Quarterly Investor Update

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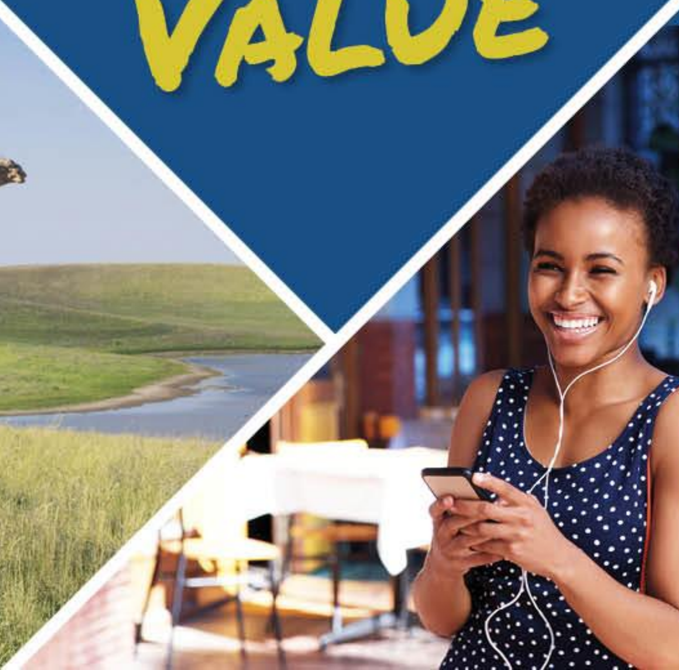
Oct. 29, 2019

Peabody

DELIVERING
RESULTS
GENERATING
VALUE



Statement on Forward-Looking Information

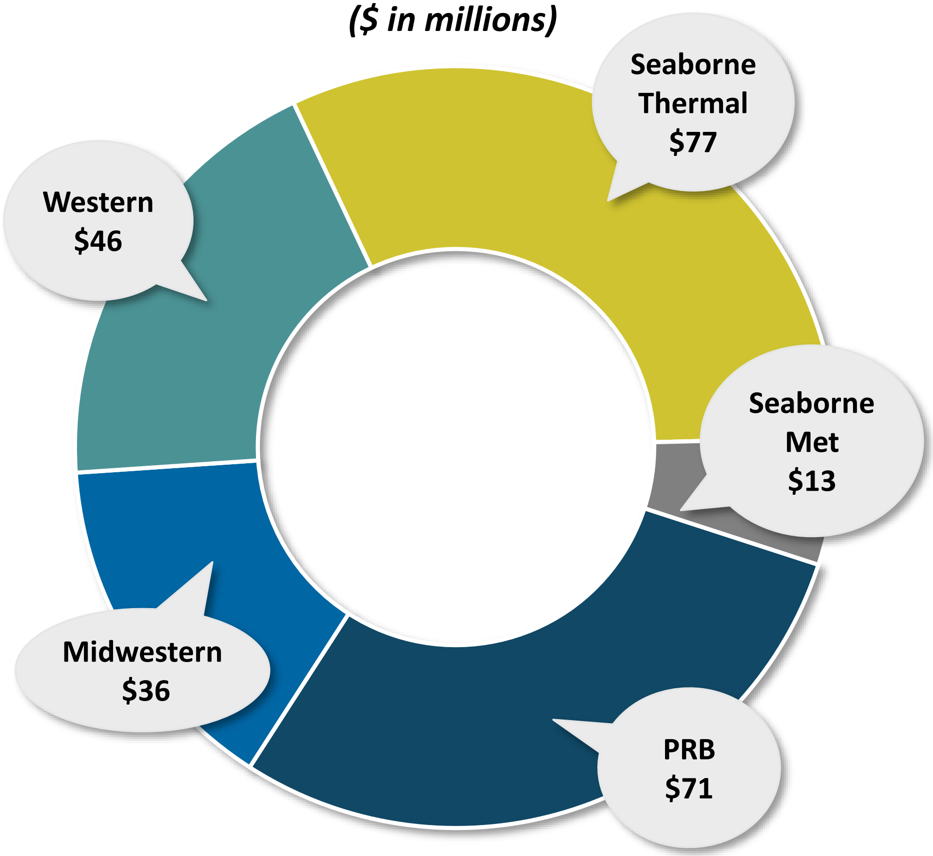
This presentation contains forward-looking statements within the meaning of the securities laws. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words or variation of words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "projects," "forecasts," "targets," "would," "will," "should," "goal," "could" or "may" or other similar expressions. Forward-looking statements provide management's current expectations or predictions of future conditions, events or results. All statements that address operating performance, events or developments that Peabody expects will occur in the future are forward-looking statements. They may include estimates of value accretion, joint venture synergies, closing of the joint venture, revenues, income, earnings per share, cost savings, capital expenditures, dividends, share repurchases, liquidity, capital structure, market share, industry volume, or other financial items, descriptions of management's plans or objectives for future operations, or descriptions of assumptions underlying any of the above. All forward-looking statements speak only as of the date they are made and reflect Peabody's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore, Peabody disclaims any obligation to publicly update or revise any forward-looking statement, except as required by law. By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to, a variety of economic, competitive and regulatory factors, many of which are beyond Peabody's control, including (i) risks that the proposed joint venture may not be completed, including as a result of a failure to obtain required regulatory approvals, (ii) risks that the anticipated synergies from the proposed joint venture may not be fully realized, including as a result of actions necessary to obtain regulatory approvals, (iii) other factors that are described in Peabody's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2018 and (iv) other factors that Peabody may describe from time to time in other filings with the SEC. You may get such filings for free at Peabody's website at www.peabodyenergy.com. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

Third Quarter 2019 Includes Notable Achievements, Several Challenges and Multiple Changes to Portfolio and Organization

- ✓ PRB mining operations deliver multi-year low costs
- ✓ Advanced review of highly accretive PRB/Colorado joint venture with FTC; Completion of review expected in first half of 2020
- ✓ U.S. teams earn Sentinels of Safety Award and two Office of Surface Mining reclamation awards in October
- ✓ Pursuing de-risked path to access southern panels at North Goonyella
- ✓ Received major permit approval for United Wambo JV with Glencore and proceeding with Moorvale South mine extension project
- ✓ Taking steps to streamline organization, reset operational performance and strengthen portfolio

Third Quarter Results Reflect Previously Announced Effects of Pricing, Shipments, Middlemount Performance

Q3 2019 Adjusted EBITDA by Mining Portfolios
($ in millions)



- Solid U.S. and seaborne thermal performance driving results
- Seaborne thermal platform delivers 31% Adjusted EBITDA margins driven by strong cost performance
- U.S. thermal costs per ton decline 6% from prior year even with lower volumes
- Seaborne met costs impacted by lower volumes, elevated overburden ratios, extended longwall move, reduced conveyor availability

Note: Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA margin and cost per ton are non-GAAP operating/statistical measures. Refer to the definition and reconciliation to the nearest GAAP measures in the appendix. Seaborne Met Adjusted EBITDA excludes net North Goonyella costs.

Healthy Balance Sheet Positions Peabody Well For Changing Conditions

- Committed to ensuring financial strength with healthy balance sheet
- Generated Free Cash Flow of $92 million in Q3; $407 million YTD
- Upsized revolver to $565 million, securing additional non-cash liquidity sources
- Largely balanced YTD cash returns to shareholders between buybacks, dividends
- Accelerated Q3 share repurchases relative to Q2

Total Liquidity ($ in millions)	Dec. 2018	Sept. 2019	Change
Unrestricted Cash & Cash Equivalents	$982	$759	($223)
Revolver Availability	$244	$499	$255
ARS Availability	$93	$92	($1)
Total Liquidity	**$1,319**	**$1,350**	**$31**

Total Liabilities ($ in millions)	Dec. 2018	Sept. 2019	Change
Pension	$31	$14	$(17)
Retiree Healthcare	$580	$548	$(32)
ARO	$750	$760	$10
Total Funded Debt	$1,367	$1,353	($14)
Other Liabilities	$1,244	$1,133	$(111)
Total Liabilities	**$3,972**	**$3,808**	**($164)**

Note: Liability balances reflect current and non-current balances. Free Cash Flow is a non-GAAP financial measure. Refer to the reconciliation to the nearest GAAP measures in the appendix.

Revised Full-Year 2019 Guidance Ranges

- Expected seaborne thermal volumes of 11.5 – 12.0 million tons
  - Reflects increase in required domestic thermal shipments
- Anticipating met volumes of 8.5 – 9.0 million tons
  - Dec/Jan pricing arbitrage may provide economic opportunity to defer volumes
- Seaborne met coal costs projected at ~$100 per ton
- Revising Midwest volume guidance to ~16.0 million tons
  - Reflects lower customer requirements, negotiated deferrals
- Lowered overall U.S. cost guidance to $13.95 – $14.45 per ton
- Reduced capital spending to $300 – $325 million
- Strong U.S. contracting position heading into 2020
  - Nearly all planned Midwest volumes priced at $39 per ton
  - 75% of PRB volumes committed based on mid-point of 2019 volume guidance

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Note: Met cost guidance excludes North Goonyella costs.

Industry: Recent Stabilization in Seaborne Coal Pricing; Investment Declines as Coal Use Continues to Increase

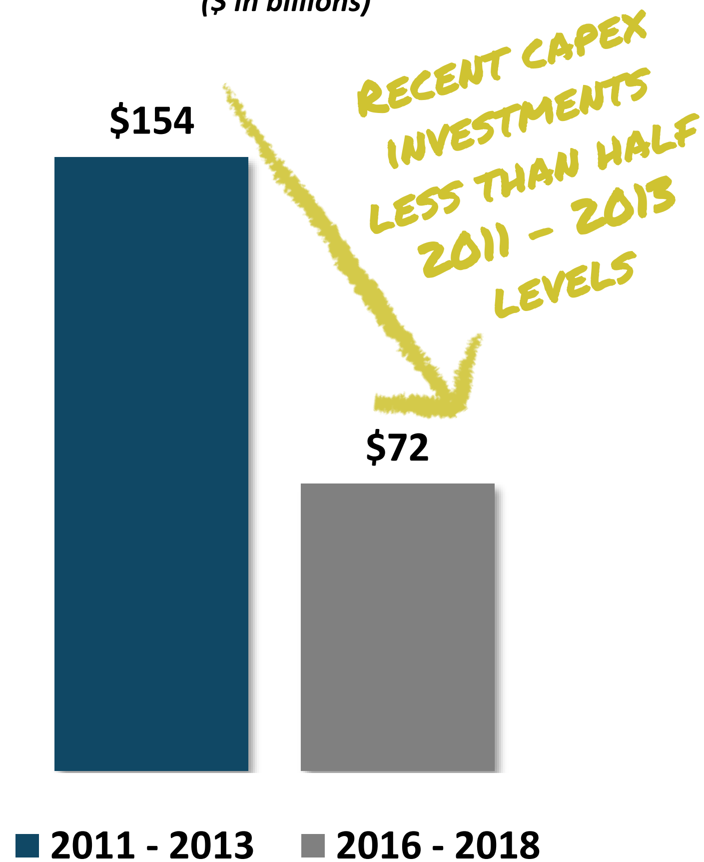
SEABORNE METALLURGICAL

- Chinese met coal imports increase ~20% through September; August marks new monthly import record
- India imports increase 7% YTD through September

SEABORNE THERMAL

- Pricing recovering from demand weakness in Europe, low LNG prices and strong Indonesian/Russian exports
- ASEAN import demand drives demand growth; Vietnam imports more than double YTD through September

Capex Invested by Major Metallurgical and Thermal Producing Regions
($ in billions)



Source: Industry reports and Peabody Global Analytics. Capex invested by major metallurgical and thermal producing regions provided by WoodMac and does not include acquisitions.

Key Business Updates: Peabody Focused on Three Strategies to Create Value; Reshaping the Organization

STRATEGIES

1) Continuing to reweight our investments toward greater SEABORNE THERMAL and SEABORNE METALLURGICAL coal access to capture higher-growth Asian demand

2) Optimizing our lowest-cost and highest-margin U.S. THERMAL assets to maximize cash generation

3) Executing our FINANCIAL APPROACH of generating cash, maintaining financial strength, investing wisely and returning cash to shareholders

* IDENTIFIED ANNUALIZED COST IMPROVEMENTS OF $50 MILLION

Peabody Offers Tier-One Thermal Operations; Actively Exploring Means to Upgrade Mid-Tier Metallurgical Platform

Seaborne Metallurgical

- Peabody/CMJV partners approve Moorvale South extension project; Extends mine life to 2029 and enhances coking coal profile
- Operating two longwall kits at Shoal Creek in November; Upgrading conveyor system to improve long-term reliability
- Improving equipment utilization/mining methodology at Coppabella
- Identified preferred path to create value from North Goonyella reserve base by mining southern panels beginning with 6 South panel

Seaborne Thermal

- United Wambo JV receives approval from IPC in late August; Final environmental approval expected to be granted by year-end 2019
- Working to improve Q4 production volumes at Wambo and Wilpinjong through use of additional equipment from Millennium

Optimizing U.S. Mine Plans, Paring Operations and Matching Workforce with Customer Demand in Challenged Industry

PRB/Colorado

- PRB/Colorado JV progressing through FTC regulatory approval process; FTC review anticipated to conclude during first half of 2020

Illinois Basin

- Centering portfolio around core mines
- Shifting contracts to more productive mines, extending contracted volumes into future years and scaling back production and workforces
- Announced expected closure of Wildcat Hills Mine; Cash flow accretive
- Strong committed book of business

Western

- Continuing commercial negotiations with power plant owner, which may provide incremental near-term cash flows

Focused on maximizing cash generation: Total U.S. cash inflows have outpaced cash outlays by 5.5x in recent years

Solid Execution on Financial Approach Demonstrates Strength and Flexibility of Balance Sheet

Since Mid-2017…

$2.5B Free Cash Flow generated	$1.3B Reduction in total liabilities	$1.0B Capex, Shoal Creek	$1.6B Cash returned to shareholders
GENERATE CASH	MAINTAIN FINANCIAL STRENGTH	INVEST WISELY	RETURN CASH TO SHAREHOLDERS

+ CONVERSION OF PREFERRED SHARES

ACTIONS TO ADVANCE

- Continuing to pursue means to accomplish capital structure objectives in a value-enhancing manner
- Moving toward lower end of gross debt target range of $1.2 billion; Structure better accommodates future portfolio changes and lowers fixed charges – enabling cash returns to shareholders

Note: Reflects metrics from April 2017 to Sept. 30, 2019, with the exception of share repurchase, which are through Oct. 28, 2019. Shareholder returns include share repurchases, quarterly dividend and $200 million supplemental dividend. Free Cash Flow is a non-GAAP financial measure. Refer to the reconciliation to the nearest GAAP measures in the appendix.

Appendix

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2019 Guidance Targets

Sales Volumes (Short Tons in millions)	
PRB	107 – 113
ILB	~16.0
Western	11 – 12
Seaborne Metallurgical	8.5 – 9.0
HCC[1]:	40% – 50%
PCI[2]:	50% – 60%
Seaborne Export Thermal	11.5 – 12.0
NEWC:	60% – 70%
API 5:	30% – 40%
Australia Domestic Thermal	7.5 – 8
Revenues per Ton	
Total U.S. Thermal	$17.35 – $17.85
Costs Per Ton (USD per Short Ton)	
PRB	$9.25 – $9.75
ILB	$32 – $35
Total U.S. Thermal	$13.95 – $14.45
Seaborne Thermal[3] (includes Aus. Domestic Thermal)	$32 – $36
Seaborne Metallurgical[3] (excluding North Goonyella)	~$100

Quarterly SG&A Expense	~$40 million
Full-Year Capital Expenditures	$300 – $325 million
Full-Year DD&A	$600 – $625 million
Full-Year Interest Expense[4]	~$145 million
Full-Year ARO Cash Spend	~$50 million
Cost Sensitivities[5]	
$0.05 Decrease in A$ FX Rate[6]	+ ~$25 million
$0.05 Increase in A$ FX Rate[6]	- ~$25 million
Fuel (+/- $10/barrel)	+/- ~$7 million
2019 Priced Position (Avg. Price per Short Ton)	
PRB	$11.14
ILB	~$42
Seaborne Export Thermal Volumes (Q4: ~2.0 million tons) [7]	~$78
All of Peabody's 2019 U.S. thermal volumes are priced based on the mid-point of 2019 volume guidance	
2020 Priced Position (Avg. Price per Short Ton)	
PRB	$11.00
ILB	~$39
Seaborne Export Thermal Volumes (2.2 million tons)	~$76
~65% and ~75% of Peabody’s 2020 U.S. thermal volumes are priced and committed, respectively, based on the mid-point of 2019 volume guidance (excluding Kayenta Mine sales)	

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2019 Guidance Targets

[1] Peabody expects to realize ~80%-90% of the premium HCC quoted index price on a weighted average across its HCC products.

[2] Approximately 40% of Peabody's seaborne metallurgical PCI sales are on a spot basis, with the remainder linked to the quarterly contract. Peabody expects to realize ~80%-90% of the LV PCI benchmark for its PCI products.

[3] Assumes 2019 average A$ FX rate of $0.70. Cost ranges include sales-related cost, which will fluctuate based on realized prices.

[4] Interest expense includes interest on funded debt, surety bonds, commitment fees and letters of credit fees issued under the revolver and accounts receivable securitization program, and non-cash interest related to certain contractual arrangements and amortization of debt issuance costs.

[5] Sensitivities reflect approximate impacts of changes in variables on financial performance. When realized, actual impacts may differ significantly.

[6] As of Sept. 30, 2019, Peabody had outstanding average rate call options to manage market price volatility associated with the Australian dollar in aggregate notional amount of AUD $925 million with strike price levels ranging from $0.73 to $0.76 with settlement dates through June 30, 2020. Sensitivities provided are relative to an assumed average A$ FX exchange rate of ~$0.67 as of Sept. 30, 2019.

[7] Approximately 60%-70% of Peabody's unpriced 2019 seaborne thermal export volume is NEWC-specification, with the remainder closer to an API5 product.

Note 1: Peabody classifies its seaborne metallurgical or thermal segments based on the primary customer base and reserve type. A small portion of the coal mined by the seaborne metallurgical segment is of a thermal grade and vice versa. Peabody may market some of its metallurgical coal products as a thermal product from time to time depending on industry conditions. Per ton metrics presented are non-GAAP operating/statistical measures. Due to the volatility and variability of certain items needed to reconcile these measures to their nearest GAAP measure, no reconciliation can be provided without unreasonable cost or effort.

Note 2: A sensitivity to changes in seaborne pricing should consider Peabody's estimated split of products and the weighted average discounts across all products to the applicable index prices, in addition to impacts on sales-related costs, and applicable conversions between short tons and metric tonnes as necessary.

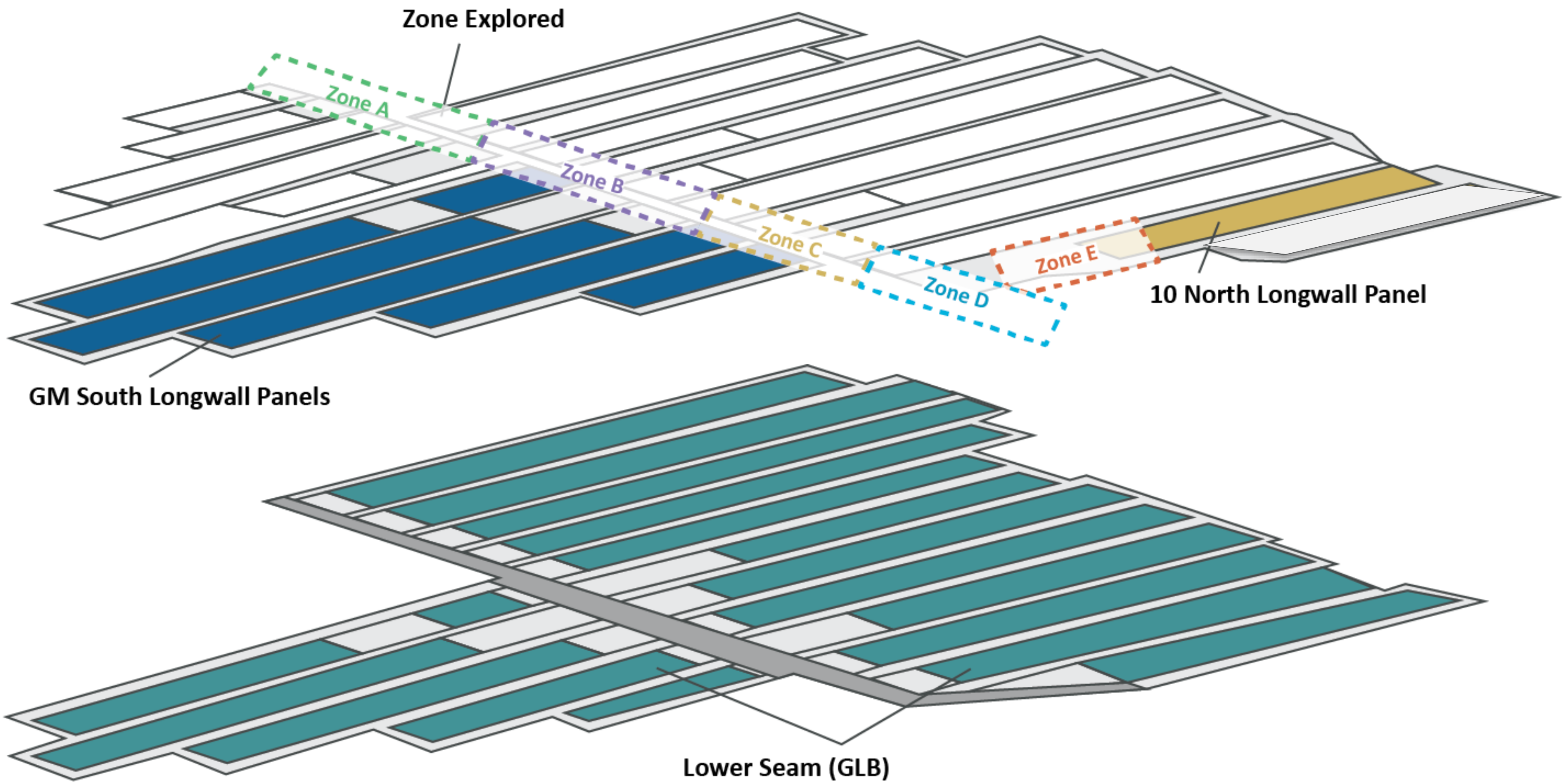
Note 3: As of Oct. 28, 2019, Peabody had approximately 97 million shares of common stock outstanding. Including approximately 3 million shares of unvested equity awards, Peabody has approximately 100 million shares of common stock on a fully diluted basis.

Historical Seaborne Pricing ($/Tonne)

Time Period	HCC – Settlement	HCC – Spot	LV PCI – Settlement	LV PCI – Spot	NEWC – Prompt	API 5 – Prompt
Q3 2019	$178	$160	$134.50	$104	$68	$50
Q2 2019	$208	$203	$138.50	$125	$80	$57
Q1 2019	$210	$206	$141	$126	$97	$60
Q4 2018	$212	$221	$139	$128	$105	$63
Q3 2018	$188	$189	$150	$128	$117	$69
Q2 2018	~$197	$190	$155	$140	$104	$75
Q1 2018	$237	$228	$156.50	$149	$103	$82
Q4 2017	$192	$205	$127	$126	$98	$76
Q3 2017	$170	$189	$115/$127	$117	$93	$74
Q2 2017	$194	$190	$135	$124	$80	$67
Q1 2017	$285	$169	$180	$110	$82	$65
Q4 2016	$200	$266	$133	$159	$94	$73
Q3 2016	$93	$135	$75	$88	$66	$55

Source: HCC, LV PCI, and NEWC spot prices per Platts; API5 spot prices per Platts through Q1 2019, and per Argus/McCloskey Weekly Index for Q2 – Q3 2019. Settlement prices per IHS Markit benchmark history.

North Goonyella: Mining of Southern Panels Preferred Path to Create Value from Substantial Reserve Base



ALL STEPS TAKEN TO DATE PRESERVE ACCESS TO ADDITIONAL 65 MILLION TONS OF HARD COKING COAL IN LOWER SEAM

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Note: Mine map not to scale. For illustration purposes only.

Reconciliation of Non-GAAP Measures

	Quarter Ended		Nine Months Ended	
	Sept. 2019	Sept. 2018	Sept. 2019	Sept. 2018
Tons Sold (In Millions)				
Seaborne Thermal Mining Operations	4.9	4.8	14.1	13.6
Seaborne Metallurgical Mining Operations	1.8	2.8	6.2	8.7
Powder River Basin Mining Operations	30.2	31.7	80.5	90.3
Midwestern U.S. Mining Operations	4.2	4.9	12.3	14.3
Western U.S. Mining Operations	3.0	4.0	10.0	11.2
Total U.S. Thermal Mining Operations	37.4	40.6	102.8	115.8
Corporate and Other	0.7	0.9	1.6	2.4
Total	44.8	49.1	124.7	140.5

	Quarter Ended		Nine Months Ended	
	Sept. 2019	Sept. 2018	Sept. 2019	Sept. 2018
Revenue Summary (In Millions)				
Seaborne Thermal Mining Operations	$ 249.5	$ 305.1	$ 720.7	$ 773.9
Seaborne Metallurgical Mining Operations	216.3	370.3	831.7	1,254.0
Powder River Basin Mining Operations	333.6	373.7	903.5	1,084.5
Midwestern U.S. Mining Operations	176.0	208.5	522.6	607.7
Western U.S. Mining Operations	150.4	156.1	448.2	439.4
Total U.S. Thermal Mining Operations	660.0	738.3	1,874.3	2,131.6
Corporate and Other	(19.4)	(1.1)	79.3	25.2
Total	$ 1,106.4	$ 1,412.6	$ 3,506.0	$ 4,184.7

Reconciliation of Non-GAAP Measures

	Quarter Ended		Nine Months Ended	
	Sept. 2019	Sept. 2018	Sept. 2019	Sept. 2018
Total Reporting Segment Costs [1] Summary (In Millions)				
Seaborne Thermal Mining Operations	$ 172.7	$ 159.8	$ 474.8	$ 459.4
Seaborne Metallurgical Mining Operations	232.5	279.6	704.7	838.4
Net North Goonyella Costs	29.3	9.0	60.7	9.0
Seaborne Metallurgical Mining Operations, Excluding Net North Goonyella Costs	203.2	270.6	644.0	829.4
Powder River Basin Mining Operations	262.9	285.5	756.2	859.8
Midwestern U.S. Mining Operations	140.0	169.8	422.6	495.8
Western U.S. Mining Operations	104.1	127.6	306.9	345.0
Total U.S. Thermal Mining Operations	507.0	582.9	1,485.7	1,700.6
Corporate and Other	1.9	35.8	42.4	86.9
Total	$ 914.1	$ 1,058.1	$ 2,707.6	$ 3,085.3
Adjusted EBITDA [2] (In Millions)				
Seaborne Thermal Mining Operations	$ 76.8	$ 145.3	$ 245.9	$ 314.5
Seaborne Metallurgical Mining Operations	(16.2)	90.7	127.0	415.6
Net North Goonyella Costs	29.3	9.0	60.7	9.0
Seaborne Metallurgical Mining Operations, Excluding Net North Goonyella Costs	13.1	99.7	187.7	424.6
Powder River Basin Mining Operations	70.7	88.2	147.3	224.7
Midwestern U.S. Mining Operations	36.0	38.7	100.0	111.9
Western U.S. Mining Operations	46.3	28.5	141.3	94.4
Total U.S. Thermal Mining Operations	153.0	155.4	388.6	431.0
Middlemount [3]	(18.8)	11.2	(4.9)	43.0
Resource Management Results [4]	2.3	21.3	6.0	42.8
Selling and Administrative Expenses	(32.2)	(38.6)	(107.8)	(119.7)
Transaction Costs Related to Business Combinations and Joint \	(8.2)	(2.5)	(9.8)	(2.5)
Other Operating Costs, Net [5]	(6.4)	(10.7)	(12.8)	(19.1)
Adjusted EBITDA [2]	$ 150.3	$ 372.1	$ 632.2	$ 1,105.6

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Note: Refer to definitions on slide 21.

Reconciliation of Non-GAAP Measures

Reconciliation of Non-GAAP Financial Measures (In Millions)	Quarter Ended Sept. 2019	Quarter Ended Sept. 2018	Nine Months Ended Sept. 2019	Nine Months Ended Sept. 2018
(Loss) Income from Continuing Operations, Net of Income Taxes	$ (74.3)	$ 83.9	$ 101.9	$ 412.2
Depreciation, Depletion and Amortization	141.5	169.6	479.4	503.1
Asset Retirement Obligation Expenses	15.5	12.4	44.6	37.9
Asset Impairment	20.0	-	20.0	-
Provision for North Goonyella Equipment Loss	-	49.3	24.7	49.3
North Goonyella Insurance Recovery - Equipment [6]	-	-	(91.1)	-
Changes in Deferred Tax Asset Valuation Allowance and Reserves and Amortization of Basis Difference Related to Equity Affiliates	-	(6.1)	0.3	(22.1)
Interest Expense	35.4	38.2	107.2	112.8
Loss on Early Debt Extinguishment	-	-	-	2.0
Interest Income	(7.0)	(10.1)	(22.5)	(24.3)
Reorganization Items, Net	-	-	-	(12.8)
Unrealized Losses (Gains) on Economic Hedges	18.0	26.8	(44.2)	36.3
Unrealized (Gains) Losses on Non-Coal Trading Derivative Contracts	(0.3)	(0.3)	(0.2)	1.4
Fresh Start Take-or-Pay Contract-Based Intangible Recognition	(2.7)	(5.4)	(13.9)	(21.5)
Income Tax Provision	4.2	13.8	26.0	31.3
Adjusted EBITDA [2]	$ 150.3	$ 372.1	$ 632.2	$ 1,105.6
Operating Costs and Expenses	$ 906.2	$ 1,047.9	$ 2,712.8	$ 3,051.6
Unrealized Gains (Losses) on Non-Coal Trading Derivative Contracts	0.3	0.3	0.2	(1.4)
Fresh Start Take-or-Pay Contract-Based Intangible Recognition	2.7	5.4	13.9	21.5
North Goonyella Insurance Recovery - Cost Recovery and Business Interruption [6]	-	-	(33.9)	-
Net Periodic Benefit Costs, Excluding Service Cost	4.9	4.5	14.6	13.6
Total Reporting Segment Costs [1]	$ 914.1	$ 1,058.1	$ 2,707.6	$ 3,085.3
Net Cash Provided By Operating Activities	$ 175.6	$ 345.4	$ 552.6	$ 1,260.8
Net Cash Used In Investing Activities	(83.6)	(47.5)	(147.6)	(65.5)
Add Back: Amount Attributable to Acquisition of Shoal Creek Mine	-	-	2.4	-
Free Cash Flow [7]	$ 92.0	$ 297.9	$ 407.4	$ 1,195.3

Note: Refer to definitions on slide 21.

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Reconciliation of Non-GAAP Measures

Reconciliation of Non-GAAP Financial Measures (In Millions)	Nine Months Ended Sept. 30, 2019	Year Ended Dec. 31, 2018	Apr. 2 through Dec. 31, 2017	Total
Net Cash Provided By Operating Activities	$ 552.6	$ 1,489.7	$ 813.4	$ 2,855.7
Net Cash Used In Investing Activities	(147.6)	(517.3)	(93.4)	(758.3)
Add Back: Amount Attributable to Acquisition of Shoal Creek Mine	2.4	387.4	-	389.8
Free Cash Flow [7]	$ 407.4	$ 1,359.8	$ 720.0	$ 2,487.2

Note: Refer to definitions on slide 21.

Reconciliation of Non-GAAP Measures

Note: Total Reporting Segment Costs, Adjusted EBITDA and Free Cash Flow are non-GAAP financial measures. Management believes that non-GAAP performance measures are used by investors to measure our operating performance and lenders to measure our ability to incur and service debt. These measures are not intended to serve as alternatives to U.S. GAAP measures of performance and may not be comparable to similarly-titled measures presented by other companies.

(1) Total Reporting Segment Costs is defined as operating costs and expenses adjusted for the discrete items that management excluded in analyzing each of our segment's operating performance as displayed in the reconciliation above. Total Reporting Segment Costs is used by management as a metric to measure each of our segment's operating performance.

(2) Adjusted EBITDA is defined as (loss) income from continuing operations before deducting net interest expense, income taxes, asset retirement obligation expenses, depreciation, depletion and amortization and reorganization items, net. Adjusted EBITDA is also adjusted for the discrete items that management excluded in analyzing each of our segment's operating performance as displayed in the reconciliation above. Adjusted EBITDA is used by management as the primary metric to measure each of our segment's operating performance.

(3) We account for our 50% equity interest in Middlemount Coal Pty Ltd. (Middlemount), which owns the Middlemount Mine, under the equity method. Middlemount's standalone results exclude the impact of related changes in deferred tax asset valuation allowance and reserves and amortization of basis difference recorded by the company in applying the equity method. Middlemount's standalone results include (on a 50% attributable basis):

	Quarter Ended		Nine Months Ended	
	Sept. 2019	Sept. 2018	Sept. 2019	Sept. 2018
	(In Millions)			
Tons sold	0.2	0.5	1.2	1.5
Depreciation, depletion and amortization and asset retirement obligation expenses	$ 8.2	$ 3.7	$ 15.3	$ 11.8
Net interest expense	2.4	2.8	6.4	10.0
Income tax (benefit) provision	(7.5)	3.9	(1.6)	15.4

(4) Includes gains (losses) on certain surplus coal reserve and surface land sales, property management costs and revenues, the Q3 2018 gain of $20.5 million on the sale of surplus coal resources associated with the Millennium Mine and the Q1 2018 gain of $20.6 million on the sale of certain surplus land assets in Queensland's Bowen Basin.

(5) Includes trading and brokerage activities, costs associated with post-mining activities, certain coal royalty expenses, minimum charges on certain transportation-related contracts and the Q1 2018 gain of $7.1 million recognized on the sale of our interest in the Red Mountain Joint Venture.

(6) We recorded a $125.0 million insurance recovery during the nine months ended September 30, 2019 related to losses incurred at our North Goonyella Mine. Of this amount, Adjusted EBITDA excludes an allocated amount applicable to total equipment losses recognized at the time of the insurance recovery settlement, which consisted of $24.7 million and $66.4 million recognized during the nine months ended September 30, 2019 and the year ended December 31, 2018, respectively. The remaining $33.9 million, applicable to incremental costs and business interruption losses, is included in Adjusted EBITDA for the nine months ended September 30, 2019.

(7) Free Cash Flow is defined as net cash provided by operating activities less net cash used in investing activities and excludes cash outflows related to business combinations. Free Cash Flow is used by management as a measure of our financial performance and our ability to generate excess cash flow from our business operations.