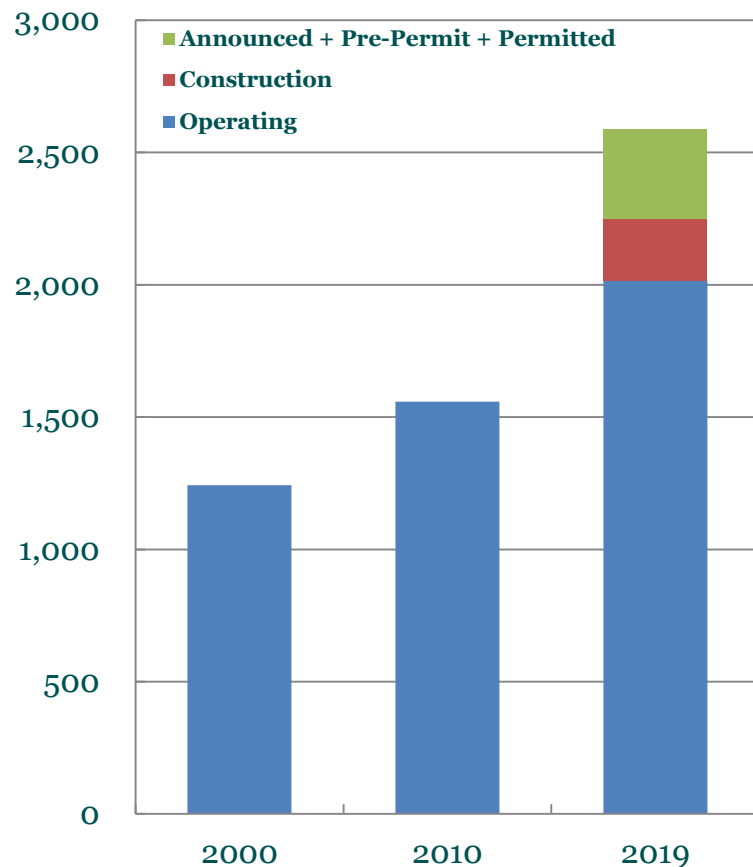
⁽¹⁾ Excludes New England

Sources: EIA, Analyst Consensus Estimates (Doyle, Pira, IHS) and ARLP Estimates

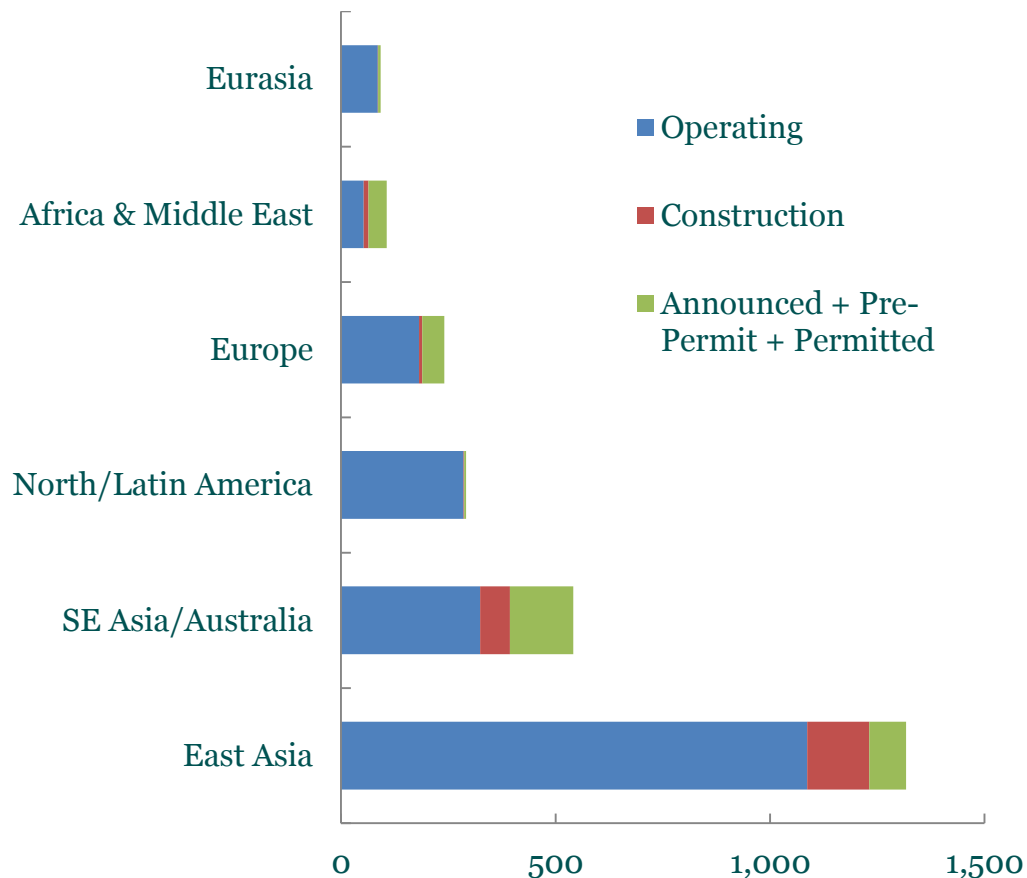
Global Installed Coal Capacity has Increased Significantly and Continues to Grow

13

Total Operating and Proposed Coal Plants (Gigawatts)



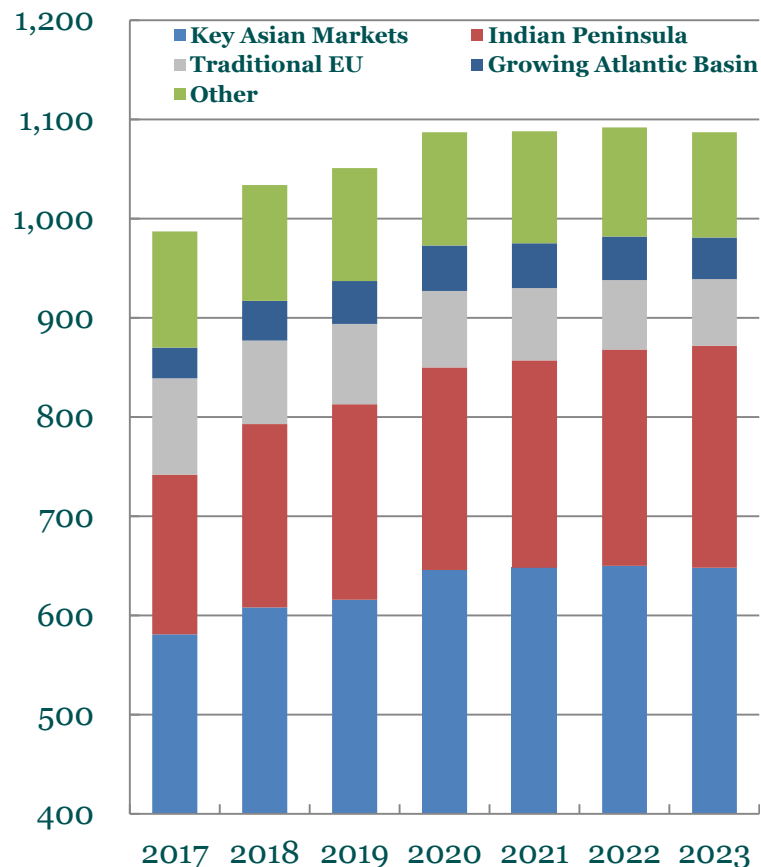
2019 Existing and Proposed Coal Plants – Region Groups (Gigawatts)



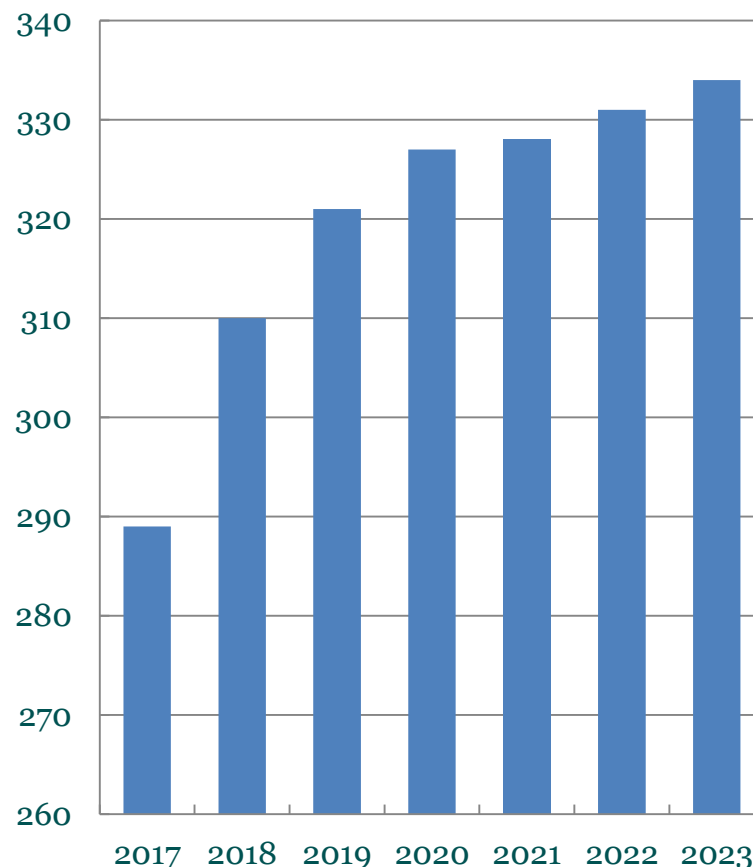
Sources: Wood Mac & Global Coal Plant Tracker

Export Market Demand Outlook

Total Seaborne World Thermal Coal Demand (Million Tons)

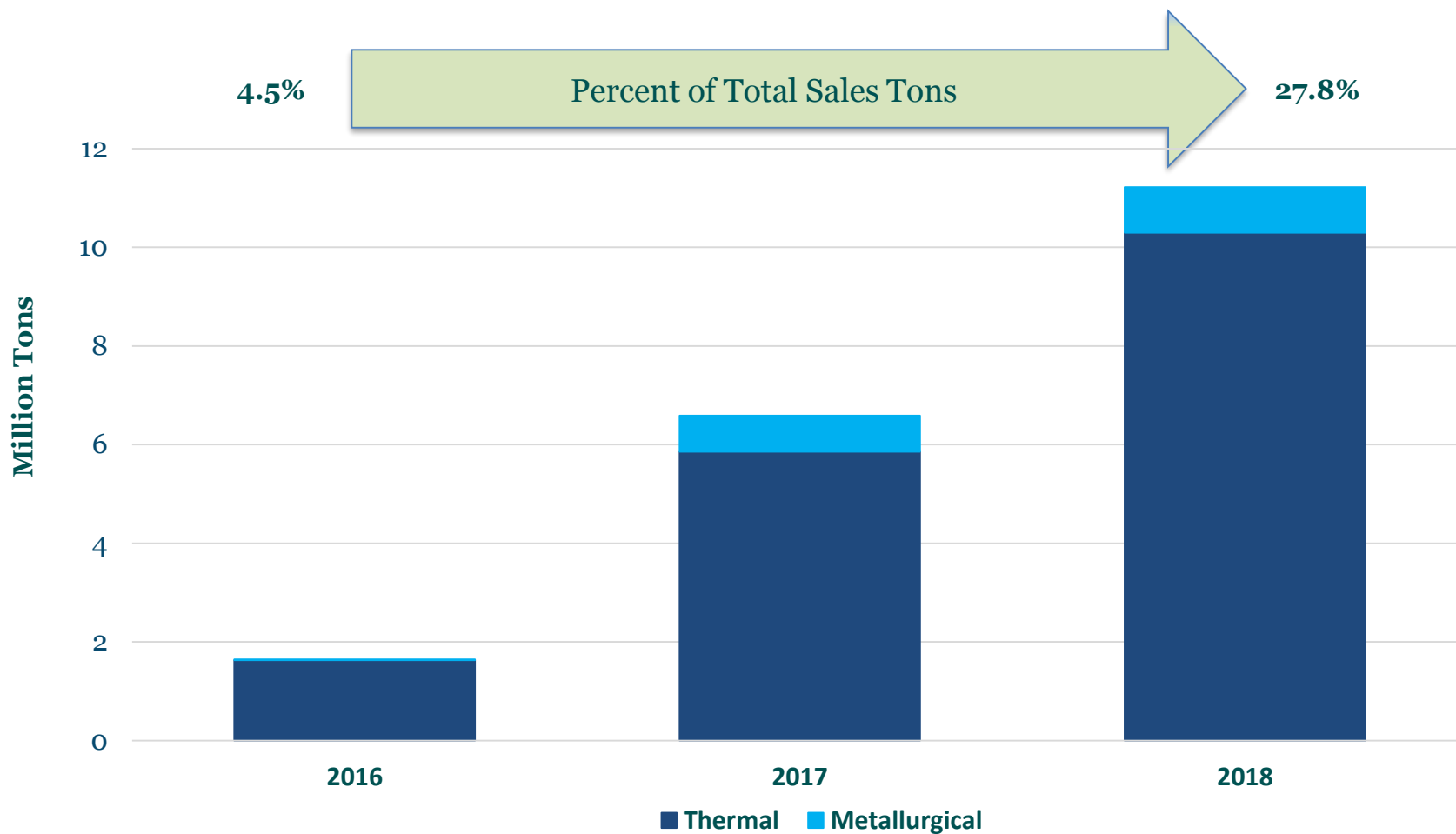


Key U.S. High Sulfur Markets – India + EU + Growing Atlantic Basin (Million Tons)



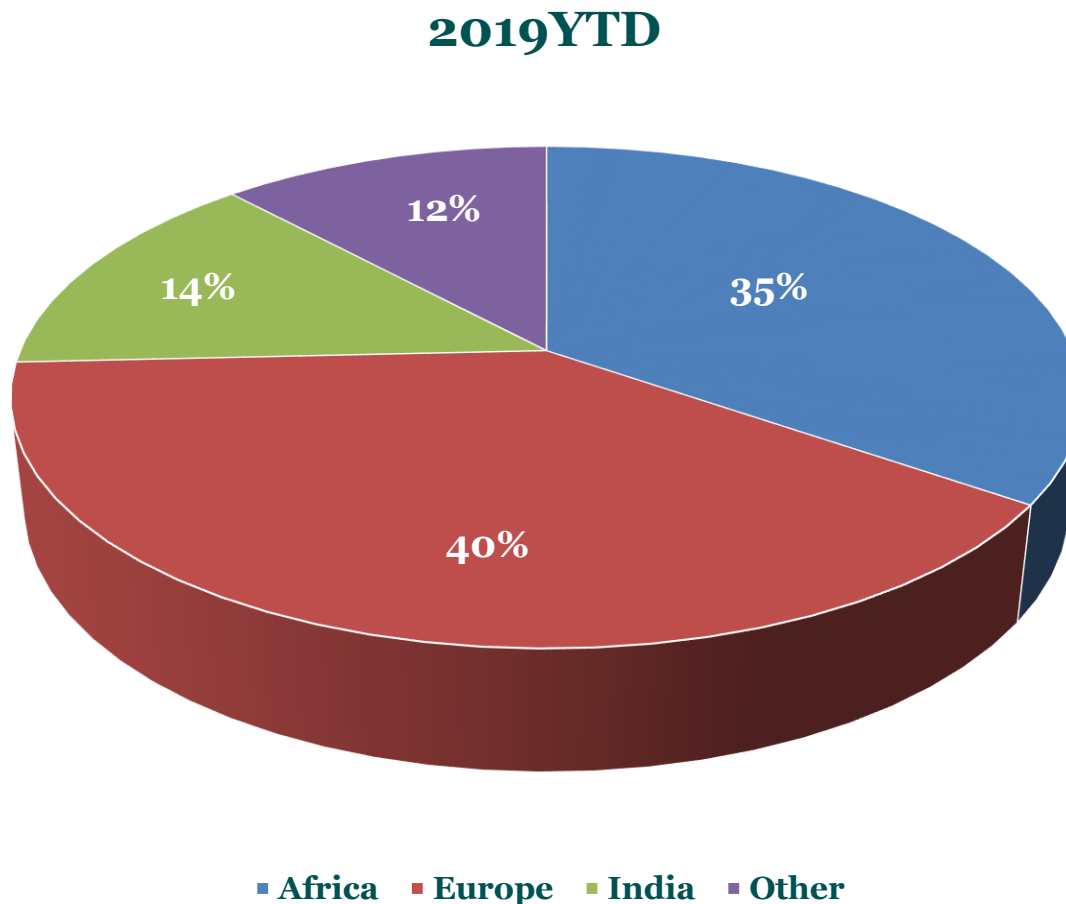
Alliance Export Activity Has Increased Significantly...

- *Total 2018 exports of ~11.2 million tons*
- *Currently anticipate 2019 export volumes to be comparable*



...Alliance Export Activity Has Increased Significantly

➤ *Deliveries to 31 countries around the globe in 2018*



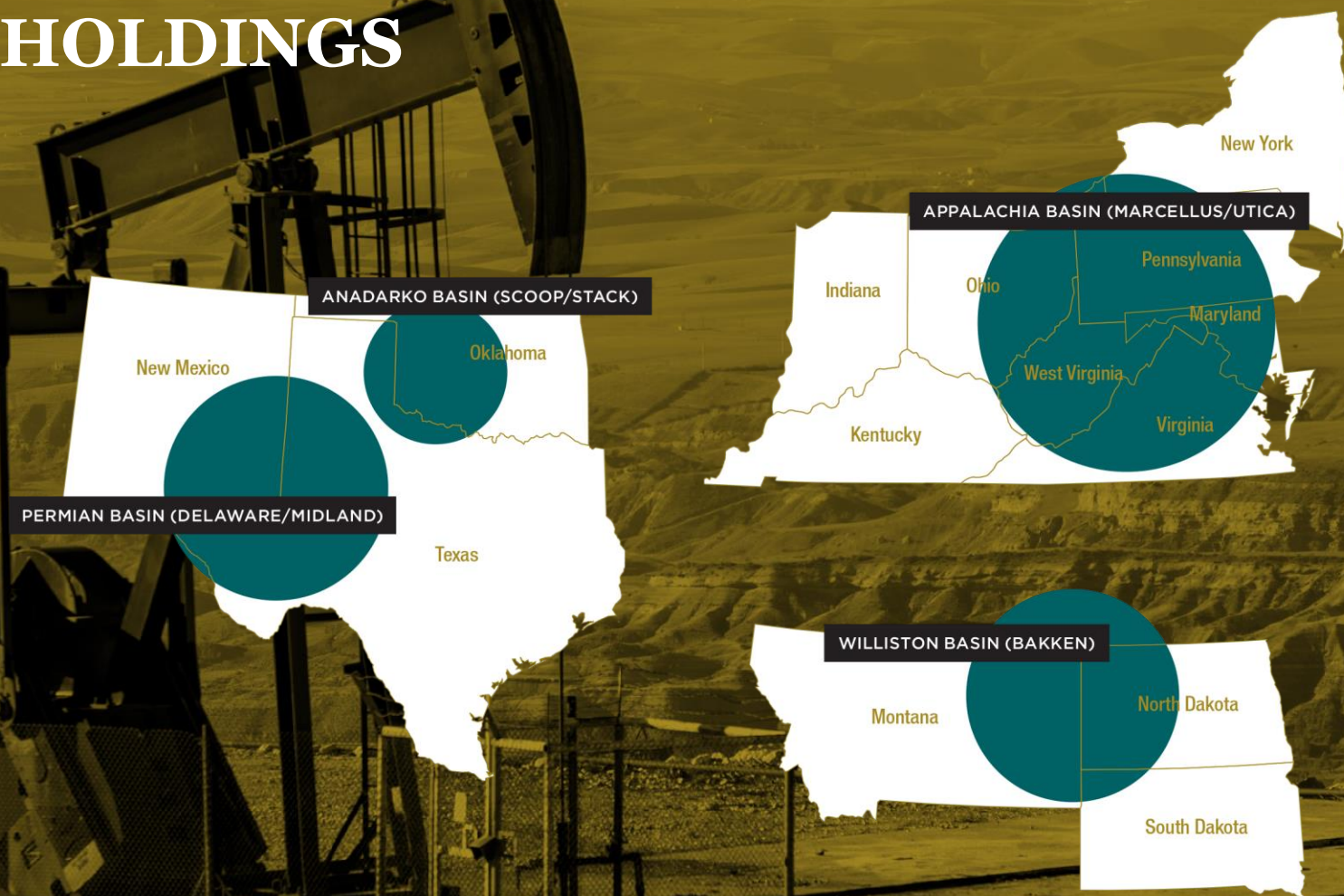
Note: 2019YTD thermal and metallurgical coal export delivery commitments as of March 31, 2019

Minerals Platform



ALLIANCE RESOURCE
PARTNERS, L.P.

OIL & GAS MINERAL HOLDINGS



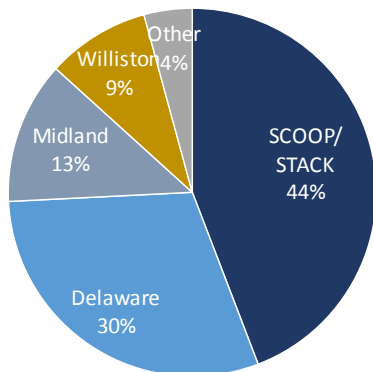
High Growth Oil-Focused Minerals Platform

Generating Oil & Gas Royalties

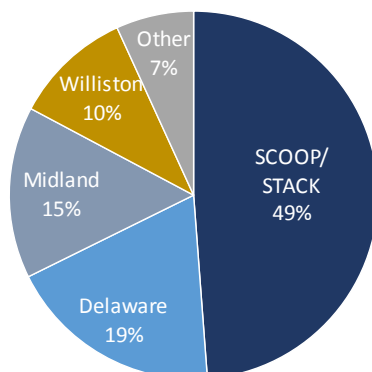
- 1Q 2019 oil & gas minerals adjusted EBITDA of \$9.1 million from primarily oil-weighted production concentrated to the most prolific oil resource basins in the U.S.
- Over 46,000 net royalty acres (“nRa”) primarily in the Anadarko, Permian and Williston basins; additional acreage in Appalachia and the Haynesville
- Industry-leading operators driving production and cash flow growth in each basin
- Highly visible drilling inventory of wells in process (“WIP”) and current regional rig activity gives confidence in permit replacement and development forecast



1Q19 Adj. EBITDA by Basin



Net Acreage by Basin



Key Asset Highlights

Gross Acres	1,202,080 ⁽¹⁾
Net Royalty Acres (“nRa”) ⁽²⁾	46,219
Hr Producing and WIP Wells ⁽³⁾	6,155
# of Operators	205
1Q19 Avg. Net Daily Production	2,874 boe/d
1Q19 Adjusted EBITDA	\$9.1 MM
2019E Adjusted EBITDA	\$37-47 MM

1) For all areas, except Appalachia, gross acreage represented is the sum of the gross acreage for the entire sections. Appalachia is based off of actual tract size.

2) Normalized to 1/8th and includes interests held indirectly through AllDale III | (3) Includes Hr PDNP and WIP Wells

Industry Leading Operators

- Strong operators active in each basin
- Majority of operators are public with a disciplined focus on cash flow and EBITDA
- Drilling and completion technology evolving as operators continuously strive to enhance capital efficiency

SCOOP / STACK



Williston



Delaware



Midland

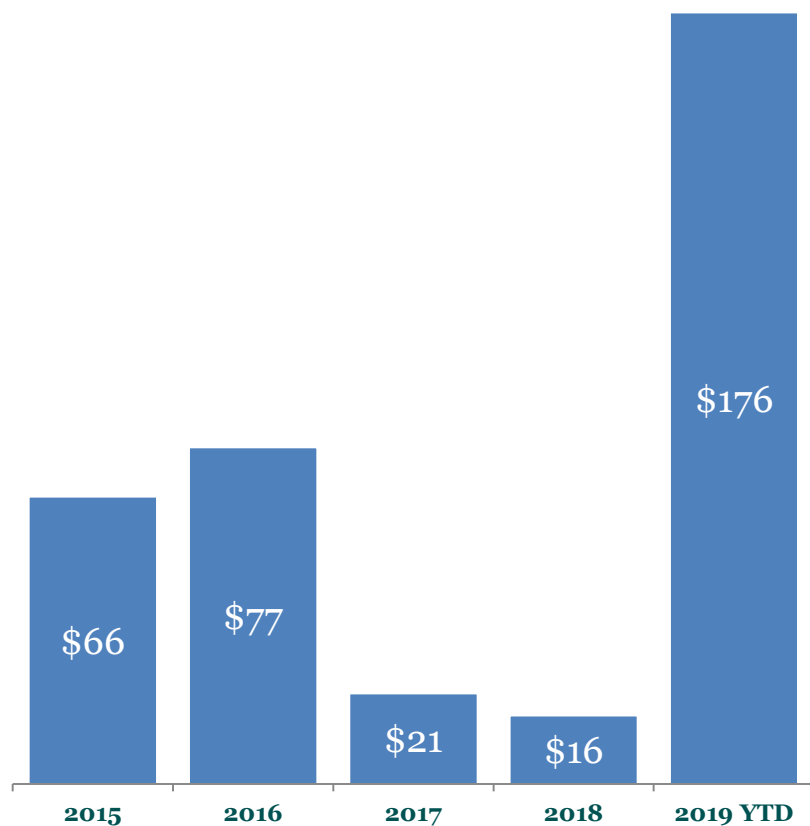


Appalachia

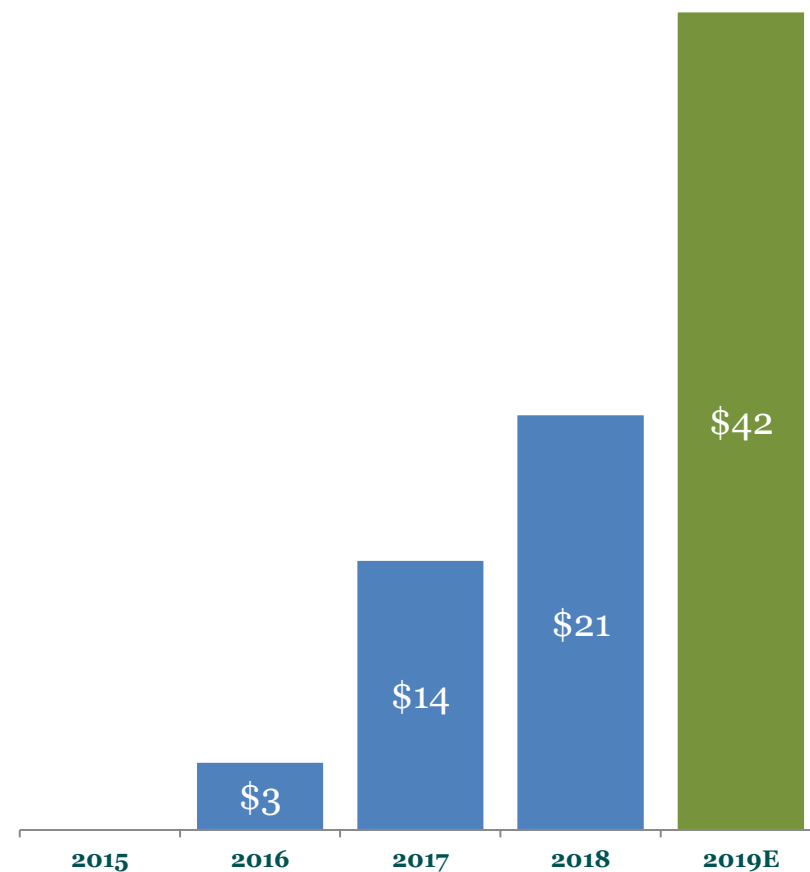


Alliance's Minerals Segment

Capital Invested (\$mm)



EBITDA Contribution (\$mm)



Source: ARLP and ARLP Public Filings; 2019 estimated EBITDA contribution at midpoint of April 2019 guidance

Key Takeaways - Alliance's Minerals Segment

Business & Financial Model

- **Royalty model**
 - Commodity exposure with
 - No direct operating expenses
 - No direct capital requirements
 - High cash margins and free cash flow positive even in low commodity price environment
 - Diversified operator exposure
- **Growth opportunities**
 - Existing minerals interests
 - Positioned in the core regions with the lowest breakeven costs
 - Significant future drilling inventory offers development growth
 - Long reserve life
 - Large fragmented markets provide long-term acquisition opportunities
- **Strong balance sheet and liquidity**
 - Alliance current Debt / EBITDA ratio of 0.81x
 - Available liquidity in excess of \$550 million

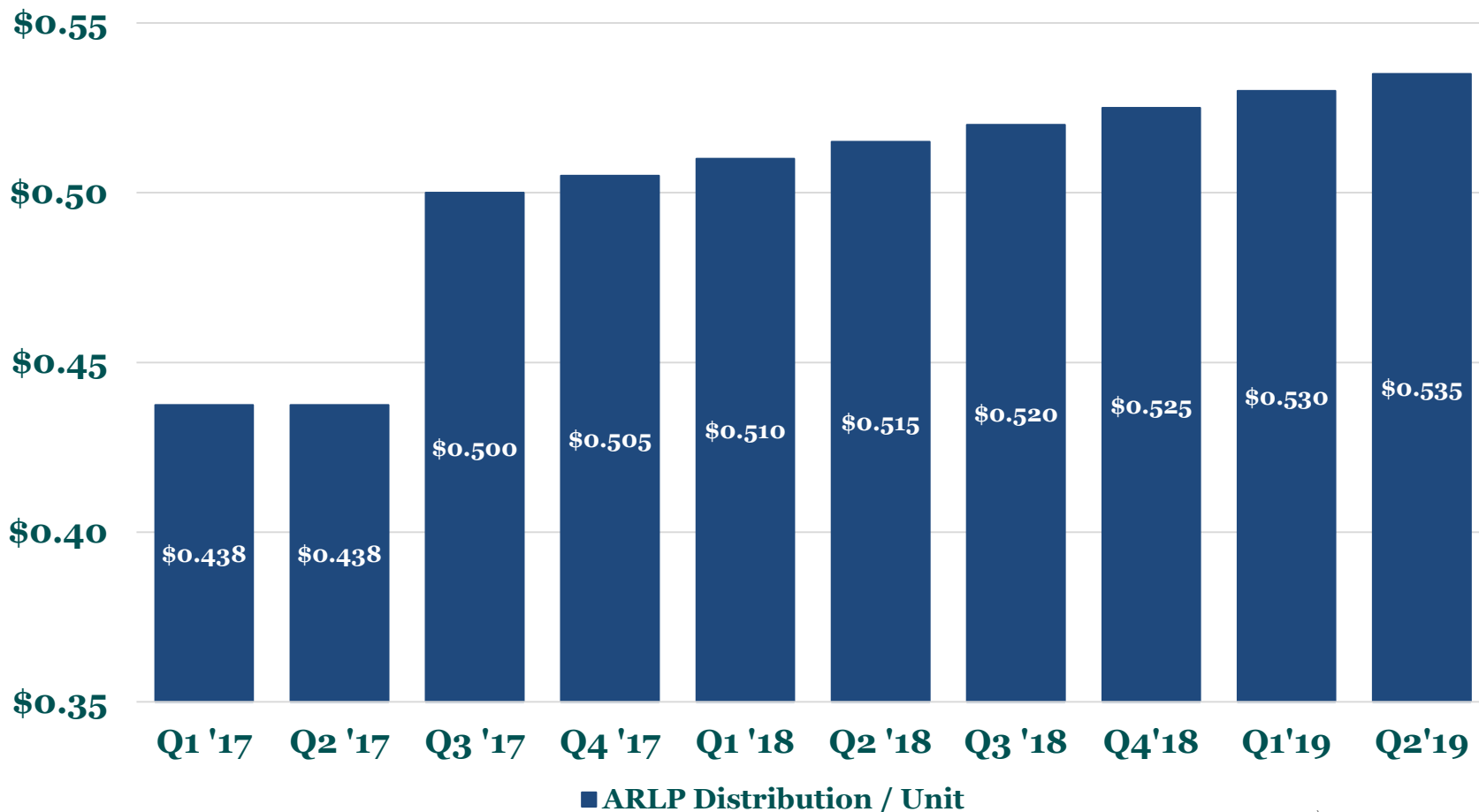
Returning Cash To Unitholders



ALLIANCE RESOURCE
PARTNERS, L.P.

Unitholder Distributions

- Over the last 10 quarters, ARLP has distributed ~\$656 million to unitholders while maintaining a strong distribution coverage ratio of 1.75x in 2017, 1.51x in 2018 and 1.66x in 2019



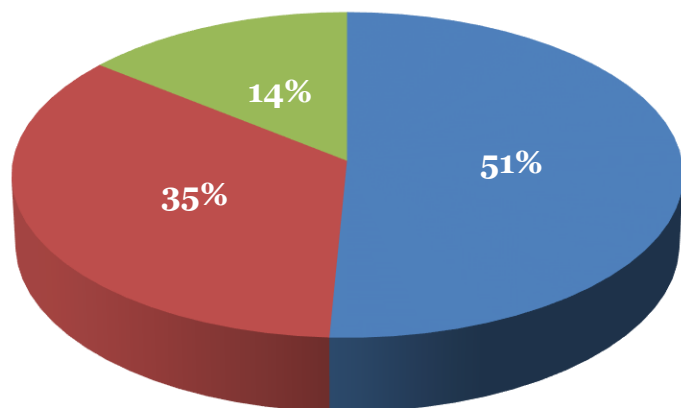
Source: ARLP Public Filings

Unit Repurchase Program

- **\$100 million authorized in May 2018**
 - ❖ *Units may be repurchased in the open market or in privately negotiated transactions*
 - ❖ *Open ended authorization with no time limit*
 - ❖ *Repurchases based on ongoing evaluation of ARLP's operating and financial performance, other capital requirements and future economic, business and market conditions*
 - ❖ *Since inception through 1Q 2019, acquired ~4.0 million units for ~\$75.8 million*
- **Enhances ARLP's ability to create long-term value for unitholders and increase flexibility in returning cash to unitholders**

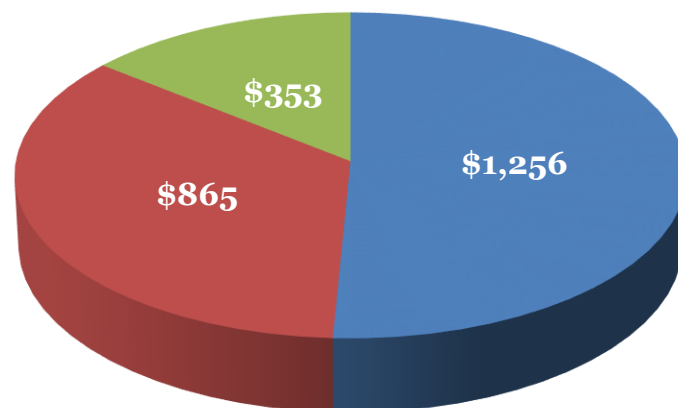
Capital Allocation: 2015 – 1Q 2019

Total Capital Allocation (Percentage)



- Cash Returned to Unitholders
- Coal Segment - Cap Ex, Mine & Reserve Acq
- Minerals Segment

Total Capital Allocation (\$ Millions)



- Cash Returned to Unitholders
- Coal Segment - Cap Ex, Mine & Reserve Acq
- Minerals Segment

Sources: ARLP Public Filings

Positioned To Perform



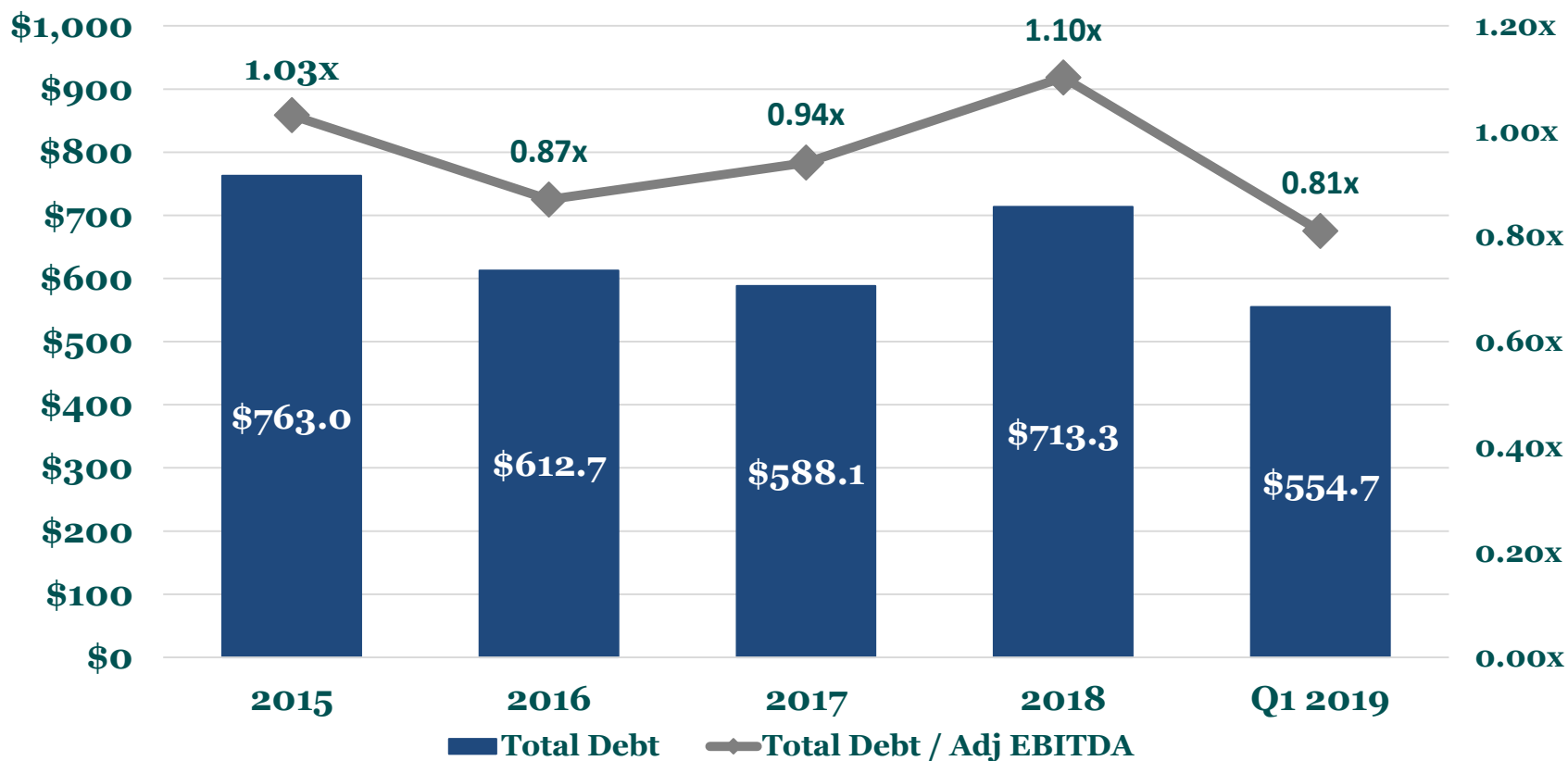
ALLIANCE RESOURCE
PARTNERS, L.P.

Financial Strength

28

Stable, Long-Term, Conservative Balance Sheet

- Best-in-sector corporate rating, Moody's Ba3/S&P BB+
- Total debt⁽¹⁾ of \$554.7 million at the end of Q1 2019
 - ❖ \$494.75 million revolving credit facility through May 2021
 - ❖ \$400 million, 7.5% senior unsecured notes (B1/BB-), maturing May 2025
- Ample liquidity of \$558.7 million at end of Q1 2019



Source: ARLP Management & Public Filings; Leverage ratio reflects trailing 12 months Adj EBITDA;
Total debt includes capital leases

Why Alliance?

Clear strategy and focus on delivering long-term value to unitholders...

- **Strong cash flow generating platforms**
 - ❖ *Strategically-located, low-cost coal operations*
 - ❖ *Well positioned in domestic markets and growing export market demand*
 - ❖ *Growing contribution from Minerals platform*
- **Increasing cash returns to unitholders**
 - ❖ *Well covered unitholder distributions*
 - ❖ *Unit buyback program*
- **Financial strength**
 - ❖ *Stable, conservative balance sheet*
 - ❖ *Ample liquidity*
 - ❖ *Flexible capital market access*