

Section 1: 10-K/A (FORM 10-K/A)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-K/A
(Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: **December 31, 2019**, OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

"COAL KEEPS YOUR LIGHTS ON" Commission file number: 001-3473 "COAL KEEPS YOUR LIGHTS ON"



HALLADOR ENERGY COMPANY
(www.halladorenergy.com)

Colorado
(State of incorporation)

84-1014610
(IRS Employer Identification No.)

1183 East Canvasback Drive, Terre Haute, Indiana
(Address of principal executive offices)

47802
(Zip Code)

Issuer's telephone number: 303.839.5504

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|------------------------------------------|-------------------|-------------------------------------------|
| Common Stock, \$0.01 par value per share | HNRG | Nasdaq Capital Market |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports publicly-traded Section 13 or 15 (d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definitions of "larger accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
 Non-accelerated filer

Accelerated filer
 Smaller reporting company
 Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the common stock held by non-affiliates (public float) on June 28, 2019, was \$113,764,353 based on the closing price reported that date by the Nasdaq of \$5.51 per share.

As of June 12, 2020, we had 30,419,967 shares outstanding.

Our Annual Meeting of Shareholders will be held on October 9, 2020, in Terre Haute, IN.

EXPLANATORY NOTE

This Amendment No. 1 to Form 10-K (this "Amendment No. 1") amends the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the "2019 Form 10-K") originally filed on March 9, 2020 (the "Original Filing") by Hallador Energy Company, a Colorado corporation ("Hallador" the "Company," "we," or "us"). We are filing this Amendment No. 1 to present the information required by Part III of Form 10-K as we will not file our definitive proxy statement within 120 days of the end of our fiscal year ended December 31, 2019, plus the additional 45 days conditional relief allowed under the Securities and Exchange Commission order dated March 25, 2020.

In addition to providing the omitted information required by Items 10 through 14 of Part III, this Amendment No. 1 amends Item 15 of Part IV to include new certifications being provided with this Amendment No.1 under Section 302 of the Sarbanes-Oxley Act of 2002 and amends the cover page to remove the statement that information is being incorporated by reference from our definitive proxy statement.

Except as described above, no other changes have been made to the Original Filing. The Original Filing continues to speak as of the date of the Original Filing, and we have not updated the disclosures contained therein to reflect any events which occurred at a time after the filing of the Original Filing. Accordingly, this 10-K/A should be read in conjunction with our Form 10-K and our other filings with the SEC.

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Part III

Item 10. Directors, Executive Officers, and Corporate Governance

OUR MANAGEMENT TEAM

Hallador is led by Brent K. Bilsland, our Chairman and Chief Executive Officer, whose biography appears below under "*Our Board of Directors*," and Mr. Lawrence D. Martin, our Chief Financial Officer, whose biography appears under "*Named Executive Officer*."

OUR BOARD OF DIRECTORS

| <i>Name</i> | <i>Age</i> | <i>Position(s) and year appointed</i> |
|------------------------------|------------|------------------------------------------------------------|
| Brent K. Bilsland | 46 | Chairman (2018), CEO (2014), President and Director (2009) |
| David C. Hardie | 69 | Director (1989) |
| Steven R. Hardie | 66 | Director (1994) |
| Bryan H. Lawrence | 77 | Director (1995) |
| David J. Lubar | 65 | Director (2018) |
| Charles R. Wesley, IV | 41 | Director (2018) |

BRENT K. BILSLAND, Chairman of the Board, President, and CEO, has served on the Board since 2009. Mr. Bilsland was elected Chairman of the Board in March 2018, appointed CEO in January 2014, and has been a director and our President since 2009. He was President of Sunrise Coal, LLC, our primary operating subsidiary, from July 2006 through November 2017, and Vice President of Knapper Corporation, a private corporation, from 1998 to 2004. Mr. Bilsland is a graduate of Butler University located in Indianapolis, Indiana.

Mr. Bilsland brings broad industry experience and significant operational capabilities to our Company. He has an intimate understanding of our business and its operations that benefit us. In 2015 and 2016, Mr. Bilsland served as the Chairman of the Indiana Coal Council. Mr. Bilsland's investment in our Common Stock, combined with his wife and children, is 4.1% (1,239,483 shares). Additionally, he has 137,500 RSUs that vest equally over the next two years on December 16, 2020, and December 16, 2021.

DAVID C. HARDIE, Director, has served on the Board since 1989. He serves as Chair of our Audit Committee. From July 1989 through January 2014, Mr. Hardie was our Chairman of the Board. He is the Chairman of the Board and Chief Executive Officer of Hallador Investment Advisors Inc., which manages Hallador Cash Fund LP, Hallador Alternative Assets Fund, Moka Fund, and Hallador Balanced Fund. Mr. Hardie is also the Managing Member of a group of three restaurants in Sacramento, California. He serves as a director and partner of other private entities that are owned by members of his family and also serves as a director of Parasol Tahoe Community Foundation. Mr. Hardie is a graduate of California Polytechnic University, San Luis Obispo. He also attended the Owner/President Management program at the Harvard Business School.

Mr. David C. Hardie, who controls 6.0% of our Common Stock, has been a board member for the last 31 years. His significant broad experience, as well as an intimate knowledge of our Company, is a tremendous benefit to us in planning and executing our corporate strategy.

STEVEN R. HARDIE, Director, has served on the Board since 1994. He is the manager of NextG LLC, a family investment partnership formed in 2016. For the past 34 years, he has been a private investor and serves as director and partner of other private entities owned by members of his family.

Mr. Steven R. Hardie, who controls 5.3% of our Common Stock, has been a board member for the last 26 years. His experience and intimate knowledge of our Company adds significant value to the Board. As with most of our other board members, he too has a significant indirect monetary investment in our Company and accordingly has a vested interest in our success.

BRYAN H. LAWRENCE, Director, has served on the Board since 1995. Mr. Lawrence is a founder and senior manager of Yorktown Partners LLC, the manager of the Yorktown group of investment partnerships, which make investments in companies engaged in the energy industry. The Yorktown partnerships were formerly affiliated with the investment firm of Dillon, Read & Co. Inc., where Mr. Lawrence had been employed since 1966, serving as a Managing Director until the merger of Dillon Read with SBC Warburg in September 1997. Mr. Lawrence also serves as a director of Carbon Natural Gas Company, Ramaco Resources, Inc., and Star Group, LP (each a United States publicly-traded company) and certain non-public companies in the energy industry in which Yorktown partnerships hold equity interests. Mr. Lawrence is a graduate of Hamilton College and also has an MBA from Columbia University.

Mr. Lawrence, who controls 4.8% of our Common Stock, has been a board member for the last 25 years. He sits on numerous boards for both private and public companies that are involved in the energy business. His experience with us and in other energy companies, gives us a significant benefit. As with most of our other board members, he too has a significant indirect monetary investment in our Company and accordingly has a vested interest in our success.

DAVID J. LUBAR, Director, has served on the Board since August 2018. Mr. David Lubar is President and CEO of Lubar & Co. He began his career in 1977 at Norwest Bank (n/k/a Wells Fargo Bank) in Minneapolis, where he spent six years in commercial and correspondent banking. Mr. Lubar joined Lubar & Co. in 1983 and has served as lead investor to over 20 companies in a wide range of industries and various stages of development. He currently serves as a director of each of the Lubar Companies as well as Northwestern Mutual Life Insurance Co., BMO Financial Corp., Milwaukee Brewers Baseball Team, and several other private companies. He also serves in many community leadership positions throughout the Milwaukee area. Mr. Lubar has a Bachelor of Arts degree from Bowdoin College and a Master of Business Administration from the University of Minnesota.

Mr. David Lubar controls 9.2% of our Common Stock and was elected to our Board on August 4, 2018, to fill the board seat vacated by his father, Sheldon B. Lubar. Mr. David Lubar has extensive public and private company board expertise in the areas of finance and private equity. His experience provides him insight from the view of an investor and board member.

CHARLES R WESLEY, IV, Director, has served on the Board since August 2018. Mr. Wesley has served as President of Thoroughbred Resources LP (a Yorktown Partners affiliate) since 2014 and CEO since 2016. Mr. Wesley served as Chief Planning and Commercial Officer of Ramaco Resources and, before joining Thoroughbred, Senior Director of Finance and Senior Counsel at CenturyLink (formerly Level 3 Communications), where he was also responsible for the operation and ultimate disposition of the company's coal mining operations. Prior to CenturyLink, he worked at the law firms of Akin, Gump, Strauss, Hauer & Feld and Strasburger & Price, focusing on international energy transactions. He began his career with a coal company as a mining engineer and is an active investor in natural resources and financial technology. Mr. Wesley is a board member across multiple industries and philanthropic organizations. Mr. Wesley holds a Juris Doctorate from the University of Kentucky College of Law and a Bachelor of Science in Mining Engineering from Virginia Polytechnic Institute.

Mr. Wesley brings a wealth of invaluable coal mining industry knowledge and experience to the Board. His vast knowledge of the industry assists the Board in driving future and potential growth and expansion opportunities.

OUR NAMED EXECUTIVE OFFICER

LAWRENCE D. MARTIN, CPA, age 54, is our Executive Vice President and Chief Financial Officer. In 2017 he was promoted to President of Sunrise Coal, LLC. Before his promotion, he was Chief Financial Officer of Sunrise Coal, a position he held for ten years. Before joining Sunrise Coal in 2007, he worked 19 years for CliftonLarsonAllen, LLP (CLA). Mr. Martin was a Senior Manager at CLA before his employment with Sunrise Coal. Mr. Martin is a graduate of Indiana State University and received his Bachelor of Science degree in Accounting in 1988.

BOARD AND ITS COMMITTEES

Chairman

Our Board does not have a fixed policy regarding the roles for the Chairman of the Board ("Chairman") and CEO on whether they should be served independently or jointly. Currently, Mr. Bilsland holds both positions. We see the dual role as a bridge between management and the Board. We believe that a Chairman who understands the day-to-day business and the important issues to be addressed by the Board is currently in the Company and the shareholders' best interest. Our Board members have a significant monetary stake in the Company and believe they can provide oversight to the combined role

Due to the size of our Board, we do not have a Lead Independent Director.

Independent and Non-Management Directors

After considering the standards for independence adopted by Nasdaq, the SEC, and various other factors as described herein, the Board has determined that all of our current directors, other than Mr. Bilsland, are independent. Mr. David C. Hardie and Mr. Charles Wesley are the only non-employee directors that receive compensation from us.

Board Meetings and Attendance

During 2019, the Board held six meetings, and each of the committees held the number of meetings included in the description of the committees set forth below. Each board member up for re-election attended at least 75% of the Board and Committee meetings, which he served on during the year.

We do not have a specific policy regarding attendance at the annual shareholders meeting. All directors, however, are encouraged to attend if available. Five of six directors participated at the 2019 Annual Meeting of Shareholders, one in person and four via conference call.

Executive Sessions of Non-Management Directors

To promote open discussions, our non-management directors meet in executive sessions regularly after scheduled board meetings.

Committees

Our Board has three separately designated standing committees: an Audit Committee, a Compensation Committee, and a Nominating Committee. The committee charters are available on our website, www.halladorenergy.com.

The membership and purposes of each of the committees are described below.

Audit Committee

David C. Hardie
*Chair and Financial
Expert*

All of our Audit Committee members are "independent" as defined by the Nasdaq listing standards, including those standards applicable specifically to audit committee members.

Bryan H. Lawrence

Also, no member of the Audit Committee has served as one of our officers or employees at any time. All members of the Audit Committee are "non-employee directors" as defined in SEC rules.

David J. Lubar

In addition to regularly scheduled meetings, the committee meets separately in executive sessions with representatives of our independent auditor. The Audit Committee approves the appointment and services of the independent auditor and reviews the general scope of the audit and audit-related services, matters relating to internal controls, and other matters related to accounting and reporting functions.

The Audit Committee assists the Board in fulfilling its oversight responsibilities concerning:

- (i) The integrity of the financial reports and other financial information provided by us to the public or any governmental body;
- (ii) our compliance with legal and regulatory requirements;
- (iii) our systems of internal controls over financial reporting;
- (iv) the qualifications and independence of our independent auditors;
- (v) our auditing, accounting, and financial reporting processes generally; and
- (vi) the performance of such other functions as the Board may assign from time to time.

To this end, the Audit Committee will maintain free and open communication with the Board, the independent auditors, and any other person responsible for our financial management.

The Board also determined that Mr. David C. Hardie qualifies as an audit committee financial expert under the applicable SEC rules.

The Audit Committee met four times in 2019.

Compensation Committee

| | |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| David J. Lubar <i>Chair</i> | All of our Compensation Committee members are "independent" as defined by the Nasdaq listing standards, including those standards that apply specifically to compensation committee members. Also, no member of the Compensation Committee has served as one of our officers or employees at any time. All members of the Compensation Committee are "non-employee directors." |
| David C. Hardie | |
| Steven R. Hardie | The purpose of our Compensation Committee is to: |
| Bryan H. Lawrence | (i) oversee our executive and director compensation; |
| | (ii) oversee and administer our stock incentive plans; |

The Compensation Committee did not meet in 2019, but many actions were taken by unanimous written consent.

Nominating Committee

| | |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Charles R. Wesley, IV <i>Chair</i> | No member of the Nominating Committee has served as one of our officers or employees at any time. All members of the Nominating Committee are independent, as defined in SEC rules. |
| David C. Hardie | The purpose of our Compensation Committee is to: |
| Steven R. Hardie | (i) assist our 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 shareholders, subject to the provisions of any shareholder or similar agreement binding on us; |
| Bryan H. Lawrence | |
| David J. Lubar | (ii) recommend to the Board director nominees for each committee of the Board, subject to the provisions of any shareholder or similar agreement binding on us, and act on specific matters within its delegated authority, as determined by the Board from time to time. |

The Nominating Committee met once in 2019.

Changes to Procedures for Recommending Nominees for the Board of Directors. None

Board Risk Oversight

Our Board has ultimate responsibility for general oversight of risk management processes. The Board receives regular reports from Mr. Bilslund on areas of risk we face. Our risk management processes are intended to identify, manage, and control risks so that they are appropriate considering our scope, operations, and business objectives. The full Board engages with the appropriate members of management to enable its members to understand and provide input and oversight of our risk identification, risk management, and risk mitigation strategies. The Audit Committee also meets without management present to, among other things, discuss our risk management culture and processes. In the event, a committee receives a report from a member of management regarding areas of risk, the Chairman of the relevant committee will report on the discussion to the full Board to the extent necessary or appropriate. This enables the Board to coordinate risk oversight, particularly concerning interrelated or cumulative risks that may involve multiple areas for which more than one committee has responsibility.

Certain Relationships and Related Party Transactions

Any transaction with a related person must be approved in advance by our Audit Committee. The Audit Committee approves only those related person transactions that are determined to be in, or not inconsistent with, the best interests of the Company and our stockholders, taking into account all available facts and circumstances as the Audit Committee determines in good faith to be necessary. In reviewing and approving such transactions, the Audit Committee shall obtain or shall direct management to obtain on its behalf, all information that the Audit Committee believes to be relevant and important to a review of the transaction before its approval. The Audit Committee may adopt any further policies and procedures relating to the approval of related person transactions that it deems necessary or advisable from time to time.

Anti-Hedging and Anti-Pledging Policy

We maintain an insider trading policy that applies to our officers and directors that prohibits trading our securities when in possession of material non-public information. It prohibits the hedging of our securities, including short sales or purchases or sales of derivative securities based on our securities, and, unless our Audit Committee approves an exemption, the pledging of our securities. Since the adoption of our insider trading policy, the Audit Committee has not granted any such exemptions to the policy's general prohibition on pledging.

Ownership Policy

We have not adopted a formal stock ownership policy for our NEOs, but through the vesting of the RSUs, they hold a significant portion of their wealth in our stock.

Code of Conduct

Our Board adopted the Company's Code of Conduct, which provides general statements of our expectations regarding ethical standards that we expect our directors, officers, and employees to adhere to while acting on our behalf. The Code of Conduct provides, among other things, that our directors, officers, and employees will: (i) comply with all laws, rules, and regulations applicable to us; (ii) avoid conflicts of interest; (iii) protect our assets and maintain our confidentiality; (iv) honestly and accurately maintain records and make required disclosures; and (v) promote ethical behavior and report violations of laws, rules, regulations or the Code of Conduct.

The Code of Conduct is available on our website, www.halladorenergy.com.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act and related regulations require our Section 16 officers and directors and persons who beneficially own more than 10% of our common stock to file with the SEC. We believe all of these reports were timely filed based upon our review of the reports filed with the SEC.

Item 11. Executive Compensation

DIRECTOR COMPENSATION

Only two of our directors receive compensation for their services on the Board.

| <i>Director Name</i> | <i>Position</i> | <i>2019 fees earned or paid in cash</i> | | <i>2018 fees earned or paid in cash</i> | |
|-----------------------|--------------------------------------|-------------------------------------------------|--------|-------------------------------------------------|--------|
| David C. Hardie | Chairman of the Audit Committee | \$ | 20,000 | \$ | 20,000 |
| Charles R. Wesley, IV | Chairman of the Nominating Committee | \$ | 50,000 | \$ | 50,000 |

COMPENSATION COMMITTEE REPORT

The compensation committee has reviewed and discussed the "*Compensation Discussion and Analysis*" section of this Form 10-K/A with management. Based on its review and discussion with management, the compensation committee recommended to the Board that the "*Compensation Discussion and Analysis*" section be included in this Form 10-K/A.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation of our named executive officers ("NEOs") is determined under our executive compensation plan, which is overseen by the compensation committee. Our Board controls 29.4% of Common Stock, and our Compensation Committee is comprised of four directors who together control 25.3 % of our shares outstanding. The Compensation Committee determines how the NEOs should be compensated.

For 2019, we had two NEOs. Our NEOs do not have:

- Employment agreements.
- Excessive perquisites such as company aircraft, car leases, or country club memberships.
- Stock options.
- Post-employment benefits other than our 401(k) plan, which is available to all employees.
- Separate health benefit programs. They participate in the same health plan offered to all of the employees and their families.

Our CEO received a housing allowance that offset the increased housing expense for his move from Indiana to Colorado. The housing allowance, which covered rent through July 2020, was grossed up for all applicable payroll taxes.

Our Compensation Committee does not use outside consultants to determine executive compensation. Our Board believes that based on their many years of business experience, they have the requisite knowledge to decide on our NEOs compensation.

Our compensation is designed to retain and reward our NEO's by establishing a base salary that provides a degree of financial certainty and stability coupled with RSU awards that vest over time to help ensure that they have a stake in the Company's long-term success by providing an incentive to improve the overall growth, profitability, and value of our company while aligning their interests with those of our shareholders.

Based on W-2s, in 2019, at minimum, ~26% of our NEOs' compensation was attributable to the vesting of RSUs, and in 2018, 46% of their compensation was due to the vesting of RSUs

Our NEOs' 2019 compensation was set under the Four-Year Compensation Plan (The Four-Year Plan) adopted in June 2017. Our compensation components are:

- Annual Base Salary (not attached to performance goals)– salaries set for 2018-2021.
- RSUs that vest/lapse annually equally over four years. The first vesting was on December 14, 2018. Such RSUs were issued under the shareholder approved Amended and Restated Restricted Stock Unit Plan.
- Retention Bonus in the event of a change of control due to (1) the acquisition by any person or group of related persons (as determined pursuant to section 13(d)(3) of the Securities Exchange Act of 1934) of beneficial ownership of securities of the Corporation representing fifty percent (50%) or more of the total number of votes that may be cast for the election of Board members, or (ii) shareholder approval of (A) any agreement for a merger or consolidation in which the Corporation will not survive as an independent corporation or other entity, or (B) any sale, exchange or other disposition of all or substantially all of the Corporation's assets, including, without limitation, the sale, exchange or other disposition of the equity securities or assets of Sunrise Coal, LLC.

The Four-Year Plan was terminated on March 5, 2020, and replaced with the two-year 2020 Plan (the “2020 Plan”), see [Exhibit 10.1](#) attached hereto. The compensation components of the 2020 Plan are:

- Annual Base Salary (not attached to performance goals) – salaries set for 2020-2021.
- RSUs that vest annually equally over two years. The first vesting will be on December 16, 2020. Such RSUs were issued under the shareholder approved Amended and Restated Restricted Stock Unit Plan.
- Retention Bonus in the event of a change of control due to (1) the acquisition by any person or group of related persons (as determined pursuant to section 13(d)(3) of the Securities Exchange Act of 1934) of beneficial ownership of securities of the Corporation representing fifty percent (50%) or more of the total number of votes that may be cast for the election of Board members, or (ii) shareholder approval of (A) any agreement for a merger or consolidation in which the Corporation will not survive as an independent corporation or other entity, or (B) any sale, exchange or other disposition of all or substantially all of the Corporation's assets, including, without limitation, the sale, exchange or other disposition of the equity securities or assets of Sunrise Coal, LLC.
- Performance Bonus is an amount based on performance relative to the target goals as of the relevant date. The performance plan term and conditions are consistent with the Company's goals for the performance period of January 1, 2020 to December 31, 2020.

NAMED EXECUTIVE OFFICERS (NEOs) COMPENSATION

Outlined in the table below, is our NEOs compensation for 2017-2019.

Summary Compensation Table Under Item 402 of Regulation S-K

| <i>Name and Principal Position</i> | <i>Fiscal Year</i> | <i>Salary</i> | <i>Bonus</i> | <i>Stock Awards</i> | <i>Dividends on outstanding RSUs</i> | <i>Other</i> | <i>Total</i> |
|----------------------------------------------------------|--------------------|---------------|--------------|---------------------|--------------------------------------|---------------------------|--------------|
| Brent K. Bilisland <i>Chairman, President and CEO</i> | 2019 | \$ 385,000 | \$ 44,423 | | \$ 33,000 | \$ 218,031 ⁽¹⁾ | \$ 680,454 |
| | 2018 | 385,000 | 44,423 | | 44,000 | 72,407 ⁽²⁾ | 545,830 |
| | 2017 | 350,000 | 40,385 | \$ 4,004,750 | 38,000 | 10,800 ⁽³⁾ | 4,443,935 |
| Lawrence D. Martin <i>CFO</i> | 2019 | 231,000 | 17,769 | | 18,000 | 11,200 ⁽³⁾ | 277,969 |
| | 2018 | 231,000 | 35,769 | | 24,000 | 11,000 ⁽³⁾ | 301,769 |
| | 2017 | 210,000 | 34,154 | 2,550,300 | 21,600 | 10,800 ⁽³⁾ | 2,826,854 |

(1) Consists of 401(k) matching contributions and \$206,831 housing allowance related to Mr. Bilisland's relocation to Colorado.

(2) Consists of 401(k) matching contributions and \$61,407 housing allowance related to Mr. Bilisland's relocation to Colorado.

(3) Includes 401(k) matching contributions.

Compensation per W-2s and "At-Risk" Compensation

| <i>Name and Principal Position</i> | <i>Fiscal Year</i> | <i>Salary</i> | <i>Bonus</i> | <i>Value Realized on RSU Vesting</i> | <i>Dividends on outstanding RSUs</i> | <i>Other (1)</i> | <i>Total W-2 Compensation</i> | <i>Percentage of "At-Risk" Compensation</i> |
|---------------------------------------------------------|--------------------|---------------|--------------|--------------------------------------|--------------------------------------|------------------|-------------------------------|---------------------------------------------|
| Brent K. Bilsland <i>Chairman, President and CEO</i> | 2019 | \$ 385,000 | \$ 44,423 | \$ 188,375 | \$ 33,000 | \$ 206,831 | \$ 857,629 | 26% |
| | 2018 | \$ 385,000 | 44,423 | 370,593 | 44,000 | 61,407 | 905,423 | 46% |
| | 2017 | 350,000 | 40,385 | 2,334,500 | 38,000 | | 2,762,885 | 86% |
| Lawrence D. Martin <i>CFO</i> | 2019 | 231,000 | 17,769 | 102,750 | 18,000 | | 369,519 | 33% |
| | 2018 | 231,000 | 35,769 | 202,125 | 24,000 | | 492,894 | 46% |
| | 2017 | 210,000 | 34,154 | 1,671,600 | 21,600 | | 1,937,354 | 87% |

(1) Housing allowance related to Mr. Bilsland's relocation to Colorado.

Outstanding Equity Awards at December 31, 2019

The following table sets forth information concerning the outstanding stock awards held on December 31, 2019, by the named executive officers.

| <i>Name and Principal Position</i> | <i>Number of Shares or RSUs That Have Not Vested</i> | <i>Market Value of Shares or RSUs That Have Not Vested (3)</i> |
|---------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------|
| Brent K. Bilsland <i>Chairman, President and CEO</i> | 137,500 ⁽¹⁾ | \$408,375 |
| Lawrence D. Martin <i>CFO</i> | 75,000 ⁽²⁾ | 222,750 |

(1) 68,750 RSUs will vest each year on December 16, 2020, December 16, 2021.

(2) 37,500 RSUs will vest each year on December 16, 2020, and December 16, 2021.

(3) Market value is calculated at the number of common shares indicated multiplied by \$2.97, which was the closing price of the Company's common shares on December 31, 2019, as reported by the Nasdaq Stock Market.

2020 Named Executive Officers (NEOS) Compensation

| <i>Name and Principal Position</i> | <i>Salary</i> | <i>Dividends on outstanding RSUs</i> | <i>Total</i> | <i>RSU Awards That Vest On December 16, 2020</i> |
|---------------------------------------------------------|---------------|--------------------------------------|--------------|--------------------------------------------------|
| Brent K. Bilsland <i>Chairman, President and CEO</i> | \$ 500,000 | \$ 5,500 | \$ 505,500 | 68,750 |
| Lawrence D. Martin <i>CFO</i> | 300,000 | 3,000 | \$ 303,000 | 37,500 |

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

RESTRICTED STOCK UNIT PLAN AND STOCK BONUS PLAN

On December 31, 2019, we had 488,500 RSUs outstanding and 1,383,848 available for future issuance. As of May 31, 2020, there are 510,500 RSUs outstanding and 1,361,848 RSUs available for future issuance.

Our stock bonus plan was authorized in late 2009 with 250,000 shares, of which 86,383 shares are available for future issuance. We did not issue shares from the Stock Bonus Plan in 2019

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table and accompanying footnotes show information as of May 31, 2020, regarding the beneficial ownership of our common stock by (i) each person who is known by us to own more than 5% beneficially of our common stock; (ii) each member of our Board of directors and our NEOs; and (iii) all members of our Board of directors and our executive officers as a group. The number of shares and percentages of beneficial ownership set forth below is based on 30,419,967 shares of our common stock issued and outstanding as of May 31, 2020.

We do not have any RSUs that vest within 60 days of the date of this report.

| Name and Address of Beneficial Owner | Shares of Common Stock Beneficially Owned | Percent ⁽¹⁾ |
|----------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------------|
| 5% STOCKHOLDERS: | | |
| Lubar Equity Fund LLC 700 North Water Street, Suite 1200 Milwaukee, WI 53202 | 2,788,685 | 9.2 |
| Extract Capital Master Fund, LLC 55 Fifth Avenue, Suite 1702 New York, NY 10003 | 1,968,218 | 6.5 |
| Hallador Alternative Assets Fund ⁽²⁾ 940 Southwood Blvd., Suite 201 Incline Village, NV 89451 | 1,671,465 | 5.5 |
| DIRECTORS AND NAMED EXECUTIVE OFFICERS: | | |
| David J. Lubar ⁽³⁾ 833 E. Michigan Street, Suite 1500 Milwaukee, WI 53202 | 2,788,685 | 9.2 |
| David C. Hardie ⁽⁴⁾ 940 Southwood Blvd., Suite 201 Incline Village, NV 89451 | 1,840,934 | 6.0 |
| Steven R. Hardie ⁽⁵⁾ P. O. Box 6629 Incline Village, NV 89450 | 1,596,160 | 5.3 |
| Bryan H. Lawrence ⁽⁶⁾ 410 Park Avenue New York, NY 10022 | 1,465,744 | 4.8 |
| Brent K. Bilisland ⁽⁷⁾ | 1,239,483 | 4.1 |
| Lawrence D. Martin | 307,395 | 1.0 |
| Charles R. Wesley IV | 14,347 | * |
| Named Executive Officers and Directors rounded as a group (7) persons | 9,252,748 | 30.4 |

* Ownership is less than 1%

⁽¹⁾ Based on shares issued and outstanding as of May 31, 2020.

- (2) Hallador Alternative Assets Fund LLC ("HAAF") beneficially owns 1,671,465 shares. HAAF is a Delaware limited liability company. HAAF is a private equity investment fund directed or controlled by its managing members, Hallador Management LLC, and David C. Hardie.
- (3) These shares are owned indirectly through Lubar Equity Fund LLC. The Fund is managed and controlled by Lubar & Co., Inc., of which Mr. Lubar is a director and President of Lubar & Co. Mr. Lubar may be deemed to share voting and dispositive power as to these shares. Mr. Lubar disclaims beneficial ownership in these shares except to the extent of his respective pecuniary interest therein.
- (4) Mr. David C. Hardie's shares include 1,671,465 shares owned by HAAF. He also individually owns 169,469 shares directly.
- (5) Mr. Steven R. Hardie individually owns 139,089 shares directly.

Mr. Steven R. Hardie's shares include 21,489 shares beneficially owned by the Steven Robert Hardie Trust; 13,481 shares beneficially owned by the Sandra Hardie Trust; and 1,422,101 shares owned by NextG Partners, LLC, a Nevada limited liability company. Steven R. Hardie is a member and manager of NextG Partners, LLC, owning 38% of its membership interests. He disclaims beneficial ownership of the other 62% of the shares held by NextG Partners or 881,703 shares

Mr. Steven R. Hardie is also the trustee of the Steven Robert Hardie Trust. Mr. Steven R. Hardie's spouse, Sandra Hardie, is the trustee of the Sandra W. Hardie Revocable Family Trust. Mr. Steven R. Hardie disclaims any beneficial ownership in any other shares held by the above-described entities.

- (6) Mr. Lawrence owns 499,746 shares directly and includes 604,904 shares owned by Yorktown Energy Partners, VI LP, and 361,094 shares owned by Yorktown Energy Partners, VII LP, of which Mr. Lawrence disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein.
- (7) Includes 462,857 shares owned by Mr. Bilsland's spouse and minor children. Mr. Bilsland disclaims beneficial ownership of such shares.

Item 13. Certain Relationships and Related Transactions, and Director Independence

ABOUT OUR BOARD OF DIRECTORS

DIRECTOR INDEPENDENCE

The Board has determined that all of our current non-employee directors are independent within the meaning of SEC and Nasdaq rules. The Board determined that all of the directors serving on the Audit Committee, Compensation Committee, and Nominating Committee are independent within the meaning of SEC and Nasdaq rules.

OTHER INFORMATION

REVIEW AND APPROVAL OF TRANSACTIONS WITH RELATED PERSONS

All related party transactions involving us and related persons are reviewed and approved by our Board. Related person transactions are those that meet the minimum threshold for disclosure in the proxy statement under relevant SEC rules (generally, transactions involving amounts exceeding \$120,000 in which a related person has a direct or indirect material interest).

Item 14. Principal Accounting Fees and Services

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Auditors

Our audit committee approved the engagement of Plante & Moran, PLLC ("Plant Moran") as our independent registered public accounting firm.

Our consolidated financial statements for the fiscal years ended December 31, 2019, and 2018 have been audited by Plante Moran which has served as our independent registered public accounting firm for those years.

For 2019 and 2018, our audit partner was Brent Peterson age (54), and Nathan Gordon (age 41) was the concurring partner. For 2020 our audit partner is Nathan Gordon (41) and Doug Reeb (46) is our concurring partner.

Audit Fees

Audit fees for 2019 were \$338,000 for the audit plus an additional \$16,000 for the 401k plan. Audit fees for 2018 were \$342,000 plus an additional \$15,500 for the 401(k) audit.

Pre-Approval Policy

The Audit Committee adopted a formal policy concerning approval of audit and non-audit services to be provided by Plante Moran. The policy requires that all services Plante Moran provides to us be pre-approved by the Audit Committee. The Audit Committee approved all services provided by Plante Moran during 2019 and 2018.

Audit Committee Report

Review of Fiscal Year 2019 Consolidated Financial Statements

The Audit Committee of the Board of Directors is comprised of independent directors and operates under a written charter adopted by the Board of Directors. The Audit Committee Charter is reviewed and updated as needed per applicable rules of the SEC and The Nasdaq Stock Market.

The Audit Committee serves in an oversight capacity. Management is responsible for the Company's internal controls over financial reporting. The independent auditors are responsible for performing an independent audit of the Company's financial statements per the standards of the Public Company Accounting Oversight Board ("PCAOB") and issuing a report thereon. The Audit Committee's primary responsibility is to monitor and oversee these processes and to select and retain the Company's independent auditors. In fulfilling its oversight responsibilities, the Audit Committee reviewed with management the Company's audited financial statements and discussed not only the acceptability but also the quality of the accounting principles, the reasonableness of the significant judgments and estimates, critical accounting policies and the clarity of disclosures in the audited financial statements prior to issuance.

The Audit Committee reviewed and discussed the audited financial statements as of and for the year ended December 31, 2019, with the Company's independent auditors, Plante & Moran PLLC ("Plante Moran"), and discussed not only the acceptability but also the quality of the accounting principles, the reasonableness of the significant judgments and estimates, critical accounting policies and the clarity of disclosures in the audited financial statements prior to issuance. The Audit Committee discussed with Plante Moran the matters required to be discussed by the applicable requirements of the PCAOB and the SEC. The Audit Committee has received the written disclosures and the letter from Plante Moran required by the applicable requirements of the PCAOB regarding independent auditor communications with the Audit Committee concerning independence and has discussed with Plante Moran.

Based on the review and discussions with our independent registered public accounting firm, Plante & Moran, PLLC., the Audit Committee has recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2019, for filing with the SEC.

MEMBERS OF THE AUDIT COMMITTEE:

David C. Hardie – Chairman of the Committee
Bryan H. Lawrence
David J. Lubar

OTHER INFORMATION

Shareholder Proposals For 2020 Annual Meeting

Our 2020 Annual Meeting of Shareholders (the "Meeting") is scheduled for Friday, October 9, 2020, at 10:30 a.m. eastern time in Terre Haute, Indiana. The record date for the Meeting is August 20, 2020.

Because the Meeting will be held more than 30 days from the calendar date of our 2019 Annual Meeting of Shareholders, the deadline for shareholder nominations of directors or proposals for consideration at the Meeting listed in our 2019 Proxy Statement on Schedule 14A, no longer applies. As a result, any qualified shareholder that wants to have their proposal included in the 2020 Proxy Statement must submit it in writing to us no later than July 17, 2020.

Notices should be addressed in writing to Hallador Energy Company, 1183 East Canvasback Drive, Terre Haute, Indiana 47802, attention: Corporate Secretary.

INCORPORATION BY REFERENCE

Neither the compensation committee report nor the audit committee report shall be deemed soliciting material or filed with the SEC. Neither of these reports shall be considered to be incorporated by reference into any of our prior or future SEC filings except to the extent that we specifically incorporate such information by reference. Also, this document includes certain website addresses, that are intended to provide inactive, textual references only. The information on these websites is not part of this document.

AVAILABILITY OF SEC FILINGS, CODE OF CONDUCT AND COMMITTEE CHARTERS

Copies of our reports on Forms 10-K (including the financial statements and financial statement schedules), 10-Q, 8-K and all amendments to those reports filed with the SEC, Code of Conduct and the charters of the audit, compensation, and nominating committees, and any stock ownership reports filed by our executive officers, directors and 10%+beneficial owners for our common stock are posted on, and free of charge, on our website, www.halladorenergy.com, by telephone to (303) 839-5504 or by mail to Investor Relations, Hallador Energy Company, 1183 East Canvasback Drive, Terre Haute, Indiana 47802.

Information on or accessible through our website is not incorporated by reference into this Form 10-K.

PART IV

Item 15. Exhibits, Financial Statement Schedules

Our exhibit index is as follows:

- 3.1 [Bylaws as amended on December 24, 2009](#)
- 10.1 [Hallador Energy Company 2020 Compensation Plan adopted March 5, 2020](#)
- 31.1 [SOX 302 Certification - President and CEO](#)
- 31.2 [SOX 302 Certifications - CFO](#)
- 31.3 [SOX 302 Certifications - CAO](#)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HALLADOR ENERGY COMPANY

Date: June 12, 2020

/s/LAWRENCE D. MARTIN
Lawrence D. Martin, CFO

Date: June 12, 2020

/s/R. TODD DAVIS
R. Todd Davis, CAO

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| | | |
|--------------------------------------------------|------------------------------------|---------------|
| <u>/s/DAVID C. HARDIE</u> David C. Hardie | Director | June 12, 2020 |
| <u>/s/BRYAN H. LAWRENCE</u> Bryan Lawrence | Director | June 12, 2020 |
| <u>/s/BRENT K. BILSLAND</u> Brent K. Bilsland | Board Chairman, President, and CEO | June 12, 2020 |
| <u>/s/DAVID J. LUBAR</u> David J. Lubar | Director | June 12, 2020 |

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Section 2: EX-3.1 (EXHIBIT 3.1)

Exhibit 3.1

BYLAWS

OF

HALLADOR ENERGY COMPANY

ARTICLE I.

Offices

Section 1. *Business Offices.* The principal office of the Corporation shall be located in Denver, Colorado. The Corporation may have such other offices, either within or outside Colorado, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

Section 2. *Registered Office.* The registered office of the Corporation required by the Colorado Corporation Code to be maintained in Colorado may be, but need not be, identical with the principal office if in Colorado, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE II.

Shareholders Meetings

Section 1. *Annual Meeting.* An annual meeting of the shareholders shall be held at such time and date as may be determined by the Board of Directors for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors shall not be held on the day designated herein for any annual meeting, or any adjournment thereof, the Board of Directors

shall cause the election to be held at a meeting of the shareholders as soon thereafter as is convenient. Failure to hold an annual meeting as required by these bylaws shall not invalidate any action taken by the Board of Directors or officers of the Corporation.

Section 2. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called at any time by the President, any Vice-President, the Secretary or the Board of Directors, and shall be called by the President at the request of the holders of not less than one-tenth of all the outstanding shares of the Corporation entitled to vote and the meeting. The notice or call of a special meeting shall state the purpose or purposes for which the meeting is called.

Section 3. Place of Meeting. Each meeting of the shareholders shall be held at such place, either within or outside Colorado, as may be designated in the notice of meeting, or, if no place is designated in the notice, at the registered office of the Corporation in Colorado.

Section 4. Notice of Meeting. Except as otherwise prescribed by statute, written notice of each meeting of the shareholders stating the place, day and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by first-class, certified or registered mail, by or at the direction of the President, or the Secretary, or the officer or person calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, addressed to each shareholder at his address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid, but if three successive notices mailed to the last-known address of any shareholder of record are returned as undeliverable, no further notices to such shareholder shall be necessary until another address for such shareholder is made known to the Corporation. If requested by a person or persons, other than the Corporation, lawfully calling a meeting, the Secretary shall give notice of such meeting at corporate expense.

Section 5. Closing of Transfer Books or Fixing of Record Date. For the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of the shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may provide that the stock transfer books shall be closed for any stated period not exceeding fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of the shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date, in any case, to be not more than fifty days, and, in case of a meeting of the shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed, and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of the shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of the shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the stock transfer books, and the stated period of the closing has expired.

Section 6. Voting Record. The officer or agent having charge of the stock transfer books for shares of the Corporation shall make, at least ten days before each meeting of the shareholders, a complete record of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each. For a period of ten days before such meeting, this record shall be kept on file at the principal office of the Corporation, whether within or outside Colorado and shall be subject to inspection by any shareholder for any purpose germane to the meeting at any time during usual business hours. Such record shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder for any purpose germane to the meeting during the whole time of the meeting. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such record or transfer books or to vote at any meeting of the shareholders.

Section 7. Proxies. At each meeting of the shareholders, a shareholder may vote by proxy executed in writing by the shareholder or his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 8. Quorum. Except as otherwise required by the laws of Colorado or the articles of incorporation, one-third of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at each meeting of the shareholders, and the affirmative vote of a majority of the shares represented at a meeting at which a quorum is present and entitled to vote on the subject matter shall be the act of the shareholders. If less than one-third of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time for a period not to exceed sixty days at any one adjournment without further notice other than an announcement at the meeting. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 9. Voting of Shares. Each outstanding share of record, regardless of class, is entitled to one vote, and each fractional share is entitled to a corresponding fractional vote, on each matter submitted to a vote of the shareholders either at a meeting thereof or pursuant to Section 1 of this Article, except to the extent that the voting rights of the shares of any class or classes are limited or denied by the articles of incorporation as permitted by the Colorado Corporation Code. In the election of directors each record holder of stock entitled to vote at such election shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected, and for whose election he has the right to vote. Cumulative voting shall not be allowed.

Section 10. *Voting of Shares by Certain Holders.* Neither treasury shares, not shares held by another Corporation if a majority of the shares entitled to vote for the election of directors of such other corporation is held by this Corporation shall be voted at any meeting or counted in determining the total number of outstanding shares at any given time.

Shares standing in the name of another Corporation may be voted by such officer, agent or proxy as the bylaws of such Corporation may prescribe or, in the absence of such provision, as the Board of Directors of such Corporation may determine.

Shares held by an administrator, executor, guardian, or conservator may be voted by him, either in person or by proxy. Without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do is contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Section 11. *Conduct of Meetings.* The Chairman of the annual or any special meeting of the shareholders shall be the President of the Corporation (or in his absence, any person designated by the Board of Directors), unless and until a different person is elected by a majority of the shares entitled to vote at such a meeting.

The Chairman of the meeting shall appoint one or more persons to act as inspectors or election at the meeting.

Meetings of shareholders shall be conducted in accordance with the following rules:

(a) The Chairman of the meeting shall have absolute authority over matters of procedure and there shall be no appeal from the ruling of the Chairman. If the Chairman, in his absolute discretion, deems it advisable to dispense with the rules of parliamentary procedure as to any one meeting of shareholders or part thereof, the Chairman shall so state and shall clearly state the rules under which the meeting or appropriate part thereof shall be conducted.

(b) If disorder should arise which prevents continuation of the legitimate business of the meeting, the Chairman may quit the chair and announce the adjournment of the meeting; and upon his so doing, the meeting is immediately adjourned.

(c) The Chairman may ask or require that anyone not a bona fide shareholder or proxy leave the meeting.

(d) A resolution or motion shall be considered for vote only if proposed by a shareholder or a duly authorized proxy and seconded by an individual, who is a shareholder or a duly authorized proxy, other than the individual who proposed the resolution or motion.

ARTICLE III

Board of Directors

Section 1. *General Powers.* The business and affairs of the Corporation shall be managed by its Board of Directors, except as otherwise provided in the Colorado Corporation Code, the articles of incorporation or these bylaws.

Section 2. *Number, Tenure and Qualifications.* The number of directors of the Corporation shall be not less than three nor more than fifteen, as determined from time to time by the Board of Directors; provided, however, that there need be only as many directors as there are, or initially will be, shareholders in the event that the outstanding shares are, or initially will be, held of record by fewer than three shareholders. Directors shall be elected at each annual meeting of the shareholders. Each director shall hold office until the next annual meeting of the shareholders and thereafter until his successor shall have been elected and qualified, or until his earlier death, resignation or removal. Directors must be at least eighteen years old but need not be residents of Colorado or shareholders of the Corporation. Directors shall be removable in the manner provided by the statutes of Colorado.

Section 3. *Vacancies.* Any director may resign at any time by giving written notice to the President or to the Secretary of the Corporation. A director's resignation shall take effect at the time specified in such notice and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring in the Board of Directors may be filled in by the affirmative vote of a majority of the remaining directors, though less than a quorum. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by the affirmative vote of a majority of the directors then in office or by an election at a meeting of the shareholders called for that purpose, and a director so chosen shall hold office for the term specified in Section 2 above.

Section 4. *Regular Meetings.* A regular meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of the shareholders, or as soon as practicable thereafter at the time and place, either within or outside Colorado, determined by the Board, for the purpose of electing officers and for the transaction of such other business as may come before the meeting. The Board of Directors may provide by resolution the time and place, either within or outside Colorado, for the holding of additional regular meetings.

Section 5. *Special Meetings.* Special meetings of the Board of Directors called by or at the request of the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place as the place, either within or outside Colorado, for holding any special meeting of the Board called by them.

Section 6. *Notice.* Notice of each meeting of the Board of Directors stating the place, day and hour of the meeting shall be given to each director at least five days prior thereto by the mailing or written notice by first-class, certified or registered mail, or at least two days prior thereto by personal delivery of written notice or by telephonic or telegraphic notice, except that in the case of a meeting to be held pursuant to Section 11 of this Article telephone notice may be given one day prior thereto. (The method of notice need not be the same to each director.) Notice shall be deemed to be given, if mailed, when deposited in the United States mail, with postage thereon prepaid, addressed to the director at his business or residence address; if personally delivered, when delivered to the director; if telegraphed, when the telegram is delivered to the director; if telephoned, when communicated to the director. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting unless otherwise required by statute.

Section 7. *Presumption of Assent.* A director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 8. *Quorum and Voting.* A majority of the number of directors fixed by Section 2 of this Article, present in person, shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, and the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than an announcement at the meeting, until a quorum shall be present. No director may vote or act by proxy at any meeting of directors.

Section 9. *Compensation.* By resolution of the Board of Directors, any director may be paid any one or more of the following: his expenses, if any, of attendance at the meeting; a fixed sum for attendance at such meeting; or, a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 10. *Executive and Other Committees.* By one or more resolutions, the Board of Directors may designate from among its members an executive committee and one or more other committees, each of which, to the extent provided in the resolution establishing such committee, shall have and may exercise all of the authority of the Board of Directors, except as prohibited by statute. The delegation of authority to any committee shall not operate to relieve the Board of Directors or any member of the Board from any responsibility imposed by law. Rules governing procedures for meetings of any committee of the Board shall be as established by the committee, or in the absence thereof by the Board of Directors.

Section 11. *Meetings by Telephone.* Unless otherwise provided by the articles of incorporation, members of the Board of Directors or any committee thereof may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 12. *Action Without a Meeting.* Any action required or permitted to be taken at a meeting of the directors or any committee thereof may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors or committee members entitled to vote with respect to the subject matter thereof.

Such consent (which may be signed in counterparts) shall have the same force and effect as a unanimous vote of the directors or committee members and may be stated as such in any articles or documents filed with the office of the Secretary of State of Colorado under the Colorado Corporation Code, or other governmental agency.

ARTICLE IV.

Officers and Agents

Section 1. Number and Qualifications. The officers of the Corporation shall be a President, a Secretary, and a Treasurer. The Board of Directors may also elect or appoint such other officers, assistant officers, and agents, including a Chairman of the Board, one or more Vice-Presidents, a Controller, Assistant Secretaries, and Assistant Treasurers, as they may consider necessary. One person may hold any two offices, except that no person may simultaneously hold the offices of President and Secretary. All officers must be at least eighteen years old.

Section 2. Election and Term of Officers. The officers of the Corporation shall be elected by the Board of Directors annually at the first meeting of the Board held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his earlier death, resignation or removal.

Section 3. Election and Term of Office. The salaries of the officers shall be as fixed from time to time by the Board of Directors and no officer shall be prevented from receiving a salary by reason of the fact that he is also a director of the Corporation.

Section 4. Removal. Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not in itself create contract rights.

Section 5. Vacancies. Any officer may resign at any time, subject to any rights or obligations under any existing contracts between the officer and the Corporation, by giving written notice to the President or to the Board of Directors. An officer's resignation shall take effect at the time specified in such notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. A vacancy in any office, however occurring, may be filled by the Board of Directors for the unexpired portion of the term.

Section 6. Authority and Duties of Officers. The officers of the Corporation shall have the authority and shall exercise the powers and perform the duties specified below and as may be additionally specified by the President, the Board of Directors or these bylaws, except that in any event each officer shall exercise such powers and perform such duties as may be required by law.

(a) **Chief Executive Officer.** The Chief Executive Officer shall have general charge, supervision and authority over the property, affairs and business of the Corporation, and over its several officers, subject, however to the control of the Board of Directors. In the absence of the Chairman of the Board, he shall preside at all meetings of the shareholders and directors. He shall have authority to cause the employment of appointment of such employees and agents of the Corporation (other than officers or agents elected or appointed by the Board) as the conduct of the business of the Corporation may require, and to fix their compensation and to remove or suspend any employee or agent who shall not have been appointed by the Board. He shall see that all orders and resolutions of the Board of Directors are carried into effect and shall perform all duties incident to the office of chief executive officer and such other duties as from time to time may be assigned to him by the Board of Directors, or as prescribed herein.

(b) **President.** The President shall generally and actively manage the day-to-day business of the Corporation. If there is no separate person serving as Chief Executive Officer, the President shall also assume that title and those duties. In the absence of the Chairman of the Board and the Chief Executive Officer, he shall preside at all meetings of the shareholders and directors. He shall sign or countersign all certificates, contracts, or other instruments of the Corporation as authorized by the Board of Directors, and in general, shall perform any and all other duties as may from time to time be assigned to him by the Board of Directors.

(c) Vice President. The Vice President, if any (or if there is more than one, then each Vice President) shall assist the President and shall perform such duties as may be assigned to him by the Chief Executive Officer, the President or the Board of Directors. The Vice President, if there is one (or if there is more than one then the Vice President designated by the Board of Directors, or if there be no such designation then the Vice Presidents in order of their election), shall, at the request of the President, or in his absence or inability or refusal to act, perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Persons elected by the Board of Directors to the offices of Chief Operating Officer, Chief Financial Officer or Chief Legal Officer shall be Vice Presidents of the Corporation and shall perform the duties of such, except that the President or Chief Executive Officer of the Corporation may hold any or all of these offices in addition to President and Chief Executive Officer.

(d) Secretary. The Secretary shall: (i) keep the minutes of the proceedings of the shareholders, the Board of Directors and any committees of the Board; (ii) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (iii) be custodian of the corporate records and of the seal of the Corporation; (iv) keep at the Corporation's registered office or principal place of business within or outside Colorado a record containing the names and addresses of all shareholders and the number and class of shares held by each unless such a record shall be kept at the office of the Corporation's transfer agent or registrar; (v) have general charge of the stock books of the Corporation, unless the Corporation has a transfer agent; and (vi) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Chief Executive Officer, the President or the Board of Directors. Assistant Secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary.

(e) Treasurer. The Treasurer shall: (i) be the principal financial officer of the Corporation and have the care and custody of all its funds, securities, evidences of indebtedness and other personal property and deposit the same in accordance with the instructions of the Board of Directors; (ii) receive and give receipts and acquittance for moneys paid in on account of the Corporation, and pay out of the funds on hand all bills, payrolls, and other just debts of the Corporation of whatever nature upon maturity; (iii) unless there is a controller, be the principal accounting officer of the Corporation and as such prescribe and maintain the methods and systems of accounting to be followed, keep complete books and records of account, prepare and file all local, state and federal tax returns, prescribe and maintain an adequate system of internal audit, and prepare and furnish to the President and the Board of Directors statements of account showing the financial position of the Corporation and the results of its operations; (iv) upon request of the Board, make such reports to it as may be required at any time; and (v) perform all other duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the chief executive officer, the President or the Board of Directors. Assistant Treasurers, if any, shall have the same powers and duties, subject to the supervision by the Treasurer.

(f) Other Officers. Other subordinate officers appointed by the Board of Directors shall exercise any powers and perform any duties as may be delegated to them by the resolutions appointing them, or by subsequent resolutions adopted from time to time. In case of the absence or disability of any officer of the Corporation and of any person authorized to act in his place during such period of absence or disability, the Board of Directors may from time to time delegate the powers and duties of that officer to any other officer, or any director, or any other person whom it may select.

Section 7. Surety Bonds. The Board of Directors may require any officer or agent of the Corporation to execute to the Corporation a bond in such sums and with such sureties, as shall be satisfactory to the Board, conditioned upon the faithful performance of his duties and for the restoration to the Corporation of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

ARTICLE V.

Stock

Section 1. *Issuance of share.* The issuance or sale by the Corporation of any share of its authorized capital stock of any class, including treasury shares, shall be made only upon authorization by the Board of Directors, except as otherwise may be provided by statute.

Section 2. *Stock Certification.* The shares of the Corporation shall be represented by certificates; provided, however, the Board may authorize the issuance by the Corporation of some or all of the shares of any or all classes or series of the Corporation's stock without certificates.

(a) Certificated shares shall be represented by consecutively numbered certificates signed in the name of the Corporation by its President or Vice President and the Secretary or an Assistant Secretary and shall be sealed with the seal of the Corporation, or with a facsimile thereof. The signatures of the Corporation's officers on any certificate may also be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the Corporation itself or an employee of the Corporation. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. Certificates of stock shall be in such form consistent with law as shall be prescribed by the Board of Directors. No certificate shall be issued until the shares represented thereby are fully paid.

(b) The Corporation may adopt a system of issuance, recordation and transfer of its shares by electronic or other means not involving any issuance of certificates, including provisions for notice to purchasers in substitution for any required statements on certificates as may be required by applicable laws, including the Colorado Business Corporation Act. Any system so adopted shall not become effective as to issued and outstanding certificated securities until the certificates therefore have been surrendered to the Corporation. Unless otherwise determined by the Board of Directors, each shareholder, upon written request to the Secretary of the Corporation, shall be entitled to a certificate or certificates representing the number of shares held by him or her in the Corporation. Within a reasonable time after the issuance or transfer of uncertificated shares, as long as the same is required by the Colorado Business Corporation Act, the Corporation shall send to the registered owner thereof without charge a written statement of the designation, relative rights, preferences and limitations of the shares of each class authorized to be issued and the other information required by the Colorado Business Corporation Act to be set forth or stated on certificates for stock

Section 3. *Consideration for Shares.* Shares shall be issued for such consideration expressed in dollars (but not less than the par value thereof) as shall be fixed from time to time by the Board of Directors. Treasury shares shall be disposed of for such consideration expressed in dollars as may be fixed from time to time by the Board. Such consideration may consist, in whole or in part, of money, other property, tangible or intangible, or labor or services actually performed for the Corporation, but neither promissory notes nor future services shall constitute payment or part payment for shares.

Section 4. *Lost Certificates.* In case of the alleged loss, destruction, or mutilation of a certificate of stock, the Board of Directors may direct the issuance of a new certificate in lieu thereof upon such terms and conditions in conformity with law as it may prescribe. The Board of Directors may in its discretion require a bond in such form and amount and with such surety as it may determine, before issuing a new certificate.

Section 5. *Transfer of Shares.* Upon surrender to the Corporation or to a transfer agent of the Corporation of a certificate of stock duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto and cancel the old certificate. Every such transfer of stock shall be entered on the stock books of the Corporation.

Section 6. *Holders of Record.* The Corporation shall be entitled to treat the holder of any record of any share of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, except as may be required by the laws of Colorado.

Section 7. *Transfer Agents, Registrars and Paying Agents.* The Board of Directors may at its discretion appoint one or more transfer agents, registrars or agents for making payment upon any class of stock, bond, debenture or other security of the Corporation. Such agents and registrars may be located either within or outside Colorado. They shall have such rights and duties shall be entitled to such compensation as may be agreed.

ARTICLE VI

Indemnification of Directors, Officers, Employees and Agents

Section 1. *Right to Indemnification.* Each person who was or is made a party, or is threatened to be made a party to, or is involved in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (hereinafter a "proceeding"), by reason or the fact that he or she, or a person of whom he or she is the legal representative, is or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee, or agent or in any other capacity while serving as a director, officer, employee, or agent of the Corporation, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Colorado Corporation Code and may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability, and loss (including attorneys' fees, judgments, fines, BRISA excise taxes or penalties, and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith; and, such indemnification shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of his or her heirs, executors, and administrators: provided, however, that except as provided in Section 2 hereof, with respect to proceedings seeking to enforce rights to indemnification, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only in such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Article shall be a contract right and shall include the right to be paid by the Corporation the reasonable expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer and not in any other capacity in which service was or is rendered by such person while a director or officer (including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon the following: (a) delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Article or otherwise, (b) a written affirmation of such director's or officer's good faith belief that he conducted himself in good faith with regard to the actions giving rise to the proceeding; and (c) a determination, required under the Colorado Corporation Code, of whether the facts then known to those required to make the determination would not preclude such advance of reasonable expenses. The Corporation may, to the extent authorized from time to time by its Board of Directors, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

Section 2. Right of Claimant to Bring Suit. If a claim under Section 1 of this Article is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the Colorado Corporation Code for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, its independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Colorado Corporation Code, nor an actual determination by the Corporation (including its Board of Directors, its independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard or conduct.

Section 3. Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors, or otherwise.

Section 4. Insurance. The Corporation may, but is not required to, maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another Corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability, or loss under the Colorado Corporation Code.

Miscellaneous

Section 1. Waivers of Notice. Whenever notice is required by law, by the articles of incorporation or by these bylaws, a waiver thereof in writing signed by the director, shareholder or other person entitled to said notice, whether before or after the time stated therein or his appearance at such meeting in person or (in the case of a shareholders' meeting) by proxy, shall be equivalent to such notice.

Section 2. Voting of Securities by the Corporation. Unless otherwise provided by resolution of the Board of Directors, on behalf of the Corporation the President or any Vice President shall attend in person or by substitute appointed by him, or shall execute written instruments appointing a proxy or proxies to represent the Corporation at, all meetings of the shareholders of any other Corporation, association or other entity in which the Corporation holds any stock or other securities, and may execute written waivers of notice with respect to any such meetings. At all such meetings and otherwise, the President or any Vice President, in person or by substitute or proxy as aforesaid, may vote the stock or other securities so held by the Corporation and may execute written consents and any other instruments with respect to such stock or securities and may exercise any and all rights and powers incident to the ownership of said stock or securities, subject, however, to the instructions, if any, of the Board of Directors.

Section 3. Seal. The corporate seal of the Corporation shall be circular in form and shall contain the name of the Corporation, the year of its organization and the words "Seal, Colorado".

Section 4. Fiscal Year. The fiscal year of the Corporation shall be as established by the Board of Directors.

Section 5. Amendments. Subject to repeal or change by action of the shareholders, the power to alter, amend or repeal these bylaws and adopt new bylaws shall be vested in the Board of Directors.

Amended: December 24, 2009

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Section 3: EX-10.1 (EXHIBIT 10.1)

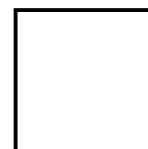
Exhibit 10.1

HALLADOR ENERGY COMPANY 2020 PLAN

Capitalized terms used and not otherwise defined herein are defined for purposes of this 2020 Plan as follows:

“Cause” means:

(i) The Covered Person’s willful and continued material failure to perform the reasonable duties and responsibilities of



his or her position after the Corporation has provided the Covered Person with a written demand for performance that describes the basis for the Corporation's belief that the Covered Person has not substantially performed his or her duties and the Covered Person has not corrected the failure within thirty (30) days of the written demand;

(ii) Any act of personal dishonesty taken by the Covered Person in connection with his or her responsibilities as an employee of the Corporation and intended to result in his or her substantial personal enrichment;

(iii) The Covered Person's conviction of, or plea of nolo contendere to, a felony that the Board reasonably believes has had or will have a material detrimental effect on the Corporation's reputation or business; or

(iv) The Covered Person's breach of any fiduciary duty owed to the Corporation by the Covered Person that has a material detrimental effect on the Corporation's reputation or business.

"Change of Control" means any Change of Control or ownership of the Corporation which occurs by reason of one or more of the following events:

(i) the acquisition by any person or group of related persons (as determined pursuant to section 13(d)(3) of the 1934 Act) of beneficial ownership of securities of the Corporation representing fifty percent (50%) or more of the total number of votes that may be cast for the election of Board members, or

(ii) stockholder approval of (A) any agreement for a merger or consolidation in which the Corporation will not survive as an independent corporation or other entity, or (B) any sale, exchange or other disposition of all or substantially all of the Corporation's assets, including, without limitation, the sale, exchange or other disposition of the equity securities or assets of Sunrise Coal, LLC.

Notwithstanding anything herein to the contrary, with respect to any amounts that constitute nonqualified deferred compensation under Code Section 409A and that would be payable in connection with a Change of Control, to the extent required to avoid accelerated or additional taxation under such section, no Change of Control will be deemed to have occurred unless such Change of Control also constitutes a change in the ownership or effective control of the Corporation or a change in the ownership of a substantial portion of the Corporation's assets within the meaning of Code Section 409A(a)(2)(A)(v).

Definitions

“Closing” means the closing date of a transaction that results in a Change of Control, as set forth in the definitive agreement governing such transaction.

“Covered Person” means the Corporation’s Chief Executive Officer and President, Corporate Secretary and Chairman of the Board, and Chief Financial Officer.

“Good Reason” means the occurrence of one or more of the following without the Covered Person’s written consent:

(i) A fifteen percent (15%) or more reduction in the Covered Person’s total annual cash compensation opportunity (base salary and target bonus opportunity collectively), which the parties agree is a material reduction, as compared to the Covered Person’s total annual cash compensation opportunity immediately prior to the Closing;

(ii) A change in the Covered Person’s principal work location resulting in a new one-way commute that is more than twenty-five (25) miles greater than the Covered Person’s one-way commute prior to the change in the Covered Person’s principal work location, regardless of whether the Covered Person receives an offer of relocation benefits; or

(iii) A material reduction in the Covered Person’s authority, duties and/or responsibilities as compared to the Covered Person’s authority, duties and/or responsibilities in effect immediately prior to the Closing (for example, but not by way of limitation, this determination will include an analysis of whether the Covered Person maintains at least the same level, scope and type of duties and responsibilities with respect to the management, strategy, operations and business of the combined entity resulting from such transaction, taking the Corporation, any acquirer and their respective parent corporations, subsidiaries and other affiliates, together as a whole).

With respect to any termination for Good Reason, the Covered Person shall give the Corporation written notice, which shall identify with reasonable specificity the grounds for the Covered Person’s resignation, and provide the Corporation a period of thirty (30) days from the day such notice is given to cure the alleged grounds for termination for Good Reason contained in the notice. A termination will not be for Good Reason if such notice is given by the Covered Person to the Corporation more than ninety (90) days after the occurrence of the event that the Covered Person alleges is Good Reason for her or her termination.

“Payment Date” means the date on which the Corporation pays the Retention Bonus to the Covered Persons, which shall be on the date of the Closing.

“RSU Plan” means that certain Amended and Restated 2008 Restricted Stock Unit Plan as adopted by the Corporation in May 2017.

Definitions

“Section 280G” means Section 280G of the Internal Revenue Code of 1986, as amended, and the final regulations and any guidance promulgated thereunder.

“Section 409A” means Section 409A of the Internal Revenue Code of 1986, as amended, and the final regulations and any guidance promulgated thereunder.

“Section 4999” means Section 4999 of the Internal Revenue Code of 1986, as amended, and the final regulations and any guidance promulgated thereunder.

Definitions

Each of the Covered Persons, along with other employees of the Corporation as determined by the Compensation Committee of the Board, shall be eligible to participate in this 2020 Plan, provided that such Covered Person is employed by the Corporation on the Effective Date, and is not excluded from this 2020 Plan as provided below.

Participation in 2020 Plan

Each Covered Person who remains employed with the Corporation upon a Change of Control through the Closing shall receive a retention bonus under this 2020 Plan (the “Retention Bonus”) and, provided that the conditions for payment of any Retention Bonus set forth in this 2020 Plan are satisfied, one-hundred percent (100%) of the Retention Bonus, as specified with respect to each Covered Person in Schedule 1 attached hereto, shall be paid in a lump-sum payment on the Payment Date.

Retention Bonus Eligibility and Payment Date

If, prior to the date of a Change of Control, a Covered Person (i) voluntarily terminates his or her employment, or (ii) is terminated for Cause, he or she will not receive a Retention Bonus, and any funds that would have been utilized for such Covered Person’s Retention Bonus will revert to the Corporation and will not be reallocated to any other Covered Person.

Ineligibility to Receive Retention Bonuses

In the event that, following an announcement by the Corporation of a transaction that would result in a Change of Control, but prior to the Closing relating to such announced Change of Control, a Covered Person’s employment with the Corporation is terminated without Cause or the Covered Person terminates his or her employment with the Corporation for Good Reason, such Covered Person shall be eligible to receive the Retention Bonus that he or she would otherwise have been entitled to receive had he or she remained employed with the Corporation through the Closing.

Termination Without Cause or Termination for Good Reason

This 2020 Plan shall provide benefits to each Covered Person and his or her respective heirs, representatives, successors, and assigns, and will be binding on all successors and assigns of the Corporation and any acquirer of the Corporation.

Benefits to Covered Persons and Their Heirs

Participation in this 2020 Plan will not provide any guarantee or promise of employment or continued service of any Covered Person or any employee of the Corporation or its subsidiaries with the Corporation or any of its subsidiaries, and the Corporation shall retain the right, and its subsidiaries shall retain the right, to terminate the employment of any Covered Person or any other employee of the Corporation or its subsidiaries, as applicable, at any time.

No Guarantee of Continued Service

The Corporation will withhold from any payments under this 2020 Plan (including to a beneficiary or estate) any amount required to satisfy all applicable federal, state, local, or foreign income, employment, and other tax withholding obligations.

Withholding

It is intended that Retention Bonuses under this 2020 Plan meet the short-term deferral exception under Section 409A (accordingly, notwithstanding anything herein to the contrary, no payments to be made hereunder shall be made later than the fifteenth (15th) day of the third (3rd) month following the taxable year in which the Change of Control is effectuated or otherwise in which the payment right vests) and, if not exempt, the Retention Bonuses payable pursuant to this 2020 Plan are intended to comply with Section 409A, to the extent the requirements of Section 409A are applicable hereto. The provisions of this 2020 Plan shall be construed and administered in a manner consistent with that intention.

Section 409A

If payment of any amount under this 2020 Plan that is subject to Section 409A at the time specified therein would subject such amount to any additional tax under Section 409A, the payment of such amount shall be postponed to the earliest commencement date on which the payment of such amount could be made without incurring such additional tax. In addition, to the extent that any guidance issued under Section 409A would result in the Covered Person being subject to the payment of interest or any additional tax under Section 409A, the Corporation shall, to the extent reasonably possible and as allowed by applicable treasury regulations, amend this 2020 Plan in order to avoid the imposition of any such interest or additional tax under Section 409A, which amendment shall have the minimum economic effect necessary and be reasonably determined in good faith by the Corporation.

**409A
Payment
Adjustments**

Notwithstanding the foregoing, the Corporation makes no representations that the payments and benefits provided under this 2020 Plan comply with Section 409A and in no event will the Corporation be liable or be required to reimburse a Covered Person for all or any portion of any taxes, penalties, interest or other expenses that may be imposed on or incurred by him or her as a result of this 2020 Plan being subject to Section 409A.

**No
Representation
Regarding
409A**

If a Covered Person is deemed to be a “specified employee” within the meaning of that term under Code Section 409A (a)(2)(B), then with regard to any payment or the provisions of any benefit that is required to be delayed pursuant to such Code Section 409A(a)(2)(B), such payment or benefit shall not be made or provided prior to the earlier of:

- (i) the expiration of the six (6) month period measured from the date of the Covered Person’s “separation from service” (as such term is defined in Treasury Regulation Section 1.409A-1(h)), or
- (ii) the date of the Covered Person’s death (the “Delay Period”),

**409A Delay
Payments**

and all payments and benefits delayed pursuant to the foregoing (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid to a Covered Person in a lump sum within ten (10) days following the expiration of the Delay Period.

No provision of this 2020 Plan will require the Corporation, for the purpose of satisfying any obligations under this 2020 Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor will the Corporation maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes.

**No Trust
Assets**

Nothing contained in this 2020 Plan and no action taken pursuant to the provisions of this 2020 Plan will create or be construed to create a trust of any kind.

No Trust

No property that may be acquired or invested by the Corporation in connection with this 2020 Plan will be deemed security for the obligations to the Covered Persons hereunder, but will be, and continue for all purposes to be, part of the general funds of the Corporation, and Covered Persons will have no rights under this 2020 Plan other than as unsecured general creditors of the Corporation.

No Property Will Constitute Security

This 2020 Plan is intended to be a “bonus program” as defined under U.S. Department of Labor Regulation Section 2510.3-2(c) and will be construed and administered in accordance with such intention.

Bonus Program

All questions concerning the construction, validation, and interpretation of this 2020 Plan will be governed by the laws of the State of Colorado without regard to its conflict of law’s provisions.

Choice of Law

The Corporation reserves the right to amend or terminate this 2020 Plan at any time; provided, however, that (i) any such amendment or termination shall be made in writing and approved by resolution of the Compensation Committee or the Board, and (ii) following the Effective Date, the Corporation may not, without a Covered Person’s written consent, amend or terminate this 2020 Plan in any way that (x) prevents the Covered Person from becoming eligible for his or her Retention Bonus under this 2020 Plan, or (y) reduces the amount of Retention Bonuses payable, or potentially payable to a Covered Person under this 2020 Plan.

Amendment

Under this 2020 Plan effective January 1, 2020, the salaries (the “2020 Plan Annual Base Salary”) of the Covered Persons shall be as specified with respect to each such Covered Person in Schedule 1 attached hereto.

2020 Plan Annual Base Salaries

If a Change of Control occurs before January 1, 2021, for purposes of calculating the Retention Bonuses in Schedule 1, the 2020 Plan Annual Base Salaries shall be as set forth immediately above.

Change of Control Salaries

As promptly as practical after the adoption of this 2020 Plan, the Covered Persons shall be granted restricted stock units in accordance with the RSU Plan and pursuant to award agreements under said RSU Plan approved by the Compensation Committee as specified with respect to each such Covered Person in Schedule 1 attached hereto.

2020 Plan Restricted Stock Units

Such restricted stock units shall vest in amounts and at times as set forth in Schedule 1 attached hereto and in accordance with the terms of the RSU Plan and applicable award agreement with respect thereto, which includes full vesting on a Change of Control as defined therein, on the event of death of the holder of restricted stock units, and on such other terms as set forth in the RSU Plan and applicable award agreements with respect thereto.

The Covered Persons shall be entitled to annual and performance bonuses in amounts as the Compensation Committee shall determine in its discretion but not less than the amounts as specified with respect to each such Covered Person in Schedule 2 attached hereto, payable within 30 days after the end of each fiscal year, provided that such persons are continuing in the services of the Corporation through the fiscal year in respect of which bonuses are paid.

2020 Plan Bonuses

To the maximum extent allowed by law, the right of each of the Covered Persons to receive the Retention Bonus due pursuant to this 2020 Plan in the event of a Change of Control shall be subject to such Covered Person having entered into an agreement with the party that acquires the Company upon such Change of Control whereby such Covered Person shall agree to continue to work for the acquirer or its affiliate or the Company, as applicable, for a period of 3 months or such lesser period as determined by the acquirer (the “Post Change of Control Employment Period”); provided, that the foregoing shall not apply to a Covered Person unless: (a) the acquiror desires to engage such Covered Persons to continue to work for the acquirer (or its affiliate or the Company); (b) the agreement between such Covered Person and the acquiror requires the acquiror to pay such Covered Person a monthly salary equivalent to the per month amount of such Covered Person’s 2020 Plan Annual Base Salary for each month during the Post Change of Control Employment Period; and (c) the agreement between such Covered Person and the acquiror requires the acquiror to pay such Covered Person a bonus payment equivalent to three (3) months of the Retention Bonus due to such Covered Person under this 2020 Plan upon a Change of Control, which payment shall be due and payable within thirty (30) days after the end of the Post Change of Control Employment Period as long as the Covered Person continued to work for the acquirer, its affiliate or the Company until the last day of the Post Change of Control Employment Period or the acquirer, its affiliate or the Company terminates such agreement with such Covered Person prior to such date.

**Service
Agreements**

Upon a Change of Control of the Corporation, in accordance with terms of this 2020 Plan, the Chief Executive Officer shall grant additional bonuses in an aggregate amount equal to 1% of the total consideration paid by the acquirer in such Change of Control to the Corporation or the equity holders of the Corporation (subject to all applicable withholding for income, employment and other withholding tax purposes) to be divided up, in the Chief Executive Officer’s sole discretion, between those employees of the Corporation and its subsidiaries other than the Covered Persons whom the Chief Executive Officer determines in his sole discretion shall be granted cash bonuses to compensation such persons for services performed prior to the Change of Control.

One-hundred percent (100%) of the additional bonuses as described above shall be paid in lump-sum payments to the employees receiving additional bonuses, on the date of the Closing.

Notwithstanding the preceding, if any payment, benefit or distribution of any type to or for the benefit of any employee (other than the Covered Persons), whether paid or payable, provided or to be provided, or distributed or distributable pursuant to the terms of this 2020 Plan or otherwise (collectively, the “Transaction Payments”) could subject the employee to the excise tax imposed under Section 4999 (the “Excise Tax”) or may not be deductible as a result of Section 280G, then the Corporation shall cause to be determined, before any amounts of the Transaction Payment are paid to the person, which of the following two alternative forms of payment would result in the employee’s receipt, on an after-tax basis, of the greater amount of the Transaction Payment notwithstanding that all or some portion of the Transaction Payment may be subject to the Excise Tax: (1) payment in full of the entire amount of the Transaction Payment (a “Full Payment”), or (2) payment of only a part of the Transaction Payment so that the employee receives the largest payment possible without the imposition of the Excise Tax (a “Reduced Payment”). For purposes of determining whether to make a Full Payment or a Reduced Payment, the Corporation shall cause to be taken into account the value of all applicable federal, state and local income and employment taxes and the Excise Tax (all the Transaction Payments shall be reduced so that the maximum amount of the Transaction Payments (after reduction) with respect to any such employee shall be one dollar (\$1.00) less than the amount which would cause the Transaction Payments to be subject to the Excise Tax or would cause the Transaction Payments to not be deductible. If a Reduced Payment is made, (x) the employee shall have no rights to any additional payments and/or benefits constituting the Transaction Payment, and (y) reduction in payments and/or benefits shall occur in the manner (the “Reduction Method”) that results in the greatest economic benefit to the employee.

**2020 Plan
Additional
Bonuses to
Employees**

Notwithstanding the foregoing, if the Reduction Method would result in any portion of the Transaction Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method will be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification will preserve to the greatest extent possible, the greatest economic benefit for the employee as determined on an after-tax basis; (B) as a second priority, any amounts of the Transaction Payment that are contingent on future events (e.g., being terminated without Cause), will be reduced (or eliminated) before any amounts of the Transaction Payment that are not contingent on future events; and (C) as a third priority, any amounts of the Transaction Payment that are “deferred compensation” within the meaning of Section 409A will be reduced (or eliminated) before any amounts of the Transaction Payment that are not deferred compensation within the meaning of Section 409A.

Schedule 1

The Covered Person's total compensation under the 2020 Plan shall be as follows:

| Covered Person Title | 2020 Plan Annual Base Salary |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| President and Chief Executive Officer | \$500,000 per year |
| Chief Financial Officer | \$300,000 per year |
| | |
| | Retention Bonus Amount |
| President and Chief Executive Officer | An amount equal to the sum of: (1) the product of (a) such executive officer's/key person's 2020 Plan Annual Base Salary, divided by twelve (12), and then multiplied by (b) twenty-four (24) in the event the acquiring company following a Change of Control does not engage the executive to continue to work for the acquirer, or twenty-one (21) in the event the acquiring company does engage the executive to continue to work for the acquirer pursuant to the requirements of the provisions in the 2020 plan titled "Service Agreements"; plus (2) the equivalent dollar value of the restricted stock units granted to such executive officer/key person that are due to be granted under this 2020 Plan but that have not been granted as of the relevant date; plus (3) an amount equal to the performance bonus that would have been earned by such executive officer/key person based on performance relative to the target goals as of the relevant date. |
| Chief Financial Officer | An amount equal to the sum of: (1) the product of (a) such executive officer's/key person's 2020 Plan Annual Base Salary, divided by twelve (12), and then multiplied by (b) twenty-four (24) in the event the acquiring company following a Change of Control does not engage the executive to continue to work for the acquirer, or twenty-one (21) in the event the acquiring company does engage the executive to continue to work for the acquirer pursuant to the requirements of the provisions in the 2020 plan titled "Service Agreements"; plus (2) the equivalent dollar value of the restricted stock units granted to such executive officer/key person that are due to be granted under this 2020 Plan but that have not been granted as of the relevant date; plus (3) an amount equal to the performance bonus that would have been earned by such executive officer/key person based on performance relative to the target goals as of the relevant date. |
| | |
| | Restricted Stock Units |
| President and Chief Executive Officer | A total of 137,500 restricted stock units, which shall vest in the amount of 68,750 restricted stock units on December 16 th of each of 2020 and 2021 or otherwise in accordance with the terms of the RSU Plan and the applicable award agreement. |
| Chief Financial Officer | A total of 75,000 restricted stock units, which shall vest in the amount of 37,500 restricted stock units on December 16 th of each of 2020 and 2021 or otherwise in accordance with the terms of the RSU Plan and the applicable award agreement. |

Schedule 2

RESOLUTIONS OF THE COMPENSATION COMMITTEE

Approval of the 2020 Hallador Energy Bonus Performance Plan Performance Goals

WHEREAS, the Company desires to establish an annual bonus performance plan (“Bonus Plan”) to reward and motivate certain employees of the Company for attainment of certain performance goals for fiscal year 2020;

WHEREAS, the Committee deems it advisable and in the best interests of the Company to establish terms and conditions for Bonus Plan award consistent with the Company’s goals for the performance period of January 1, 2020 to December 31, 2020 (the “Performance Period”).

NOW, THEREFORE, BE IT:

RESOLVED, that the Committee hereby approves the Bonus Plan as set forth in Exhibit A;

FURTHER RESOLVED, that the Committee hereby approves the Performance Goals for each of the following as set forth in Exhibit B:

| Area | Performance Goals |
|---------------|----------------------------------|
| Safety* | Severity Measure #1 |
| Safety* | Severity Measure #2 |
| Safety* | Violations per Inspection Day #1 |
| Safety* | Violations per Inspection Day #2 |
| Financial | EBITDA |
| Discretionary | |

*Safety is based on Sunrise Coal’s performance percentage relative to the national average for underground coal mines over the preceding 4 years (i.e., for 2020, it will be relative to 2016 – 2019).

FURTHER RESOLVED, that the Committee reserves the discretion, at any time prior to the final determination of whether the Performance Goals have been attained, to change the Performance Goals to reflect a change in corporate capitalization, such as a stock split or stock dividend, or a corporate transaction, such as a merger, consolidation, separation, reorganization or partial or complete liquidation, or to equitably reflect the occurrence of any extraordinary event, any change in applicable accounting rules or principles, any change in the Company’s method of accounting, any change in applicable law, any change due to any merger, consolidation, acquisition, reorganization, stock split, stock dividend, combination of shares or other changes in the Company’s corporate structure or shares, or any other change of a similar nature;

FURTHER RESOLVED, that the Committee hereby approves the following 2020 Bonus Plan award opportunities for the following named executive officers:

| Position | Target Amount | Threshold | Target | Maximum |
|-------------------------|---------------|----------------------|-----------------------|-----------------------|
| CEO & President | \$150,000 | 80% of Target Amount | 100% of Target Amount | 120% of Target Amount |
| Chief Financial Officer | \$100,000 | 80% of Target Amount | 100% of Target Amount | 120% of Target Amount |

General Authority

RESOLVED, that all such other acts or things which would cause the transactions contemplated by these resolutions to be consummated and performed be, and hereby are, authorized, approved and adopted; and it is further

RESOLVED, that each officer is hereby authorized to perform such further acts and execute and deliver such further documents or instruments as such officer may deem necessary or desirable to carry out with respect to the Company the intents and purposes of the foregoing resolutions.

Exhibit A

Bonus Performance Plan

The chart below sets forth the applicable weighting for each performance level for each performance measure for each Performance Period:

| Area | Goals | Base Points |
|---------------|----------------------------------|--------------------|
| Safety * | Severity Measure #1 | 8.75 |
| | Severity Measure #2 | 8.75 |
| Safety * | Violations per Inspection Day #1 | 8.75 |
| | Violations per Inspection Day #2 | 8.75 |
| Financial | EBITDA | 35 |
| Discretionary | Discretionary | 30 |
| Total | | 100 |

2020 performance bonus amounts, if any, will be paid in a lump sum net of applicable withholding in March 2021, after audit completion.

Exhibit B

Performance Goals

| Area | Goals | Minimum Goal Amount | Target Goal Amount | Maximum Goal Amount |
|-----------|--------------------------------------------------|---------------------|--------------------|---------------------|
| Safety * | Severity Measure #1 (Oaktown Mines) | 100.00% | 89% | 78.00% |
| | Severity Measure #2 (Oaktown Mines) | 323 | 288 | 253 |
| Safety * | Violations per Inspection Day #1 (Oaktown Mines) | 61% | 51% | 41% |
| | Violations per Inspection Day #2 (Oaktown Mines) | 31 | 26 | 21 |
| Financial | EBITDA (adjusted) | 54.4 | 68.0 | 81.6 |

Actual results for each Safety Measure will be calculated by Sunrise Coal management with final results available.

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Section 4: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

CERTIFICATION

I, Brent K. Bilsland, certify that:

- 1) I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K of Hallador Energy Company;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Date: June 12, 2020

/s/BRENT K. BILSLAND

Brent K. Bilsland, President, Chairman, and CEO

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Section 5: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

CERTIFICATION

I, Lawrence D. Martin, certify that:

- 1) I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K of Hallador Energy Company;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Date: June 12, 2020

/s/LAWRENCE D. MARTIN

Lawrence D. Martin, CFO

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Section 6: EX-31.3 (EXHIBIT 31.3)

Exhibit 31.3

CERTIFICATION

I, R. Todd Davis, certify that:

- 1) I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K of Hallador Energy Company;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Date: June 12, 2020

/s/R. TODD DAVIS
R Todd Davis, CAO

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