UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2019

OR

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

For the transition period from ________ to ________

Commission file number 001-34892

RHINO RESOURCE PARTNERS LP
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**27-2377517** **(IRS Employer Identification No.)**
424 Lewis Hargett Circle, Suite 250 **Lexington, KY** **(Address of principal executive offices)**	**40503** **(Zip Code)**

(859) 389-6500
(Registrant's telephone number, including area code)

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 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. [X] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). [X] Yes [ ] No

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

Title of each class	Trading Symbol(s)	Name of each Exchange on which registered
n/a	n/a	n/a

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

Large accelerated filer [ ] Accelerated filer [ ]

Non-accelerated filer [ ] (Do not check if a smaller reporting company) Smaller reporting company [X]

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 Securities Act. [ ]

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

As of August 2, 2019, 13,098,353 common units, 1,143,171 subordinated units and 1,500,000 Series A preferred units were outstanding.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain "forward-looking statements." Statements included in this report that are not historical facts, that address activities, events or developments that we expect or anticipate will or may occur in the future, including things such as statements regarding our future financial position, expectations with respect to our liquidity, capital resources, plans for growth of the business, future capital expenditures, references to future goals or intentions or other such references are forward-looking statements. These statements can be identified by the use of forward-looking terminology, including "may," "believe," "expect," "anticipate," "estimate," "continue," or similar words. These statements are made by us based on our experience and our perception of historical trends, current conditions and expected future developments as well as other considerations we believe are reasonable as and when made. Whether actual results and developments in the future will conform to our expectations is subject to numerous risks and uncertainties, many of which are beyond our control. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecasted in these statements.

Any differences could be caused by a number of factors, including, but not limited to: our ability to maintain adequate cash flow and to obtain financing necessary to fund our capital expenditures, meet working capital needs and maintain and grow our operations; our future levels of indebtedness and compliance with debt covenants; sustained depressed levels of or further decline in coal prices, which depend upon several factors such as the supply of domestic and foreign coal, the demand for domestic and foreign coal, governmental regulations, price and availability of alternative fuels for electricity generation and prevailing economic conditions; our ability to comply with the qualifying income requirement necessary to maintain our status as a partnership for U.S. federal income tax purposes; declines in demand for electricity and coal; current and future environmental laws and regulations, which could materially increase operating costs or limit our ability to produce and sell coal; extensive government regulation of mine operations, especially with respect to mine safety and health, which imposes significant actual and potential costs; difficulties in obtaining and/or renewing permits necessary for operations; a variety of operating risks, such as unfavorable geologic conditions, adverse weather conditions and natural disasters, mining and processing equipment unavailability, failures and unexpected maintenance problems and accidents, including fire and explosions from methane; poor mining conditions resulting from the effects of prior mining; the availability and costs of key supplies and commodities such as steel, diesel fuel and explosives; fluctuations in transportation costs or disruptions in transportation services, which could increase competition or impair our ability to supply coal; a shortage of skilled labor, increased labor costs or work stoppages; our ability to secure or acquire new or replacement high-quality coal reserves that are economically recoverable; material inaccuracies in our estimates of coal reserves and non-reserve coal deposits; existing and future laws and regulations regulating the emission of sulfur dioxide and other compounds, which could affect coal consumers and reduce demand for coal; federal and state laws restricting the emissions of greenhouse gases; our ability to acquire or failure to maintain, obtain or renew surety bonds used to secure obligations to reclaim mined property; our dependence on a few customers and our ability to find and retain customers under favorable supply contracts; changes in consumption patterns by utilities away from the use of coal, such as changes resulting from low natural gas prices; changes in governmental regulation of the electric utility industry; defects in title in properties that we own or losses of any of our leasehold interests; our ability to retain and attract senior management and other key personnel; material inaccuracy of assumptions underlying reclamation and mine closure obligations; and weakness in global economic conditions. Other factors that could cause our actual results to differ from our projected results are described elsewhere in (1) this Form 10-Q, (2) our Annual Report on Form 10-K for the year ended December 31, 2018, (3) our reports and registration statements filed from time to time with the Securities and Exchange Commission and (4) other announcements we make from time to time. In addition, we may be subject to unforeseen risks that may have a materially adverse effect on us. Accordingly, no assurances can be given that the actual events and results will not be materially different from the anticipated results described in the forward-looking statements.

The forward-looking statements speak only as of the date made, and, other than as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I.—FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

RHINO RESOURCE PARTNERS LP
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands)

	June 30, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,592	$ 6,172
Accounts receivable, net of allowance for doubtful accounts ($-0- and $0.7 million as of June 30, 2019 and December 31, 2018, respectively.)	22,595	15,126
Receivable-other	7,000	-
Inventories	11,747	6,573
Advance royalties, current portion	1,118	548
Investment in equity securities	-	1,872
Prepaid expenses and other	3,698	2,766
Total current assets	47,750	33,057
PROPERTY, PLANT AND EQUIPMENT:		
At cost, including coal properties, mine development and construction costs	452,998	450,888
Less accumulated depreciation, depletion and amortization	(287,855)	(277,029)
Net property, plant and equipment	165,143	173,859
Operating lease right-of-use assets (net)	12,759	-
Advance royalties, net of current portion	7,973	8,026
Deposits - Workers' Compensation and Surety Programs	7,943	8,266
Other non-current assets	25,123	25,410
TOTAL	$ 266,691	$ 248,618
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 26,439	$ 14,185
Accrued expenses and other	11,994	10,107
Accrued preferred distributions	600	3,210
Current portion of operating lease liabilities	3,211	-
Current portion of long-term debt	5,036	2,174
Current portion of asset retirement obligations	465	465
Total current liabilities	47,745	30,141
NON-CURRENT LIABILITIES:		
Long-term debt, net	20,705	22,458
Asset retirement obligations, net of current portion	18,646	18,084
Operating lease liabilities, net of current portion	9,181	-
Other non-current liabilities	41,746	41,500
Total non-current liabilities	90,278	82,042
Total liabilities	138,023	112,183
COMMITMENTS AND CONTINGENCIES (NOTE 13)		
PARTNERS' CAPITAL:		
Limited partners	107,770	115,505
General partner	8,760	8,792
Preferred partners	15,000	15,000
Investment in Royal common stock (NOTE 11)	(4,126)	(4,126)
Common unit warrants	1,264	1,264
Total partners' capital	128,668	136,435
TOTAL	$ 266,691	$ 248,618

See notes to unaudited condensed consolidated financial statements.

RHINO RESOURCE PARTNERS LP
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(In thousands, except per unit data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
REVENUES:				
Coal sales	$ 65,092	$ 54,245	$ 122,955	$ 108,517
Other revenues	496	678	1,371	1,206
Total revenues	65,588	54,923	124,326	109,723
COSTS AND EXPENSES:				
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	59,756	49,592	114,403	99,245
Freight and handling costs	1,778	1,472	2,933	2,376
Depreciation, depletion and amortization	5,616	5,677	11,166	11,104
Selling, general and administrative (exclusive of depreciation, depletion and amortization shown separately above)	3,475	2,800	6,217	5,496
(Gain) on sale/disposal of assets, net	(6,884)	(3,496)	(6,662)	(6,434)
Total costs and expenses	63,741	56,045	128,057	111,787
INCOME/(LOSS) FROM OPERATIONS	1,847	(1,122)	(3,731)	(2,064)
INTEREST AND OTHER (EXPENSE)/INCOME:				
Interest expense and other	(1,735)	(1,913)	(3,436)	(3,798)
Interest income and other	-	-	-	6
Total interest and other (expense)	(1,735)	(1,913)	(3,436)	(3,792)
INCOME/(LOSS) BEFORE INCOME TAXES	112	(3,035)	(7,167)	(5,856)
INCOME TAXES	-	-	-	-
NET INCOME/(LOSS)	112	(3,035)	(7,167)	(5,856)
Other comprehensive income:				
Fair value adjustment for investment	-	198	-	4,380
Reclass for disposition	-	(3,977)	-	(6,621)
Total other comprehensive income	-	(3,779)	-	(2,241)
COMPREHENSIVE INCOME/(LOSS)	$ 112	$ (6,814)	$ (7,167)	$ (8,097)
General partner's interest in net (loss)	$ (1)	$ (14)	$ (32)	$ (27)
Common unitholders' interest in net (loss)	$ (172)	$ (3,061)	$ (7,114)	$ (5,917)
Subordinated unitholders' interest in net (loss)	$ (15)	$ (269)	$ (621)	$ (521)
Preferred unitholders' interest in net income	$ 300	$ 309	$ 600	$ 609
Net (loss)/income per limited partner unit, basic:				
Common units	$ (0.01)	$ (0.23)	$ (0.54)	$ (0.45)
Subordinated units	$ (0.01)	$ (0.23)	$ (0.54)	$ (0.45)
Preferred units	$ 0.20	$ 0.21	$ 0.40	$ 0.41
Net (loss)/income per limited partner unit, diluted:				
Common units	$ (0.01)	$ (0.23)	$ (0.54)	$ (0.45)
Subordinated units	$ (0.01)	$ (0.23)	$ (0.54)	$ (0.45)
Preferred units	$ 0.20	$ 0.21	$ 0.40	$ 0.41
Weighted average number of limited partner units outstanding, basic:				
Common units	13,098	13,055	13,098	13,009
Subordinated units	1,143	1,146	1,144	1,146
Preferred units	1,500	1,500	1,500	1,500
Weighted average number of limited partner units outstanding, diluted:				
Common units	13,098	13,055	13,098	13,009
Subordinated units	1,143	1,146	1,144	1,146
Preferred units	1,500	1,500	1,500	1,500

See notes to unaudited condensed consolidated financial statements.

RHINO RESOURCE PARTNERS LP
UNAUDITED CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(In thousands)

	Limited Partners				General	Preferred	Accumulated Other		Total
	Common		Subordinated		Partner	Partner	Comprehensive		Partners'
	Units	Capital	Units	Capital	Capital	Capital	Income/(Loss)	Other	Capital
BALANCE - December 31, 2018	13,098	$ 39,324	1,144	$ 76,181	$ 8,792	$ 15,000	$ -	$ (2,862)	$ 136,435
Net (loss)/income	-	(6,941)	-	(606)	(32)	300	-	-	(7,279)
Preferred partner distribution earned	-	-	-	-	-	(300)	-	-	(300)
BALANCE - March 31, 2019	13,098	32,383	1,144	75,575	8,760	15,000	-	(2,862)	128,856
Net (loss)/income	-	(172)	-	(15)	(1)	300	-	-	112
Preferred partner distribution earned	-	-	-	-	-	(300)	-	-	(300)
BALANCE - June 30, 2019	13,098	$ 32,211	1,144	$ 75,560	$ 8,759	$ 15,000	$ -	$ (2,862)	$ 128,668

	Limited Partners				General	Preferred	Accumulated Other		Total
	Common		Subordinated		Partner	Partner	Comprehensive		Partners'
	Units	Capital	Units	Capital	Capital	Capital	Income/(Loss)	Other	Capital
BALANCE - December 31, 2017	12,994	$ 52,850	1,146	$ 77,383	$ 8,855	$ 15,000	$ 4,220	$ (2,862)	$ 155,446
Net (loss)/income	-	(2,856)	-	(252)	(13)	300	-	-	(2,821)
Preferred partner distribution earned	-	-	-	-	-	(300)	-	-	(300)
Reclass of disposition of Mammoth shares	-	-	-	-	-	-	(2,644)	-	(2,644)
Mark-to-market investment in Mammoth	-	-	-	-	-	-	4,182	-	4,182
BALANCE - March 31, 2018	12,994	49,994	1,146	77,131	8,842	15,000	5,758	(2,862)	153,863
Net (loss)/income	-	(3,061)	-	(269)	(14)	309	-	-	(3,035)
Preferred partner distribution earned	-	-	-	-	-	(309)	-	-	(309)
Issuance of units	104	230	-	-	-	-	-	-	230
Reclass of disposition of Mammoth shares	-	-	-	-	-	-	(3,977)	-	(3,977)
Mark-to-market investment in Mammoth	-	-	-	-	-	-	198	-	198
BALANCE - June 30, 2018	13,098	$ 47,163	$ 1,146	$ 76,862	$ 8,828	$ 15,000	$ 1,979	$ (2,862)	$ 146,970

See notes to consolidated financial statements.

RHINO RESOURCE PARTNERS LP
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)	$ (7,167)	$ (5,856)
Adjustments to reconcile net (loss) to net cash (used in)/provided by operating activities:		
Depreciation, depletion and amortization	11,166	11,104
Accretion on asset retirement obligations	638	639
Amortization of advance royalties	1,032	378
Amortization of debt issuance costs	1,073	815
Amortization of debt discount	211	211
Reduction of deferred revenue	-	(189)
Loss on retirement of advance royalties	225	108
(Gain)/loss on sale/disposal of assets—net	(6,229)	64
(Gain) on sale of Mammoth shares	(433)	(6,498)
Equity based compensation	-	230
Changes in assets and liabilities:		
Accounts receivable	(7,469)	5,148
Inventories	(5,174)	(3,001)
Advance royalties	(1,774)	(845)
Prepaid expenses and other assets	(993)	(1,480)
Accounts payable	11,158	4,163
Accrued expenses and other liabilities	2,624	1,816
Asset retirement obligations	(76)	(158)
Net cash (used in)/provided by operating activities	(1,188)	6,649
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant, and equipment	(4,260)	(16,000)
Proceeds from sales of property, plant, and equipment	1,635	4,014
Proceeds from sale of Mammoth shares	2,304	11,887
Net cash used in investing activities	(321)	(99)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on long-term debt	(750)	(10,222)
Repayments on other debt	(522)	(134)
Repayments on finance leases	(2)	-
Proceeds from issuance of other debt	1,772	1,329
Deposit for workers' compensation and surety programs	323	(5,209)
Payments of debt issuance costs	(682)	(629)
Preferred distributions paid	(3,210)	(6,039)
Net cash (used in) financing activities	(3,071)	(20,904)
NET (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(4,580)	(14,354)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	6,172	21,120
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period	$ 1,592	$ 6,766
Summary Statement of Financial Position:		
Cash and cash equivalents	$ 1,592	$ 3,114
Restricted cash	-	3,652
	$ 1,592	$ 6,766

See notes to unaudited condensed consolidated financial statements.

RHINO RESOURCE PARTNERS LP
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2019 AND DECEMBER 31, 2018 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018

1. BASIS OF PRESENTATION AND ORGANIZATION

Basis of Presentation and Principles of Consolidation. The accompanying unaudited interim financial statements include the accounts of Rhino Resource Partners LP and its subsidiaries (the "Partnership"). Intercompany transactions and balances have been eliminated in consolidation.

Cash, Cash Equivalents and Restricted Cash. The Partnership considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Unaudited Interim Financial Information. The accompanying unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. The condensed consolidated statement of financial position as of June 30, 2019, condensed consolidated statements of operations and comprehensive income for the three and six months ended June 30, 2019 and 2018, consolidated statements of partners' capital for the six months ended June 30, 2019 and 2018 and the condensed consolidated statements of cash flows for the six months ended June 30, 2019 and 2018 include all adjustments that the Partnership considers necessary for a fair presentation of the financial position, partners' capital, operating results and cash flows for the periods presented. The condensed consolidated statement of financial position as of December 31, 2018 was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America ("U.S."). The Partnership filed its Annual Report on Form 10-K for the year ended December 31, 2018 with the Securities and Exchange Commission ("SEC"), which included all information and notes necessary for such presentation. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the year or any future period. These unaudited interim financial statements should be read in conjunction with the audited financial statements included in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC.

Organization. Rhino Resource Partners LP is a Delaware limited partnership formed on April 19, 2010 to acquire Rhino Energy LLC (the "Operating Company"). The Operating Company and its wholly owned subsidiaries produce and market coal from surface and underground mines in Kentucky, Ohio, West Virginia and Utah. The majority of sales are made to electric utilities, coal brokers, domestic and non-U.S. steel producers and other coal-related organizations in the United States. In addition, the Partnership continues its sales focus to U.S. export customers through brokers and direct end-user relationships.

Through a series of transactions completed in the first quarter of 2016, Royal Energy Resources, Inc. ("Royal") acquired a majority ownership and control of the Partnership and 100% ownership of the Partnership's general partner. The Partnership's common units trade on the OTCQB Marketplace under the ticker symbol "RHNO."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL

Revenue Recognition. The Partnership adopted ASU 2014-09-*Revenue from Contracts with Customers (Topic 606)* on January 1, 2018, using the modified retrospective method. The adoption of Topic 606 had no impact on revenue amounts recorded on the Partnership's financial statements (See Note 15 for additional discussion). Most of the Partnership's revenues are generated under coal sales contracts with electric utilities, coal brokers, domestic and non-U.S. steel producers, industrial companies or other coal-related organizations. Revenue is recognized and recorded when shipment or delivery to the customer has occurred, prices are fixed or determinable, the title or risk of loss has passed in accordance with the terms of the sales agreement and collectability is reasonably assured. Under the typical terms of these agreements, risk of loss transfers to the customers at the mine or port, when the coal is loaded on the rail, barge, truck or other transportation source that delivers coal to its destination. Advance payments received are deferred and recognized in revenue as coal is shipped and title passes.

Freight and handling costs paid directly to third-party carriers and invoiced separately to coal customers are recorded as freight and handling costs and freight and handling revenues, respectively. Freight and handling costs billed to customers as part of the contractual per ton revenue of customer contracts is included in coal sales revenue.

Other revenues generally consist of coal royalty revenues, coal handling and processing revenues, rebates and rental income. With respect to other revenues recognized in situations unrelated to the shipment of coal, the Partnership carefully reviews the facts and circumstances of each transaction and does not recognize revenue until the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller's price to the buyer is fixed or determinable and collectability is reasonably assured.

Debt Issuance Costs. Debt issuance costs reflect fees incurred to obtain financing and are amortized (included in interest expense) using the straight-line method over the life of the related debt, which approximates the effective interest method. Debt issuance costs are presented as a direct deduction from long-term debt as of June 30, 2019 and December 31, 2018. The effective interest rate for the six months ended June 30, 2019 was 22.21% and 20.79% for the six months ended June 30, 2018.

Recently Issued Accounting Standards. In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that lessees recognize all leases (other than leases with a term of twelve months or less) on the balance sheet as lease liabilities, based upon the present value of the lease payments, with corresponding right of use assets. ASU 2016-02 also makes targeted changes to other aspects of current guidance, including identifying a lease and lease classification criteria as well as the lessor accounting model, including guidance on separating components of a contract and consideration in the contract. In July 2018, the FASB issued additional authoritative guidance providing companies with an optional prospective transition method to apply the provisions of this guidance. The Partnership adopted ASU 2016-02 in the first quarter of 2019 and elected the transition method to apply the standard prospectively and also elected the "package of practical expedients" within the standard which permits the Partnership not to reassess its prior conclusions about lease identification, lease classification and initial direct costs. Additionally, the Partnership made an election to not separate lease and non-lease components for all leases, and will not use hindsight. Finally, the Partnership will continue its current policy for accounting for land easements as executory contracts. The standard had a material impact on our unaudited condensed Consolidated Statements of Financial Position, but did not have an impact on our unaudited condensed Consolidated Statements of Operations and Comprehensive Income. Please refer to Note 5 for disclosures related to the new standard.

In July 2017, the FASB issued ASU 2017-11, *"Earnings Per Share (Topic 260): Distinguishing Liabilities from Equity (Topic 480), I. Derivatives and Hedging (Topic 815): Accounting for Certain Financial Instruments with Down Round Features and II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception."* Part I of ASU 2017-11 will result in freestanding equity-linked financial instruments, such as warrants, and conversion options in convertible debt or preferred stock to no longer be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity-classified financial instruments, the amendments require entities that present earnings per share (EPS) in accordance with Topic 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. The amendments in Part II recharacterize the indefinite deferral of certain provisions of Topic 480 that now are presented as pending content in the Codification. The amendments in Part II do not require any transition guidance as the amendments do not have an accounting effect. The amendments in ASU 2017-11 will be effective on January 1, 2020, and the Part I amendments must be applied retrospectively. Early application is permitted. The Partnership early adopted ASU 2017-11, which did not have any material impact.

3. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of June 30, 2019 and December 31, 2018 consisted of the following:

	June 30, 2019	December 31, 2018
	(in thousands)	
Other prepaid expenses	$ 1,142	$ 971
Prepaid insurance	2,151	1,397
Prepaid leases	99	92
Supply inventory	306	306
Total	$ 3,698	$ 2,766

On June 28, 2019, the Partnership entered into a settlement agreement with a third party which allowed the third party to maintain certain pipelines pursuant to designated permits at our Central Appalachia operations. The agreement required the third party to pay the Partnership $7.0 million in consideration. The Partnership received $4.2 million on July 3, 2019 with the balance of $2.8 million due on or before February 29, 2020. At June 30, 2019, the $7.0 million receivable was recorded in Receivable –Other on the Partnership's unaudited condensed consolidated statements of financial position and a gain of $6.9 million was recorded on the Partnership's unaudited condensed consolidated statements of operations and comprehensive income.

The Partnership acquired 568,794 shares of Mammoth Energy Services, Inc. (NASDAQ: TUSK)("Mammoth Inc.") through a series of transactions in years prior to 2018. As of December 31, 2018, the Partnership owned 104,100 shares of Mammoth Inc., which were recorded at fair market value as a current asset on the Partnership's consolidated statements of financial position. During the three months ended March 31, 2019, the Partnership sold its 104,100 shares for net consideration of approximately $2.3 million.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including coal properties and mine development and construction costs, as of June 30, 2019 and December 31, 2018 are summarized by major classification as follows:

	Useful Lives	June 30, 2019	December 31, 2018
		(in thousands)	
Land and land improvements		$ 10,416	$ 13,181
Mining and other equipment and related facilities	2 - 20 Years	311,197	307,300
Mine development costs	1 - 15 Years	64,757	63,681
Coal properties	1 - 15 Years	63,461	63,527
Construction work in process		3,167	3,199
Total		452,998	450,888
Less accumulated depreciation, depletion and amortization		(287,855)	(277,029)
Net		$ 165,143	$ 173,859

Depreciation expense for mining and other equipment and related facilities, depletion expense for coal properties, amortization expense for mine development costs and amortization expense for asset retirement costs for the three and six months ended June 30, 2019 and 2018 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(in thousands)			
Depreciation expense-mining and other equipment and related facilities	$ 4,216	$ 4,244	$ 8,380	$ 8,331
Depletion expense for coal properties	482	481	948	953
Amortization expense for mine development costs	843	821	1,687	1,570
Amortization expense for asset retirement costs	75	131	151	250
Total	$ 5,616	$ 5,677	$ 11,166	$ 11,104

5. LEASES

The Partnership leases various mining, transportation and other equipment under operating and finance leases. The leases have remaining lease terms of 1 year to 9 years, some of which include options to extend the leases for up to 15 years. The Partnership determines if an arrangement is a lease at inception. Some of the leases include both lease and non-lease components which are accounted for as a single lease component as the Partnership has elected the practical expedient to combine these components for all leases. Operating leases are included in operating lease right-of-use ("ROU") assets, current liabilities and non-current liabilities. Finance leases are included in plant, property and equipment, current liabilities and long-term liabilities.

ROU assets represent the Partnership's right to use an underlying asset for the lease term and lease liabilities represent the Partnership's obligation to make lease payments related to the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Partnership utilizes the implicit rate in the lease, if determinable, at the commencement date of the lease to determine the present value of the lease payments. If the implicit rate is not determinable, the Partnership utilizes its incremental borrowing rate at the commencement date of the lease to determine the present value of the lease payments. The Partnership's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Partnership will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Supplemental information related to leases was as follows:

		Six months ended June 30, 2019
		(in thousands)
Operating leases		
Operating lease right-of use assets	$	12,759
Operating lease liabilities-current	$	3,211
Operating lease liabilities-long-term		9,181
Total operating lease liabilities	$	12,392
Finance leases		
Property. Plant and Equipment, gross	$	10
Accumulated depreciation		(2)
Total Property, Plant and Equipment, net	$	8
Finance leases - current portion	$	4
Finance leases - noncurrent portion		3
Total finance lease obligation	$	7

Weighted Average Discount Rates and Lease Terms

	Six months ended June 30, 2019
Weighted Average Discount Rate	
Operating leases	7.0%
Finance leases	7.0%
Weighted Average Lease Term	
Operating leases	5.45 years
Finance leases	2.25 years

Supplemental cash flow information related to leases was as follows:

	Six months ended June 30, 2019	
	(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$	1,950
Operating cash flows for finance leases	$	-
Financing cash flows for finance leases	$	2
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$	13,896
Finance leases	$	10

Maturities of lease liabilities are as follows:

	Operating leases		Finance leases	
	(in thousands)			
Year ending December 31,				
2019(excluding the six months ended June 30, 2019)	$	2,011	$	3
2020		3,444		4
2021		2,561		-
2022		1,031		-
2023		912		-
Thereafter		2,878		-
Total lease payments		12,837		7
Less imputed interest		445		-
Total	$	12,392	$	7

The components of lease expense were as follows:

	Three months ended June 30, 2019	Six months ended June 30, 2019
	(in thousands)	
Operating lease cost	$ 983	$ 1,966
Finance lease cost:		
Amortization of right-of-use assets	$ 1	$ 2
Interest on lease liabilities	-	-
Total finance lease cost	$ 1	$ 2

6. OTHER NON-CURRENT ASSETS

Other non-current assets as of June 30, 2019 and December 31, 2018 consisted of the following:

	June 30, 2019	December 31, 2018
	(in thousands)	
Deposits and other	$ 864	$ 1,144
Due (to) Rhino GP	(77)	(84)
Non-current receivable	24,192	24,192
Deferred expenses	144	158
Total	$ 25,123	$ 25,410

Non-current receivable. The non-current receivable balance of $24.2 million as of June 30, 2019 and December 31, 2018 consisted of the amount due from the Partnership's workers' compensation insurance providers for potential claims against the Partnership that are the primary responsibility of the Partnership, which are covered under the Partnership's insurance policies. The $24.2 million is also included in the Partnership's accrued workers' compensation benefits liability balance, which is included in the other non-current liabilities section of the Partnership's unaudited condensed consolidated statements of financial position. The Partnership presents this amount on a gross asset and liability basis since a right of setoff does not exist per the accounting guidance in ASC Topic 210, *Balance Sheet*. This presentation has no impact on the Partnership's results of operations or cash flows.

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities as of June 30, 2019 and December 31, 2018 consisted of the following:

	June 30, 2019	December 31, 2018
	(in thousands)	
Payroll, bonus and vacation expense	$ 2,595	$ 2,151
Non-income taxes	3,066	2,168
Royalty expenses	2,230	1,669
Accrued interest	53	35
Health claims	857	868
Workers' compensation & pneumoconiosis	1,900	1,900
Other	1,293	1,316
Total	$ 11,994	$ 10,107

8. DEBT

Debt as of June 30, 2019 and December 31, 2018 consisted of the following:

	June 30, 2019	December 31, 2018
	(in thousands)	
Note payable -Financing Agreement	$ 28,298	$ 29,048
Note payable-other debt	1,772	522
Finance lease obligation	7	-
Net unamortized debt issuance costs	(3,704)	(4,095)
Net unamortized original issue discount	(632)	(843)
Total	25,741	24,632
Less current portion	(5,036)	(2,174)
Long-term debt	$ 20,705	$ 22,458

Financing Agreement

On December 27, 2017, the Operating Company, a wholly-owned subsidiary of the Partnership, certain of the Operating Company's subsidiaries identified as Borrowers (together with the Operating Company, the "Borrowers"), the Partnership and certain other Operating Company subsidiaries identified as Guarantors (together with the Partnership, the "Guarantors"), entered into a Financing Agreement (the "Financing Agreement") with Cortland Capital Market Services LLC, as Collateral Agent and Administrative agent, CB Agent Services LLC, as Origination Agent and the parties identified as Lenders therein (the "Lenders"), pursuant to which the Lenders agreed to provide the Borrowers with a multi-draw term loan in the original aggregate principal amount of $80 million, subject to the terms and conditions set forth in the Financing Agreement. The total principal amount is divided into a $40 million commitment, the conditions of which were satisfied at the execution of the Financing Agreement (the "Effective Date Term Loan Commitment") and an additional $35 million commitment that is contingent upon the satisfaction of certain conditions precedent specified in the Financing Agreement ("Delayed Draw Term Loan Commitment"). Loans made pursuant to the Financing Agreement are secured by substantially all of the Borrowers' and Guarantors' assets. The Financing Agreement terminates on December 27, 2020.

Loans made pursuant to the Financing Agreement are, at the Operating Company's option, either "Reference Rate Loans" or "LIBOR Rate Loans." Reference Rate Loans bear interest at the greatest of (a) 4.25% per annum, (b) the Federal Funds Rate plus 0.50% per annum, (c) the LIBOR Rate (calculated on a one-month basis) plus 1.00% per annum or (d) the Prime Rate (as published in the Wall Street Journal) or if no such rate is published, the interest rate published by the Federal Reserve Board as the "bank prime loan" rate or similar rate quoted therein, in each case, plus an applicable margin of 9.00% per annum (or 12.00% per annum if the Operating Company has elected to capitalize an interest payment pursuant to the PIK Option, as described below). LIBOR Rate Loans bear interest at the greater of (x) the LIBOR for such interest period divided by 100% minus the maximum percentage prescribed by the Federal Reserve for determining the reserve requirements in effect with respect to eurocurrency liabilities for any Lender, if any, and (y) 1.00%, in each case, plus 10.00% per annum (or 13.00% per annum if the Borrowers have elected to capitalize an interest payment pursuant to the PIK Option). Interest payments are due on a monthly basis for Reference Rate Loans and one-, two- or three-month periods, at the Operating Company's option, for LIBOR Rate Loans. If there is no event of default occurring or continuing, the Operating Company may elect to defer payment on interest accruing at 6.00% per annum by capitalizing and adding such interest payment to the principal amount of the applicable term loan (the "PIK Option").

Commencing December 31, 2018, the principal for each loan made under the Financing Agreement will be payable on a quarterly basis in an amount equal to $375,000 per quarter, with all remaining unpaid principal and accrued and unpaid interest due on December 27, 2020. In addition, the Borrowers must make certain prepayments over the term of any loans outstanding, including: (i) the payment of 25% of Excess Cash Flow (as that term is defined in the Financing Agreement) of the Partnership and its subsidiaries for each fiscal year, commencing with respect to the year ending December 31, 2019, (ii) subject to certain exceptions, the payment of 100% of the net cash proceeds from the dispositions of certain assets, the incurrence of certain indebtedness or receipts of cash outside of the ordinary course of business, and (iii) the payment of the excess of the outstanding principal amount of term loans outstanding over the amount of the Collateral Coverage Amount (as that term is defined in the Financing Agreement). In addition, the Lenders are entitled to (i) certain fees, including 1.50% per annum of the unused Delayed Draw Term Loan Commitment for as long as such commitment exists, (ii) for the 12-month period following the execution of the Financing Agreement, a make-whole amount equal to the interest and unused Delayed Draw Term Loan Commitment fees that would have been payable but for the occurrence of certain events, including among others, bankruptcy proceedings or the termination of the Financing Agreement by the Operating Company, and (iii) audit and collateral monitoring fees and origination and exit fees.

The Financing Agreement requires the Borrowers and Guarantor to comply with several affirmative covenants at any time loans are outstanding, including, among others: (i) the requirement to deliver monthly, quarterly and annual financial statements, (ii) the requirement to periodically deliver certificates indicating, among other things, (a) compliance with terms of the Financing Agreement and ancillary loan documents, (b) inventory, accounts payable, sales and production numbers, (c) the calculation of the Collateral Coverage Amount (as that term is defined in the Financing Agreement), (d) projections for the Partnership and its subsidiaries and (e) coal reserve amounts; (iii) the requirement to notify the Administrative Agent of certain events, including events of default under the Financing Agreement, dispositions, entry into material contracts, (iv) the requirement to maintain insurance, obtain permits, and comply with environmental and reclamation laws (v) the requirement to sell up to $5.0 million of shares in Mammoth Inc. and use the net proceeds therefrom to prepay outstanding term loans, which was completed during the first half of 2018 and (vi) establish and maintain cash management services and establish a cash management account and deliver a control agreement with respect to such account to the Collateral Agent. The Financing Agreement also contains negative covenants that restrict the Borrowers and Guarantors ability to, among other things: (i) incur liens or additional indebtedness or make investments or restricted payments, (ii) liquidate or merge with another entity, or dispose of assets, (iii) change the nature of their respective businesses; (iv) make capital expenditures in excess, or, with respect to maintenance capital expenditures, lower than, specified amounts, (v) incur restrictions on the payment of dividends, (vi) prepay or modify the terms of other indebtedness, (vii) permit the Collateral Coverage Amount to be less than the outstanding principal amount of the loans outstanding under the Financing Agreement or (viii) permit the trailing six month Fixed Charge Coverage Ratio of the Partnership and its subsidiaries to be less than 1.20 to 1.00 commencing with the six-month period ending June 30, 2018.

The Financing Agreement contains customary events of default, following which the Collateral Agent may, at the request of lenders, terminate or reduce all commitments and accelerate the maturity of all outstanding loans to become due and payable immediately together with accrued and unpaid interest thereon and exercise any such other rights as specified under the Financing Agreement and ancillary loan documents. The Partnership entered into a warrant agreement with certain parties that are also parties to the Financing Agreement discussed above. (See Note 11 for further discussion)

On April 17, 2018, Rhino amended its Financing Agreement to allow for certain activities including a sale leaseback of certain pieces of equipment, the extension of the due date for lease consents required under the Financing Agreement to June 30, 2018 and the distribution to holders of the Series A preferred units of $6.0 million (accrued in the consolidated financial statements at December 31, 2017). Additionally, the amendments provided that the Partnership could sell additional shares of Mammoth Inc. stock and retain 50% of the proceeds with the other 50% used to reduce debt. The Partnership reduced its outstanding debt by $3.4 million with proceeds from the sale of Mammoth Inc. stock in the second quarter of 2018.

On July 27, 2018, the Partnership entered into a consent with its Lenders related to the Financing Agreement. The consent included the lenders agreement to make a $5 million loan from the Delayed Draw Term Loan Commitment, which was repaid in full on October 26, 2018 pursuant to the terms of the consent. The consent also included a waiver of the requirements relating to the use of proceeds of any sale of the shares of Mammoth Inc. set forth in the consent to the Financing Agreement, dated as of April 17, 2018 and also waived any Event of Default that arose or would otherwise arise under the Financing Agreement for failing to comply with the Fixed Charge Coverage Ratio for the six months ended June 30, 2018.

On November 8, 2018, the Partnership entered into a consent with its Lenders related to the Financing Agreement. The consent includes the lenders agreement to waive any Event of Default that arose or would otherwise arise under the Financing Agreement for failing to comply with the Fixed Charge Coverage Ratio for the six months ended September 30, 2018.

On December 20, 2018, the Partnership, entered into a limited waiver and consent (the "Waiver") to the Financing Agreement. The Waiver relates to the sales by the Partnership of certain real property in Western Colorado, the net proceeds of which are required to be used to reduce the Partnership's debt under the Financing Agreement. As of the date of the Waiver, the Partnership had sold 9 individual lots in smaller transactions. On December 31, 2018, the Partnership used the sale proceeds of approximately $379,000 to reduce the debt. Rather than transmitting net proceeds with respect to each individual transaction, the Partnership and Lenders agreed in principle to delay repayment until an aggregate payment could be made at the end of 2018. The Waiver (i) contains a ratification by the Lenders of the sale of the individual lots to date and waives the associated technical defaults under the Financing Agreement for not making immediate payments of net proceeds therefrom, (ii) permits the sale of certain specified additional lots and (iii) subject to Lender consent, permits the sale of other lots on a going forward basis. The net proceeds of future sales will be held by the Partnership until a later date to be determined by the Lenders.

On February 13, 2019, the Partnership entered into a second amendment (the "Amendment") to the Financing Agreement. The Amendment provided the Lender's consent for the Partnership to pay a one-time cash distribution on February 14, 2019 to the Series A Preferred Unitholders not to exceed approximately $3.2 million. The Amendment allowed the Partnership to sell its remaining shares of Mammoth Inc. and utilize the proceeds for payment of the one-time cash distribution to the Series A Preferred Unitholders and waived the requirement to use such proceeds to prepay the outstanding principal amount outstanding under the Financing Agreement.

The Amendment also waived any Event of Default that has or would otherwise arise under Section 9.01(c) of the Financing Agreement solely by reason of the Borrowers failing to comply with the Fixed Charge Coverage Ratio covenant in Section 7.03(b) of the Financing Agreement for the fiscal quarter ending December 31, 2018. The Amendment includes an amendment fee of approximately $0.6 million payable by the Partnership on May 13, 2019 and an exit fee equal to 1% of the principal amount of the term loans made under the Financing Agreement that is payable on the earliest of (w) the final maturity date of the Financing Agreement, (x) the termination date of the Financing Agreement, (y) the acceleration of the obligations under the Financing Agreement for any reason, including, without limitation, acceleration in accordance with Section 9.01 of the Financing Agreement, including as a result of the commencement of an insolvency proceeding and (z) the date of any refinancing of the term loan under the Financing Agreement. The Amendment amended the definition of the Make-Whole Amount under the Financing Agreement to extend the date of the Make-Whole Amount period to December 31, 2019.

On May 8, 2019, the Partnership entered into a third amendment ("Third Amendment") to the Financing Agreement. The Third Amendment includes the lenders agreement to waive any Event of Default that arose or would otherwise arise under the Financing Agreement for failing to comply with the Fixed Charge Coverage Ratio for the six months ended March 31, 2019. The Third Amendment increases the original exit fee of 3.0% to 6.0%. The original exit fee of 3% was included in the Financing Agreement at the execution date and the increase of the total exit fee to 6% was included as part of the amendment dated February 13, 2019 discussed above and this Third Amendment. The exit fee is applied to the principal amount of the loans made under the Financing Agreement that is payable on the earliest of (a) the final maturity date, (b) the termination date of the Financing agreement for any reason, (c) the acceleration of the obligations in the Financing Agreement for any reason and (d) the date of any refinancing of the term loan under the Financing Agreement.

At June 30, 2019, the Partnership had $28.3 million of borrowings outstanding at a variable interest rate of Libor plus 10.00% (12.41%).

9. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the six months ended June 30, 2019 and the year ended December 31, 2018 are as follows:

	June 30, 2019	December 31, 2018
	(in thousands)	
Balance at beginning of period (including current portion)	$ 18,549	$ 18,662
Accretion expense	638	1,269
Adjustments to the liability from annual recosting and other	-	(1,083)
Liabilities settled	(76)	(299)
Balance at end of period	19,111	18,549
Less current portion of asset retirement obligation	(465)	(465)
Long-term portion of asset retirement obligation	$ 18,646	$ 18,084

10. EMPLOYEE BENEFITS

401(k) Plans

The Operating Company sponsors a defined contribution savings plans for all employees. Under the defined contribution savings plan, the Operating Company matches voluntary contributions of participants up to a maximum contribution based upon a percentage of a participant's salary with an additional matching contribution possible at the Partnership's discretion. The expense under these plans for the three and six months ended June 30, 2019 and 2018 is included in Cost of operations and Selling, general and administrative expense in the Partnership's unaudited condensed consolidated statements of operations and comprehensive income and was as follows:

	Three Months Ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	(in thousands)			
401(k) plan expense	$ 470	$ 393	$ 959	$ 829

11. PARTNERS' CAPITAL

Common Unit Warrants

In December 2017, the Partnership entered into a warrant agreement with certain parties that are also parties to the Financing Agreement discussed above. The warrant agreement included the issuance of a total of 683,888 warrants for common units ("Common Unit Warrants") of the Partnership at an exercise price of $1.95 per unit, which was the closing price of the Partnership's common units on the OTC market as of December 27, 2017. The Common Unit Warrants have a five year expiration date. The Common Unit Warrants and the Partnership's common units after exercise are both transferable, subject to applicable US securities laws. The Common Unit Warrant exercise price is $1.95 per unit, but the price per unit will be reduced by future common unit distributions and other further adjustments in price included in the warrant agreement for transactions that are dilutive to the amount of the Partnership's common units outstanding. The warrant agreement includes a provision for a cashless exercise whereby the warrant holders can receive a net number of common units. Per the warrant agreement, the warrants are detached from the Financing Agreement and fully transferable. The Partnership analyzed the Common Unit Warrants in accordance with the applicable accounting literature and concluded the Common Unit Warrants should be classified as equity. The Partnership allocated the $40.0 million proceeds from the Financing Agreement between the Common Unit Warrants and the Financing Agreement based upon their relative fair values. The allocation based upon relative fair values resulted in approximately $1.3 million being recorded for the Common Unit Warrants in the Partner's Capital equity section and a corresponding discount on Long-term debt, net on the Partnership's consolidated statements of financial position.

Series A Preferred Units

On December 30, 2016, the general partner entered into the Fourth Amended and Restated Agreement of Limited Partnership of the Partnership ("Amended and Restated Partnership Agreement") to create, authorize and issue the Series A preferred units.

The Series A preferred units rank senior to all classes or series of equity securities of the Partnership with respect to distribution rights and rights upon liquidation. The holders of the Series A preferred units are entitled to receive annual distributions equal to the greater of (i) 50% of the CAM Mining free cash flow (as defined below) and (ii) an amount equal to the number of outstanding Series A preferred units multiplied by $0.80. "CAM Mining free cash flow" is defined in the Amended and Restated Partnership Agreement as (i) the total revenue of the Partnership's Central Appalachia business segment, minus (ii) the cost of operations (exclusive of depreciation, depletion and amortization) for the Partnership's Central Appalachia business segment, minus (iii) an amount equal to $6.50, multiplied by the aggregate number of coal tons sold by the Partnership from its Central Appalachia business segment. If the Partnership fails to pay any or all of the distributions in respect of the Series A preferred units, such deficiency will accrue until paid in full and the Partnership will not be permitted to pay any distributions on its Partnership interests that rank junior to the Series A preferred units, including its common units. The Series A preferred units will be liquidated in accordance with their capital accounts and upon liquidation will be entitled to distributions of property and cash in accordance with the balances of their capital accounts prior to such distributions on equity securities that rank junior to the Series A preferred units.

The Series A preferred units vote on an as-converted basis with the common units, and the Partnership is restricted from taking certain actions without the consent of the holders of a majority of the Series A preferred units, including: (i) the issuance of additional Series A preferred units, or securities that rank senior or equal to the Series A preferred units; (ii) the sale or transfer of CAM Mining or a material portion of its assets; (iii) the repurchase of common units, or the issuance of rights or warrants to holders of common units entitling them to purchase common units at less than fair market value; (iv) consummation of a spin off; (v) the incurrence, assumption or guaranty of indebtedness for borrowed money in excess of $50.0 million except indebtedness relating to entities or assets that are acquired by the Partnership or its affiliates that is in existence at the time of such acquisition or (vi) the modification of CAM Mining's accounting principles or the financial or operational reporting principles of the Partnership's Central Appalachia business segment, subject to certain exceptions.

The Partnership has the option to convert the outstanding Series A preferred units at any time on or after the time at which the amount of aggregate distributions paid in respect of each Series A preferred unit exceeds $10.00 per unit. Each Series A preferred unit will convert into a number of common units equal to the quotient (the "Series A Conversion Ratio") of (i) the sum of $10.00 and any unpaid distributions in respect of such Series A Preferred Unit divided by (ii) 75% of the volume-weighted average closing price of the common units for the preceding 90 trading days (the "VWAP"); provided however, that the VWAP will be capped at a minimum of $2.00 and a maximum of $10.00. On December 31, 2021, all outstanding Series A preferred units will convert into common units at the then applicable Series A Conversion Ratio.

During the first quarter of 2019, the Partnership paid $3.2 million to the holders of Series A preferred units for distributions earned for the year ended December 31, 2018. During the first quarter of 2018, the Partnership paid the holders of Series A preferred units $6.0 million in distributions earned for the year ended December 31, 2017. The Partnership has accrued approximately $0.6 million for distributions to holders of the Series A preferred units for the six months ended June 30, 2019.

Investment in Royal Common Stock

On September 1, 2017, Royal elected to convert certain obligations to the Partnership totaling $4.1 million to shares of Royal common stock. Royal issued 914,797 shares of its common stock to the Partnership at a conversion price of $4.51 per share. The price per share was equal to the outstanding balance multiplied by seventy-five percent (75%) of the volume-weighted average closing price of Royal's common stock for the 90 days preceding the date of conversion ("Royal VWAP"), subject to a minimum Royal VWAP of $3.50 and a maximum Royal VWAP of $7.50. The Partnership recorded the $4.1 million conversion as Investment in Royal common stock in the Partners' Capital section of the Partnership's unaudited condensed consolidated statements of financial position since Royal does not have significant economic activity apart from its investment in the Partnership.

Other Comprehensive Income

In accordance with Accounting Standards Codification ("ASU") 2016-01, which was effective for fiscal years that began after December 15, 2017, the Partnership ceased recording fair market adjustments for the shares it owns in Mammoth Inc. in Other Comprehensive Income during the fourth quarter of 2018. Upon adoption during the fourth quarter of 2018, the Partnership recorded a $4.2 million reclassification from Other Comprehensive Income to Partners' Capital relating to its Mammoth Inc. shares that had a readily determinable fair value.

Accumulated Distribution Arrearages

Pursuant to the Partnership's partnership agreement, the Partnership's common units accrue arrearages every quarter when the distribution level is below the minimum level of $4.45 per unit. Beginning with the quarter ended June 30, 2015 and continuing through the quarter ended March 31, 2019, the Partnership has suspended the cash distribution on its common units. For each of the quarters ended September 30, 2014, December 31, 2014 and March 31, 2015, the Partnership announced cash distributions per common unit at levels lower than the minimum quarterly distribution. The Partnership has not paid any distribution on its subordinated units for any quarter after the quarter ended March 31, 2012. As of June 30, 2019, the Partnership had accumulated arrearages of $790.2 million.

12. EARNINGS PER UNIT ("EPU")

The following table presents a reconciliation of the numerators and denominators of the basic and diluted EPU calculations for the periods ended June 30, 2019 and 2018:

Three Months Ended June 30, 2019	General Partner	Common Unitholders	Subordinated Unitholders	Preferred Unitholders
	(in thousands, except per unit data)			
Numerator:				
Interest in net (loss)/ income	$ (1)	$ (172)	$ (15)	$ 300
Denominator:				
Weighted average units used to compute basic EPU	n/a	13,098	1,143	1,500
Weighted average units used to compute diluted EPU	n/a	13,098	1,143	1,500
Net (loss)/income per limited partner unit, basic:	n/a	$ (0.01)	$ (0.01)	$ 0.20
Net (loss)/income per limited partner unit, diluted	n/a	$ (0.01)	$ (0.01)	$ 0.20

Three Months Ended June 30, 2018	General Partner	Common Unitholders	Subordinated Unitholders	Preferred Unitholders
	(in thousands, except per unit data)			
Numerator:				
Interest in net (loss)/income	$ (14)	$ (3,061)	$ (269)	$ 309
Denominator:				
Weighted average units used to compute basic EPU	n/a	13,055	1,146	$ 1,500
Weighted average units used to compute diluted EPU	n/a	13,055	1,146	$ 1,500
Net (loss)/income per limited partner unit, basic	n/a	$ (0.23)	$ (0.23)	$ 0.21
Net (loss)/income per limited partner unit, diluted	n/a	$ (0.23)	$ (0.23)	$ 0.21

Six Months Ended June 30, 2019	General Partner	Common Unitholders	Subordinated Unitholders	Preferred Unitholders
	(in thousands, except per unit data)			
Numerator:				
Interest in net (loss)/ income	$ (32)	$ (7,114)	$ (621)	$ 600
Denominator:				
Weighted average units used to compute basic EPU	n/a	13,098	1,144	1,500
Weighted average units used to compute diluted EPU	n/a	13,098	1,144	1,500
Net (loss)/income per limited partner unit, basic:	n/a	$ (0.54)	$ (0.54)	$ 0.40
Net (loss)/income per limited partner unit, diluted	n/a	$ (0.54)	$ (0.54)	$ 0.40

Six Months Ended June 30, 2018	General Partner	Common Unitholders	Subordinated Unitholders	Preferred Unitholders
	(in thousands, except per unit data)			
Numerator:				
Interest in net (loss)/income	$ (27)	$ (5,917)	$ (521)	$ 609
Denominator:				
Weighted average units used to compute basic EPU	n/a	13,009	1,146	$ 1,500
Weighted average units used to compute diluted EPU	n/a	13,009	1,146	$ 1,500
Net (loss)/income per limited partner unit, basic	n/a	$ (0.45)	$ (0.45)	$ 0.41
Net (loss)/income per limited partner unit, diluted	n/a	$ (0.45)	$ (0.45)	$ 0.41

Diluted EPU gives effect to all dilutive potential common units outstanding during the period using the treasury stock method. Diluted EPU excludes all dilutive potential units calculated under the treasury stock method if their effect is anti-dilutive. Since the Partnership incurred net losses for three months ended June 30, 2018 and for the six months ended June 30, 2019 and 2018, all potential dilutive units were excluded from the diluted EPU calculation for these periods because when an entity incurs a net loss in a period, potential dilutive units shall not be included in the computation of diluted EPU since their effect will always be anti-dilutive. The Partnership earned net income for the three months ended June 30, 2019, but did not have any potential dilutive units outstanding during the period. There were 683,888 potential dilutive common units related to the Common Unit Warrants as discussed in Note 11 for the six months ended June 30, 2019 and 2018.

13. COMMITMENTS AND CONTINGENCIES

Coal Sales Contracts and Contingencies—As of June 30, 2019, the Partnership had commitments under sales contracts to deliver annually scheduled base quantities of coal as follows:

Year	Tons (in thousands)	Number of customers
2019 Q3-Q4	2,192	18
2020	2,180	7
2021	920	3

Some of the contracts have sales price adjustment provisions, subject to certain limitations and adjustments, based on a variety of factors and indices.

Purchased Coal Expenses—The Partnership incurs purchased coal expense from time to time related to coal purchase contracts. In addition, the Partnership incurs expense from time to time related to coal purchased on the over-the-counter market ("OTC"). The Partnership incurred no purchase coal expense from coal purchase contracts or expense from OTC purchases for the three and six months ended June 30, 2019 and 2018.

Leases—The Partnership leases various mining, transportation and other equipment under operating leases. Please read Note 5 for additional discussion of leases. The Partnership also leases coal reserves under agreements that call for royalties to be paid as the coal is mined. Lease and royalty expense for the three and six months ended June 30, 2019 and 2018 are included in Cost of operations in the Partnership's unaudited condensed consolidated statements of operations and comprehensive income and was as follows:

	Three Months Ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	(in thousands)			
Lease expense	$ 1,302	$ 976	$ 2,556	$ 1,406
Royalty expense	$ 4,289	$ 3,467	$ 8,182	$ 7,111

Guarantees/Indemnifications and Financial Instruments with Off-Balance Sheet Risk— In the normal course of business, the Partnership is a party to certain guarantees and financial instruments with off-balance sheet risk, such as bank letters of credit and performance or surety bonds. No liabilities related to these arrangements are reflected in the unaudited condensed consolidated statements of financial position. The Partnership had no outstanding letters of credit at June 30, 2019. The Partnership had outstanding surety bonds with third parties of $39.2 million as of June 30, 2019 to secure reclamation and other performance commitments, which are secured by $3.0 million in cash collateral on deposit with the Partnership's surety bond provider. Of the $39.2 million, approximately $0.4 million relates to surety bonds for Deane Mining, LLC, which have not been transferred or replaced by the buyer of Deane Mining LLC as was agreed to by the parties as part of the transaction. The Partnership can provide no assurances that a surety company will underwrite the surety bonds of the purchaser of Deane Mining LLC, nor is the Partnership aware of the actual amount of reclamation at any given time. Further, if there was a claim under these surety bonds prior to the transfer or replacement of such bonds by the buyer of Deane Mining, LLC, the Partnership may be responsible to the surety company for any amounts it pays in respect of such claim. While the buyer is required to indemnify the Partnership for damages, including reclamation liabilities, pursuant the agreements governing the sales of this entity, the Partnership may not be successful in obtaining any indemnity or any amounts received may be inadequate. Of the $39.2 million in outstanding surety bonds, approximately $3.4 million related to surety bonds for Sands Hill Mining LLC, which are to be replaced by a third party pursuant to an agreement dated July 9, 2019 (see Note 19 for additional discussion).

14. MAJOR CUSTOMERS

The Partnership had sales or receivables from the following major customers that in each period equaled or exceeded 10% of revenues:

	June 30, 2019 Receivable Balance	December 31, 2018 Receivable Balance	Six months ended June 30, 2019 Sales	Six months ended June 30, 2018 Sales
	(in thousands)			
Javelin Global	$ 3,816	$ 4,347	$ 24,527	$ 16,554
Integrity Coal	$ -	$ 937	$ 3,939	$ 11,364
Dominion Energy	$ 683	$ -	$ 3,826	$ 14,013

15. REVENUE

The Partnership adopted ASC Topic 606 on January 1, 2018, using the modified retrospective method. The adoption of Topic 606 has no impact on revenue amounts recorded on the Partnership's financial statements. The new disclosures required by ASC Topic 606, as applicable, are presented below. The majority of the Partnership's revenues are generated under coal sales contracts. Coal sales accounted for approximately 99.0% of the Partnership's total revenues for the three and six months ended June 30, 2019 and 2018. Other revenues generally consist of coal royalty revenues, coal handling and processing revenues, rebates and rental income, which accounted for approximately 1.0% of the Partnership's total revenues for the three and six months ended June 30, 2019 and 2018.

The majority of the Partnership's coal sales contracts have a single performance obligation (shipment or delivery of coal according to terms of the sales agreement) and as such, the Partnership is not required to allocate the contract's transaction price to multiple performance obligations. All of the Partnership's coal sales revenue is recognized when shipment or delivery to the customer has occurred, the title or risk of loss has passed in accordance with the terms of the coal sales agreement, prices are fixed or determinable and collectability is reasonably assured. With respect to other revenues recognized in situations unrelated to the shipment of coal, the Partnership carefully reviews the facts and circumstances of each transaction and does not recognize revenue until the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller's price to the buyer is fixed or determinable and collectability is reasonably assured.

In the tables below, the Partnership has disaggregated its revenue by category for each reportable segment as required by ASC Topic 606.

The following table disaggregates revenue by type for each reportable segment for the three months ended June 30, 2019:

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
	(in thousands)					
Coal sales						
Steam coal	$ 9,749	$ 8,396	$ 8,422	$ 13,088	$ -	$ 39,655
Met coal	25,437	-	-	-	-	25,437
Other revenue	36	460	-	-	-	496
Total	$ 35,222	$ 8,856	$ 8,422	$ 13,088	$ -	$ 65,588

The following table disaggregates revenue by type for each reportable segment for the three months ended June 30, 2018:

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
	(in thousands)					
Coal sales						
Steam coal	$ 13,200	$ 3,904	$ 8,656	$ 13,608	$ -	$ 39,368
Met coal	14,877	-	-	-	-	14,877
Other revenue	56	517	-	-	105	678
Total	$ 28,133	$ 4,421	$ 8,656	$ 13,608	$ 105	$ 54,923

The following table disaggregates revenue by type for each reportable segment for the six months ended June 30, 2019:

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
	(in thousands)					
Coal sales						
Steam coal	$ 23,138	$ 14,461	$ 17,132	$ 26,089	$ -	$ 80,820
Met coal	42,135	-	-	-	-	42,135
Other revenue	357	1,014	-	-	-	1,371
Total	$ 65,630	$ 15,475	$ 17,132	$ 26,089	$ -	$ 124,326

The following table disaggregates revenue by type for each reportable segment for the six months ended June 30, 2018:

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
	(in thousands)					
Coal sales						
Steam coal	$ 24,861	$ 7,592	$ 16,716	$ 25,219	$ -	$ 74,388
Met coal	34,129	-	-	-	-	34,129
Other revenue	118	974	9	-	105	1,206
Total	$ 59,108	$ 8,566	$ 16,725	$ 25,219	$ 105	$ 109,723

16. FAIR VALUE MEASUREMENTS

The Partnership determines the fair value of assets and liabilities based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The fair values are based on assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. The fair value hierarchy is based on whether the inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Partnership's assumptions of what market participants would use.

The fair value hierarchy includes three levels of inputs that may be used to measure fair value as described below:

Level One - Quoted prices for identical instruments in active markets.

Level Two - The fair value of the assets and liabilities included in Level 2 are based on standard industry income approach models that use significant observable inputs.

Level Three - Unobservable inputs significant to the fair value measurement supported by little or no market activity.

In those cases when the inputs used to measure fair value meet the definition of more than one level of the fair value hierarchy, the lowest level input that is significant to the fair value measurement in its totality determines the applicable level in the fair value hierarchy.

The book values of cash and cash equivalents, accounts receivable and accounts payable are considered to be representative of their respective fair values because of the immediate short-term maturity of these financial instruments. The fair value of the Partnership's Financing Agreement was determined based upon a market approach and approximates the carrying value at June 30, 2019. The fair value of the Partnership's Financing Agreement is a Level 2 measurement.

As of December 31, 2018, the Partnership had a recurring fair value measurement relating to its investment in Mammoth Inc. As discussed in Note 5, the Partnership sold the balance of its Mammoth Inc. shares (104,100 shares) during the first quarter of 2019. The Partnership's shares of Mammoth Inc. were classified as an investment on the Partnership's unaudited condensed consolidated statements of financial position as of December 31, 2018. Based on the availability of a quoted price, the recurring fair value measurement of the Mammoth Inc. shares was a Level 1 measurement.

17. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash payments for interest were $2.2 million and $2.8 million for the six months ended June 30, 2019 and 2018, respectively.

The unaudited condensed consolidated statement of cash flows for the six months ended June 30, 2019 and 2018 excludes approximately $2.3 million and $1.6 million, respectively, of property, plant and equipment additions which are recorded in Accounts payable.

18. SEGMENT INFORMATION

The Partnership primarily produces and markets coal from surface and underground mines in Kentucky, West Virginia, Ohio and Utah. The Partnership sells primarily to electric utilities in the United States.

As of June 30, 2019, the Partnership has four reportable business segments: Central Appalachia, Northern Appalachia, Rhino Western and Illinois Basin. Additionally, the Partnership has an Other category that includes its ancillary businesses.

The Partnership has not provided disclosure of total expenditures by segment for long-lived assets, as the Partnership does not maintain discrete financial information concerning segment expenditures for long lived assets, and accordingly such information is not provided to the Partnership's chief operating decision maker. The information provided in the following tables represents the primary measures used to assess segment performance by the Partnership's chief operating decision maker.

Reportable segment results of operations for the three months ended June 30, 2019 are as follows (Note: "DD&A" refers to depreciation, depletion and amortization):

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
	(in thousands)					
Total revenues	$ 35,222	$ 8,856	$ 8,422	$ 13,088	$ -	$ 65,588
DD&A	1,863	434	1,109	2,122	88	5,616
Interest expense	-	-	-	-	1,735	1,735
Net Income/(loss)	$ 6,560	$ (692)	$ 1,321	$ (2,760)	$ (4,317)	$ 112

Reportable segment results of operations for the three months ended June 30, 2018 are as follows:

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
	(in thousands)					
Total revenues	$ 28,133	$ 4,422	$ 8,656	$ 13,608	$ 104	$ 54,923
DD&A	2,263	300	1,041	1,979	94	5,677
Interest expense	-	-	-	-	1,913	1,913
Net Income/(loss)	$ 997	$ (1,477)	$ (63)	$ (1,880)	$ (612)	$ (3,035)

Reportable segment results of operations for the six months ended June 30, 2019 are as follows:

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
	(in thousands)					
Total revenues	$ 65,630	$ 15,475	$ 17,132	$ 26,089	$ -	$ 124,326
DD&A	3,763	842	2,203	4,180	178	11,166
Interest expense	-	-	-	-	3,436	3,436
Net Income/(loss)	$ 7,743	$ (1,814)	$ 993	$ (6,347)	$ (7,742)	$ (7,167)

Reportable segment results of operations for the six months ended June 30, 2018 are as follows:

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
	(in thousands)					
Total revenues	$ 59,108	$ 8,566	$ 16,725	$ 25,219	$ 105	$ 109,723
DD&A	4,459	441	2,102	3,918	184	11,104
Interest expense	1	-	-	-	3,797	3,798
Net Income/(loss)	$ 1,927	$ (2,592)	$ 900	$ (4,209)	$ (1,882)	$ (5,856)

19. SUBSEQUENT EVENTS

On July 9, 2019, the Partnership entered into an agreement with a third party for the replacement of the Partnership's existing surety bond obligations with respect to Sands Hill Mining LLC. The Partnership agreed to pay the third party $2.0 million for the Partnership's release of the surety bond obligations. At the time of closing, the third party delivered to the Partnership confirmation from its surety underwriter evidencing the release and removal of the Partnership, its affiliates and guarantors, from the surety bond obligations and all related obligations under the Partnership's bonding agreements related to Sands Hill Mining LLC, which includes a release of all applicable collateral for the surety bond obligations. Further, such confirmation from the surety underwriter was specifically provided for their acceptance of the third party as a replacement obligor.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless the context clearly indicates otherwise, references in this report to "we," "our," "us" or similar terms refer to Rhino Resource Partners LP and its subsidiaries. References to "our general partner" refer to Rhino GP LLC, the general partner of Rhino Resource Partners LP. The following discussion of the historical financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto presented in this Quarterly Report on Form 10-Q as well as the audited consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2018 and the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in such Annual Report on Form 10-K.

In addition, this discussion includes forward looking statements that are subject to risks and uncertainties that may result in actual results differing from statements we make. Please read the section "Cautionary Note Regarding Forward Looking Statements". In addition, factors that could cause actual results to differ include those risks and uncertainties discussed in Part I, Item 1A. "Risk Factors" also included in our Annual Report on Form 10-K for the year ended December 31, 2018.

Overview

Through a series of transactions completed in the first quarter of 2016, Royal Energy Resources, Inc. ("Royal") acquired a majority ownership and control of us and 100% ownership of our general partner.

We are a diversified coal producing limited partnership formed in Delaware that is focused on coal and energy related assets and activities. We produce, process and sell high quality coal of various steam and metallurgical grades. We market our steam coal primarily to electric utility companies as fuel for their steam powered generators. Customers for our metallurgical coal are primarily steel and coke producers who use our coal to produce coke, which is used as a raw material in the steel manufacturing process

We have a geographically diverse asset base with coal reserves located in Central Appalachia, Northern Appalachia, the Illinois Basin and the Western Bituminous region. As of December 31, 2018, we controlled an estimated 268.5 million tons of proven and probable coal reserves, consisting of an estimated 214.0 million tons of steam coal and an estimated 54.5 million tons of metallurgical coal. In addition, as of December 31, 2018, we controlled an estimated 164.1 million tons of non-reserve coal deposits.

We operate underground and surface mines located in Kentucky, Ohio, West Virginia and Utah. The number of mines that we operate may vary from time to time depending on a number of factors, including the demand for and price of coal, depletion of economically recoverable reserves and availability of experienced labor.

Our principal business strategy is to safely, efficiently and profitably produce and sell both steam and metallurgical coal from our diverse asset base in order to resume, and, over time, increase our quarterly cash distributions. In addition, we continue to seek opportunities to expand and diversify our operations through strategic acquisitions, including the acquisition of long-term, cash generating natural resource assets. We believe that such assets will allow us to grow our cash available for distribution and enhance stability of our cash flow.

For the three and six months ended June 30, 2019, we generated revenues of approximately $65.6 million and $124.3 million, respectively, and we generated net income of approximately $0.1 million for the three months ended June 30, 2019 and a net loss of approximately $7.2 million for the six months ended June 30, 2019. For the three months ended June 30, 2019, we produced approximately 1.2 million tons of coal and sold approximately 1.1 million tons of coal, of which approximately 85% were sold pursuant to supply contracts. For the six months ended June 30, 2019, we produced 2.3 million tons of coal and sold approximately 2.2 million tons of coal, of which approximately 87% were sold pursuant to supply contracts.

Current Liquidity and Outlook

As of June 30, 2019, our available liquidity was $1.6 million. We also have a delayed draw term loan commitment in the amount of $35 million contingent upon the satisfaction of certain conditions precedent specified in our financing agreement discussed below.

On December 27, 2017, we entered into a financing agreement ("Financing Agreement"), which provides us with a multi-draw loan in the original aggregate principal amount of $80 million. The total principal amount is divided into a $40 million commitment, the conditions for which were satisfied at the execution of the Financing Agreement and an additional $35 million commitment that is contingent upon the satisfaction of certain conditions precedent specified in the Financing Agreement. We used approximately $17.3 million of the net proceeds thereof to repay all amounts outstanding and terminate the amended and restated credit agreement with PNC Bank, National Association, as Administrative Agent. The Financing Agreement terminates on December 27, 2020. For more information about our Financing Agreement, please read "— Liquidity and Capital Resources—Financing Agreement."

We continue to take measures, including the suspension of cash distributions on our common and subordinated units and cost and productivity improvements, to enhance and preserve our liquidity so that we can fund our ongoing operations and necessary capital expenditures and meet our financial commitments and debt service obligations.

Recent Developments

Settlement Agreement

On June 28, 2019, we entered into a settlement agreement with a third party which allows the third party to maintain certain pipelines pursuant to designated permits at our Central Appalachia operations. The agreement requires the third party to pay us $7.0 million in consideration. We received $4.2 million on July 3, 2019 with the balance of $2.8 million due on or before February 29, 2020. At June 30, 2019, the $7.0 million receivable was recorded in Receivable –Other on our unaudited condensed consolidated statements of financial position and a gain of $6.9 million was recorded on our unaudited condensed consolidated statements of operations and comprehensive income.

Financing Agreement

On May 8, 2019, we entered into a third amendment ("Third Amendment") to the Financing Agreement. The Third Amendment includes the lenders agreement to waive any Event of Default that arose or would otherwise arise under the Financing Agreement for failing to comply with the Fixed Charge Coverage Ratio for the six months ended March 31, 2019. The Third Amendment increases the original exit fee of 3.0% to 6.0%. The original exit fee of 3% was included in the Financing Agreement at the execution date and the increase of the total exit fee to 6% was included as part of the amendment dated February 13, 2019 discussed below and this Third Amendment. The exit fee is applied to the principal amount of the loans made under the Financing Agreement that is payable on the earliest of (a) the final maturity date, (b) the termination date of the Financing agreement for any reason, (c) the acceleration of the obligations in the Financing Agreement for any reason and (d) the date of any refinancing of the term loan under the Financing Agreement.

On February 13, 2019, we entered into a second amendment ("Amendment") to the Financing Agreement. The Amendment provided the Lender's consent for us to pay a one-time cash distribution on February 14, 2019 to the Series A Preferred Unitholders not to exceed approximately $3.2 million. The Amendment allowed us to sell our remaining shares of Mammoth Energy Services, Inc. (NASDAQ: TUSK)("Mammoth Inc.") and utilize the proceeds for payment of the one-time cash distribution to the Series A Preferred Unitholders and waived the requirement to use such proceeds to prepay the outstanding principal amount outstanding under the Financing Agreement. The Amendment also waived any Event of Default that has or would otherwise arise under Section 9.01(c) of the Financing Agreement solely by reason of us failing to comply with the Fixed Charge Coverage Ratio covenant in Section 7.03(b) of the Financing Agreement for the fiscal quarter ending December 31, 2018. The Amendment includes an amendment fee of approximately $0.6 million payable by us on May 13, 2019 and an exit fee equal to 1% of the principal amount of the term loans made under the Financing Agreement that is payable on the earliest of (w) the final maturity date of the Financing Agreement, (x) the termination date of the Financing Agreement, (y) the acceleration of the obligations under the Financing Agreement for any reason, including, without limitation, acceleration in accordance with Section 9.01 of the Financing Agreement, including as a result of the commencement of an insolvency proceeding and (z) the date of any refinancing of the term loan under the Financing Agreement. The Amendment amended the definition of the Make-Whole Amount under the Financing Agreement to extend the date of the Make-Whole Amount period to December 31, 2019.

Distribution Suspension

Pursuant to the Partnership agreement, our common units accrue arrearages every quarter when the distribution level is below the minimum level of $4.45 per unit. Beginning with the quarter ended June 30, 2015 and continuing through the quarter ended March 31, 2019, we have suspended the cash distribution on our common units. For each of the quarters ended September 30, 2014, December 31, 2014 and March 31, 2015, we announced cash distributions per common unit at levels lower than the minimum quarterly distribution. We have not paid any distribution on our subordinated units for any quarter after the quarter ended March 31, 2012. As of June 30, 2019, we had accumulated arrearages of $790.2 million.

Factors That Impact Our Business

Our results of operations in the near term could be impacted by a number of factors, including (1) our ability to fund our ongoing operations and necessary capital expenditures, (2) the availability of transportation for coal shipments, (3) poor mining conditions resulting from geological conditions or the effects of prior mining, (4) equipment problems at mining locations, (5) adverse weather conditions and natural disasters or (6) the availability and costs of key supplies and commodities such as steel, diesel fuel and explosives.

On a long-term basis, our results of operations could be impacted by, among other factors, (1) our ability to fund our ongoing operations and necessary capital expenditures, (2) changes in governmental regulation, (3) the availability and prices of competing electricity-generation fuels, (4) the world-wide demand for steel, which utilizes metallurgical coal and can affect the demand and prices of metallurgical coal that we produce, (5) our ability to secure or acquire high-quality coal reserves and (6) our ability to find buyers for coal under favorable supply contracts.

We have historically sold a majority of our coal through long-term supply contracts, although we have starting selling a larger percentage of our coal under short-term and spot agreements. As of June 30, 2019, we had commitments under supply contracts to deliver annually scheduled base quantities of coal as follows:

Year	Tons (in thousands)	Number of customers
2019 Q3-Q4	2,192	18
2020	2,180	7
2021	920	3

Certain of the contracts have sales price adjustment provisions, subject to certain limitations and adjustments, based on a variety of factors and indices.

Results of Operations

Segment Information

As of June 30, 2019, we have four reportable business segments: Central Appalachia, Northern Appalachia, Rhino Western and Illinois Basin. Additionally, we have an Other category that includes our ancillary businesses. Our Central Appalachia segment consists of two mining complexes: Tug River and Rob Fork, which, as of June 30, 2019, together included one underground mine, three surface mines and three preparation plants and loadout facilities in eastern Kentucky and southern West Virginia. Our Northern Appalachia segment consists of the Hopedale mining complex and the Leesville field. The Hopedale mining complex, located in northern Ohio, included one underground mine and one preparation plant and loadout facility as of June 30, 2019. Our Rhino Western segment includes one underground mine in the Western Bituminous region at our Castle Valley mining complex in Utah. Our Illinois Basin segment includes one underground mine, preparation plant and river loadout facility at our Pennyrile mining complex located in western Kentucky, as well as our Taylorville field reserves located in central Illinois. Our Other category is comprised of our ancillary businesses.

Evaluating Our Results of Operations

Our management uses a variety of non-GAAP financial measurements to analyze our performance, including (1) Adjusted EBITDA, (2) coal revenues per ton and (3) cost of operations per ton.

Adjusted EBITDA. The discussion of our results of operations below includes references to, and analysis of, our segments' Adjusted EBITDA results. Adjusted EBITDA represents net income before deducting interest expense, income taxes and depreciation, depletion and amortization, while also excluding certain non-cash and/or non-recurring items. Adjusted EBITDA is used by management primarily as a measure of our segments' operating performance. Adjusted EBITDA should not be considered an alternative to net income, income from operations, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Because not all companies calculate Adjusted EBITDA identically, our calculation may not be comparable to similarly titled measures of other companies. Please read "—Reconciliations of Adjusted EBITDA" for reconciliations of Adjusted EBITDA to net income/(loss) by segment for each of the periods indicated.

Coal Revenues Per Ton. Coal revenues per ton represents coal revenues divided by tons of coal sold. Coal revenues per ton is a key indicator of our effectiveness in obtaining favorable prices for our product.

Cost of Operations Per Ton. Cost of operations per ton sold represents the cost of operations (exclusive of depreciation, depletion and amortization) divided by tons of coal sold. Management uses this measurement as a key indicator of the efficiency of operations.

Summary.

The following table sets forth certain information regarding our revenues, operating expenses, other income and expenses, and operational data for the three months ended June 30, 2019 and 2018:

	Three months ended June 30, 2019	Three months ended June 30, 2018	Increase/(Decrease) $	Increase/(Decrease) % *
	(in millions, except per ton data and %)			
Statement of Operations Data:				
Coal revenues	$ 65.1	$ 54.2	$ 10.9	20.0%
Other revenues	0.5	0.7	(0.2)	(26.8)%
Total revenues	65.6	54.9	10.7	19.4%
Costs and expenses:				
Cost of operations (exclusive of DD&A shown separately below)	59.8	49.6	10.2	20.5%
Freight and handling costs	1.8	1.4	0.4	20.7%
Depreciation, depletion and amortization	5.6	5.7	(0.1)	(1.1)%
Selling, general and administrative (exclusive of DD&A shown separately above)	3.5	2.8	0.7	24.1%
(Gain) on sale/disposal of assets	(6.9)	(3.5)	(3.4)	96.9%
Income/(Loss) from operations	1.8	(1.1)	2.9	(264.6)%
Interest expense and other	1.7	1.9	(0.2)	(9.4)%
Interest income and other	-	-	-	n/a
Total interest and other (income) expense	1.7	1.9	(0.2)	(9.4)%
Net income/(loss)	$ 0.1	$ (3.0)	3.1	(103.7)%
Total tons sold (in thousands except %)	1,123.2	1,102.8	20.4	1.9%
Coal revenues per ton	$ 57.95	$ 49.19	$ 8.76	17.8%
Cost of operations per ton	$ 53.20	$ 44.97	$ 8.23	18.3%
Other Financial Data				
Adjusted EBITDA	$ 7.5	$ 4.6	$ 2.9	65.2%

* Percentages and per ton amounts are calculated based on actual amounts and not the rounded amounts presented in this table.

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

Revenues. Our coal revenues for the three months ended June 30, 2019 increased by approximately $10.9 million, or 20.0%, to approximately $65.1 million from approximately $54.2 million for the three months ended June 30, 2018. Coal revenues per ton was $57.95 for the three months ended June 30, 2019, an increase of $8.76 or 17.8%, from $49.19 per ton for the three months ended June 30, 2018. The increase in coal revenues and coal revenues per ton was primarily the result of higher contracted sale prices for coal sold across all of our locations during the second quarter of 2019 compared to the same period in 2018.

Cost of Operations. Total cost of operations increased by $10.2 million or 20.5% to $59.8 million for the three months ended June 30, 2019 as compared to $49.6 million for the three months ended June 30, 2018. Our cost of operations per ton was $53.20 for the three months ended June 30, 2019, an increase of $8.23, or 18.3%, from the three months ended June 30, 2018. The increase in total cost of operations and cost of operations per ton was primarily due to increases in the cost of labor, contract services and equipment maintenance at several of our operations in the second quarter of 2019 compared to the same period in 2018.

Freight and Handling. Total freight and handling cost increased to $1.8 million for the three months ended June 30, 2019 from approximately $1.4 million for the three months ended June 30, 2018. The increase in freight and handling costs was primarily the result of a new sales contract for coal shipped from our Northern Appalachia operation that requires us to pay the freight and handling to the customer's destination.

Depreciation, Depletion and Amortization ("DD&A"). Total DD&A expense for the three months ended June 30, 2019 was $5.6 million as compared to $5.7 million for the three months ended June 30, 2018.

For the three months ended June 30, 2019 and 2018, our depreciation expense remained relatively flat at approximately $4.2 million.

For the three months ended June 30, 2019 and 2018, our depletion expense remained relatively flat at approximately $0.5 million.

For the three months ended June 30, 2019 our amortization expense was approximately $0.9 million and for the three months ended June 30, 2018 it was $1.0 million.

Selling, General and Administrative. SG&A expense for the three months ended June 30, 2019 increased to $3.5 million as compared to $2.8 million for the three months ended June 30, 2018 as we experienced an increase in corporate overhead expense.

Interest Expense. Interest expense for the three months ended June 30, 2019 decreased to $1.7 million as compared to $1.9 million for the three months ended June 30, 2018. This decrease was primarily due to a lower outstanding debt balance for the three months ended June 30, 2019 compared to the same period in 2018.

Net Income/Loss. Net income was $0.1 million for the three months ended June 30, 2019 compared to net loss of $3.0 million for the three months ended June 30, 2018. Net income was positively impacted by a gain of $6.9 million resulting from the settlement agreement discussed above but negatively impacted by higher cost of operations discussed above. Net loss for the three months ended June 30, 2018 was positively impacted from a gain on sale of assets of $3.5 million.

Adjusted EBITDA. Adjusted EBITDA increased by $2.9 million for the three months ended June 30, 2019 to $7.5 million from $4.6 million for the three months ended June 30, 2018. The increase was primarily due to the increase in net income for the three months ended June 30, 2019. Please read "—Reconciliations of Adjusted EBITDA" for reconciliations of Adjusted EBITDA to net income/(loss) on a segment basis.

Segment Results

The following tables set forth certain information regarding our revenues, operating expenses, other income and expenses, and operational data by reportable segment for the three months ended June 30, 2019 and 2018:

Central Appalachia

	Three months ended June 30, 2019	Three months ended June 30, 2018	Increase/(Decrease) $	% *
	(in millions, except per ton data and %)			
Coal revenues	$ 35.2	$ 28.1	$ 7.1	25.3%
Freight and handling revenues	-	-	-	n/a
Other revenues	-	0.1	(0.1)	(36.2)%
Total revenues	35.2	28.2	7.0	25.2%
Coal revenues per ton	$ 89.08	$ 67.05	$ 22.03	32.9%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	32.4	23.3	9.1	39.0%
Freight and handling costs	1.3	1.4	(0.1)	(12.3)%
Depreciation, depletion and amortization	1.9	2.3	(0.4)	(17.7)%
Selling, general and administrative costs	0.1	0.1	-	(62.7)%
Cost of operations per ton	$ 82.07	$ 55.69	$ 26.38	47.4%
Net income	6.6	1.0	5.6	558.1%
Adjusted EBITDA	8.5	3.3	5.1	158.4%
Tons sold (in thousands except %)	395.0	418.8	(23.8)	(5.7)%

* Percentages and per ton amounts are calculated based on actual amounts and not the rounded amounts presented in this table.

Tons of coal sold in our Central Appalachia segment decreased by approximately 5.7% for the three months ended June 30, 2019 compared to the three months ended June 30, 2018 primarily due to a decrease in customer demand for steam coal from this region.

Coal revenues increased by approximately $7.1 million, or 25.3%, to approximately $35.2 million for the three months ended June 30, 2019 from approximately $28.1 million for the three months ended June 30, 2018. Coal revenues per ton for our Central Appalachia segment increased by $22.03, or 32.9%, to $89.08 per ton for the three months ended June 30, 2019 as compared to $67.05 for the three months ended June 30, 2018. The increase in coal revenues and coal revenues per ton was primarily due to a higher mix of higher priced met coal tons sold during the second quarter of 2019 compared to the same period in 2018.

Cost of operations increased by $9.1 million, or 39.0%, to $32.4 million for the three months ended June 30, 2019 from $23.3 million for the three months ended June 30, 2018. Our cost of operations per ton of $82.07 for the three months ended June 30, 2019 increased 47.4% compared to $55.69 per ton for the three months ended June 30, 2018. Cost of operations and cost of operations per ton increased as we experienced an increase in operating costs including labor, contract services and equipment maintenance, in addition to fewer tons of coal sold during the three months ended June 30, 2019 that increased our cost of operations per ton.

Total freight and handling cost was $1.3 million for the three months ended June 30, 2019, which was relatively flat to $1.4 million for the three months ended June 30, 2018.

For our Central Appalachia segment, net income was approximately $6.6 million for the three months ended June 30, 2019, an increase of $5.6 million as compared to the three months ended June 30, 2018. The increase in net income for the three months ended June 30, 2019 was primarily due to the $6.9 million gain resulting from the settlement discussed above.

Central Appalachia Overview of Results by Product. Additional information for the Central Appalachia segment detailing the types of coal produced and sold, premium high-vol met coal and steam coal for the three months ended June 30, 2019 and 2018, is presented below. Note that our Northern Appalachia, Rhino Western and Illinois Basin segments currently produce and sell only steam coal.

(In thousands, except per ton data and %)	Three months ended June 30, 2019	Three months ended June 30, 2018	Increase (Decrease) %*
Met coal tons sold	226.6	151.6	49.4%
Steam coal tons sold	168.4	267.2	(37.0)%
Total tons sold	395.0	418.8	(5.7)%
Met coal revenue	$ 25,437	$ 14,878	71.0%
Steam coal revenue	$ 9,749	$ 13,199	(26.1)%
Total coal revenue	$ 35,186	$ 28,077	25.3%
Met coal revenues per ton	$ 112.26	$ 98.12	14.4%
Steam coal revenues per ton	$ 57.89	$ 49.41	17.2%
Total coal revenues per ton	$ 89.08	$ 67.05	32.9%
Met coal tons produced	118.8	124.0	(4.2)%
Steam coal tons produced	275.4	358.2	(23.1)%
Total tons produced	394.2	482.2	(18.3)%

Northern Appalachia

	Three months ended June 30, 2019	Three months ended June 30, 2018	Increase/(Decrease) $	% *
	(in millions, except per ton data and %)			
Coal revenues	$ 8.4	$ 3.9	$ 4.5	115.0%
Freight and handling revenues	-	-	-	n/a
Other revenues	0.5	0.5	-	(10.9)%
Total revenues	8.9	4.4	4.5	100.3%
Coal revenues per ton	$ 48.63	$ 40.79	$ 7.84	19.2%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	8.6	5.6	3.0	54.2%
Freight and handling costs	0.5	-	0.5	n/a
Depreciation, depletion and amortization	0.4	0.3	0.1	44.6%
Selling, general and administrative costs	-	-	-	n/a
Cost of operations per ton	$ 49.91	$ 58.40	$ (8.49)	(14.5)%
Net loss	(0.7)	(1.5)	0.8	(53.1)%
Adjusted EBITDA	(0.3)	(1.2)	0.9	(78.2)%
Tons sold (in thousands except %)	172.6	95.7	76.9	80.4%

* Percentages and per ton amounts are calculated based on actual amounts and not the rounded amounts presented in this table.

For our Northern Appalachia segment, tons of coal sold increased by approximately 80.4% for the three months ended June 30, 2019 compared to the three months ended June 30, 2018 as we experienced increased demand for coal from this region.

Coal revenues were approximately $8.4 million for the three months ended June 30, 2019, an increase of approximately $4.5 million, or 115.0%, from approximately $3.9 million for the three months ended June 30, 2018. Coal revenues per ton were $48.63 for the three months ended June 30, 2019 as compared to $40.79 for the three months ended June 30, 2018. The increase in coal revenues and coal revenues per ton was primarily due to the increase in tons of coal sold from our Hopedale operation resulting from increased demand in this region and higher contracted sale prices for the tons sold compared to the same period in 2018.

Cost of operations increased by $3.0 million, or 54.2%, to $8.6 million for the three months ended June 30, 2019 from $5.6 million for the three months ended June 30, 2018. Our cost of operations per ton was $49.91 for the three months ended June 30, 2019, a decrease of $8.49, or 14.5%, compared to $58.40 for the three months ended June 30, 2018. The increase in total cost of operations was primarily the result of increased production and sales from this region. The cost of operations per ton decreased in Northern Appalachia as more tons were sold from this region resulting in fixed costs being allocated to higher tons sold during the current period.

Net loss in our Northern Appalachia segment was $0.7 million for the three months ended June 30, 2019 compared to net loss of $1.5 million for the three months ended June 30, 2018. The decrease in net loss was primarily due to the increase in tons sold and the higher contracted sale price for tons sold at our Hopedale operation.

Rhino Western

	Three months ended June 30, 2019		Three months ended June 30, 2018		Increase/(Decrease) $	% *
			(in millions, except per ton data and %)			
Coal revenues	$	8.4	$	8.6	$ (0.2)	(2.7)%
Freight and handling revenues		-		-	-	n/a
Other revenues		-		-	-	n/a
Total revenues		8.4		8.6	(0.2)	(2.7)%
Coal revenues per ton	$	37.62	$	35.86	$ 1.76	4.9%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)		5.9		7.6	(1.7)	(22.4)%
Freight and handling costs		-		-	-	n/a
Depreciation, depletion and amortization		1.1		1.0	0.1	6.5%
Selling, general and administrative costs		-		-	-	n/a
Cost of operations per ton	$	26.32	$	31.44	$ (5.12)	(16.3)%
Net income		1.3		-	1.3	(2201.7)%
Adjusted EBITDA		2.5		1.0	1.5	154.5%
Tons sold (in thousands except %)		223.8		241.3	(17.5)	(7.3)%

* Percentages and per ton amounts are calculated based on actual amounts and not the rounded amounts presented in this table.

Tons of coal sold from our Rhino Western segment decreased by approximately 7.3% for the three months ended June 30, 2019 compared to the same period in 2018 primarily due to a decrease in demand for coal from this region.

Coal revenues decreased by approximately $0.2 million, or 2.7%, to approximately $8.4 million for the three months ended June 30, 2019 from approximately $8.6 million for the three months ended June 30, 2018 primarily due to a decrease in tons sold from our Castle Valley mine. Coal revenues per ton for our Rhino Western segment increased by $1.76 or 4.9% to $37.62 per ton for the three months ended June 30, 2019 as compared to $35.86 per ton for the three months ended June 30, 2018 due to higher contracted sale prices.

Cost of operations decreased by $1.7 million, or 22.4%, to $5.9 million for the three months ended June 30, 2019 from $7.6 million for the three months ended June 30, 2018. Our cost of operations per ton was $26.32 for the three months ended June 30, 2019, a decrease of $5.12, or 16.3%, compared to $31.44 for the three months ended June 30, 2018. Total cost of operations and cost of operations per ton decreased for the three months ended June 30, 2019 compared to the same period in 2018 due to a decrease in operating costs at our Castle Valley mine operation.

Net income in our Rhino Western segment was $1.3 million for the three months ended June 30, 2019, compared to zero net income for the three months ended June 30, 2018. This increase in net income was primarily the result of an increase in our contracted sale prices for tons sold at our Castle Valley operation and lower operating costs during the second quarter of 2019.

Illinois Basin

	Three months ended June 30, 2019		Three months ended June 30, 2018		Increase/(Decrease) $	% *
			(in millions, except per ton data and %)			
Coal revenues	$	13.1	$	13.6	$ (0.5)	(3.8)%
Freight and handling revenues		-		-	-	n/a
Other revenues		-		-	-	n/a
Total revenues		13.1		13.6	(0.5)	(3.8)%
Coal revenues per ton	$	39.45	$	39.22	$ 0.23	0.6%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)		13.7		13.5	0.2	1.6%
Freight and handling costs		-		-	-	n/a
Depreciation, depletion and amortization		2.1		2.0	0.1	7.3%
Selling, general and administrative costs		-		0.1	(0.1)	(100.0)%
Cost of operations per ton	$	41.31	$	38.86	$ 2.45	6.3%
Net (loss)		(2.8)		(1.9)	(0.9)	46.8%
Adjusted EBITDA		(0.7)		0.1	(0.7)	(748.5)%
Tons sold (in thousands except %)		331.8		347.0	(15.2)	(4.4)%

* Percentages and per ton amounts are calculated based on actual amounts and not the rounded amounts presented in this table.

For our Illinois Basin segment, tons of coal sold decreased by approximately 4.4% for the three months ended June 30, 2019 compared to the three months ended June 30, 2018 due to decreased customer demand for coal from this region.

Coal revenues of approximately $13.1 million for the three months ended June 30, 2019 decreased by approximately $0.5 million, or 3.8%, compared to $13.6 million for the three months ended June 30, 2018. The decrease in coal revenues was primarily due to the decrease in tons sold from our Pennyrile mine in western Kentucky. Coal revenues per ton for this segment were $39.45 for the three months ended June 30, 2019, an increase of $0.23, or 0.6%, from $39.22 for the three months ended June 30, 2018. The increase in coal revenues per ton was due to higher contracted prices for tons sold from this region.

Cost of operations was $13.7 million while cost of operations per ton was $41.31 for the three months ended June 30, 2019, both of which related to our Pennyrile mining complex in western Kentucky. For the three months ended June 30, 2018, cost of operations in our Illinois Basin segment was $13.5 million and cost of operations per ton was $38.86. The increase in cost of operations and cost of operations per ton was the result of increases in labor and equipment maintenance costs during the second quarter of 2019.

For our Illinois Basin segment, we generated a net loss of $2.8 million for the three months ended June 30, 2019 compared to net loss of $1.9 million for the three months ended June 30, 2018. The increase in net loss was primarily the result of the decrease in tons sold and the increase in cost of operations discussed above.

Other

	Three months ended June 30, 2019	Three months ended June 30, 2018	Increase/(Decrease) $	% *
	(in millions, except per ton data and %)			
Coal revenues	n/a	n/a	n/a	n/a
Freight and handling revenues	n/a	n/a	n/a	n/a
Other revenues	$ -	$ 0.1	$ (0.1)	(100.0)%
Total revenues	-	0.1	(0.1)	(100.0)%
Coal revenues per ton**	n/a	n/a	n/a	n/a
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	(0.8)	(0.4)	(0.4)	123.1%
Freight and handling costs	-	-	-	n/a
Depreciation, depletion and amortization	0.1	0.1	-	(5.2)%
Selling, general and administrative costs	3.4	2.6	0.8	28.3%
Cost of operations per ton**	n/a	n/a	n/a	n/a
Net (loss)	(4.3)	(0.6)	(3.7)	603.6%
Adjusted EBITDA	(2.5)	1.4	(3.9)	(279.0)%
Tons sold (in thousands except %)	n/a	n/a	n/a	n/a

* Percentages and per ton amounts are calculated based on actual amounts and not the rounded amounts presented in this table.

** The Other category includes results for our ancillary businesses. The activities performed by these ancillary businesses do not directly relate to coal production. As a result, coal revenues and coal revenues per ton are not presented for the Other category. Cost of operations presented for our Other category includes costs incurred by our ancillary businesses. As a result, cost per ton measurements are not presented for this category.

For the Other category, we had net loss of $4.3 million for the three months ended June 30, 2019 as compared to net loss of $0.6 million for the three months ended June 30, 2018. The net loss for the three months ended June 30, 2018 was positively impacted by a $3.6 million gain on sale of Mammoth Inc. shares.

Summary.

The following table sets forth certain information regarding our revenues, operating expenses, other income and expenses, and operational data for the six months ended June 30, 2019 and 2018:

	Six months ended June 30, 2019	Six months ended June 30, 2018	Increase/(Decrease) $	% *
	(in millions, except per ton data and %)			
Statement of Operations Data:				
Coal revenues	$ 122.9	$ 108.5	$ 14.4	13.3%
Other revenues	1.4	1.2	0.2	13.7%
Total revenues	124.3	109.7	14.6	13.3%
Costs and expenses:				
Cost of operations (exclusive of DD&A shown separately below)	114.4	99.3	15.1	15.3%
Freight and handling costs	2.9	2.3	0.6	23.4%
Depreciation, depletion and amortization	11.2	11.1	0.1	0.6%
Selling, general and administrative (exclusive of DD&A shown separately above)	6.2	5.5	0.7	13.1%
(Gain) on sale/disposal of assets	(6.6)	(6.4)	(0.2)	3.5%
(Loss) from operations	(3.8)	(2.1)	(1.7)	80.7%
Interest and other (income) expense:				
Interest expense and other	3.4	3.8	(0.4)	(9.5)%
Interest income and other	-	-	-	n/a
Total interest and other (income) expense	3.4	3.8	(0.4)	(9.4)%
Net (loss)	$ (7.2)	$ (5.9)	(1.3)	22.4%
Total tons sold (in thousands except %)	2,200.5	2,175.4	25.1	1.2%
Coal revenues per ton	$ 55.88	$ 49.88	$ 6.00	12.0%
Cost of operations per ton	$ 51.99	$ 45.62	$ 6.37	14.0%
Other Financial Data				
Adjusted EBITDA	$ 8.2	$ 9.0	$ (0.8)	(9.4)%

* Percentages and per ton amounts are calculated based on actual amounts and not the rounded amounts presented in this table.

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

Revenues. Our coal revenues for the six months ended June 30, 2019 increased by approximately $14.4 million, or 13.3%, to approximately $122.9 million from approximately $108.5 million for the six months ended June 30, 2018. Coal revenues per ton were $55.88 for the six months ended June 30, 2019, an increase of $6.00, or 12.0%, from $49.88 per ton for the six months ended June 30, 2018. The increase in coal revenues and coal revenues per ton was primarily due to an increase in the contracted sale prices across all segments for the six months ended June 30, 2019 compared to the same period in 2018.

Cost of Operations. Total cost of operations increased by $15.1 million or 15.3% to $114.4 million for the six months ended June 30, 2019 as compared to $99.3 million for the six months ended June 30, 2018. Our cost of operations per ton was $51.99 for the six months ended June 30, 2019, an increase of $6.37, or 14.0%, from the six months ended June 30, 2018. The increase in cost of operations and cost of operations per ton was primarily due to increases in costs at several of our operations for labor, contract services and equipment maintenance for the six months ended June 30, 2019 compared to the same period in 2018.

Freight and Handling. Total freight and handling cost increased to $2.9 million for the six months ended June 30, 2019 as compared to $2.3 million for the six months ended June 30, 2018. The increase in freight and handling costs was primarily the result of a new sales contract for coal shipped from our Northern Appalachia operation that requires us to pay the freight and handling to the customer's destination.

Depreciation, Depletion and Amortization. Total DD&A expense for the six months ended June 30, 2019 was $11.2 million as compared to $11.1 million for the six months ended June 30, 2018.

For the six months ended June 30, 2019, our depreciation expense was approximately $8.4 million compared to approximately $8.3 million for the same period in 2018.

For the six months ended June 30, 2019 and 2018, our depletion expense remained flat at approximately $1.0 million.

For the six months ended June 30, 2019 and 2018, our amortization expense remained relatively flat at $1.8 million.

Selling, General and Administrative. SG&A expense for the six months ended June 30, 2019 increased to $6.2 million as compared to $5.5 million for the six months ended June 30, 2018 primarily due to higher corporate overhead expenses.

Interest Expense. Interest expense for the six months ended June 30, 2019 decreased to $3.4 million as compared to $3.8 million for the six months ended June 30, 2018. This decrease was primarily due to the lower outstanding debt balance for the six months ended June 30, 2019 compared to the same period in 2018.

Net Loss. Net loss was $7.2 million for the six months ended June 30, 2019 compared to net loss of $5.9 million for the six months ended June 30, 2018. Our net loss increased during the six months ended June 30, 2019 compared to 2018 primarily due to an increase in operating costs including labor, contract services and equipment maintenance at several of our operations.

Adjusted EBITDA. Adjusted EBITDA for the six months ended June 30, 2019 decreased by $0.8 million to $8.2 million from $9.0 million for the six months ended June 30, 2018. Adjusted EBITDA decreased period over period primarily due to the increase in net loss resulting from an increase in operating costs discussed above. Please read "—Reconciliations of Adjusted EBITDA" for reconciliations of Adjusted EBITDA from continuing operations to net income/(loss) from continuing operations on a segment basis.

Segment Results

The following tables set forth certain information regarding our revenues, operating expenses, other income and expenses, and operational data by reportable segment for the six months ended June 30, 2019 and 2018:

Central Appalachia

	Six months ended June 30, 2019	Six months ended June 30, 2018	Increase/(Decrease) $	Increase/(Decrease) % *
	(in millions, except per ton data and %)			
Coal revenues	$ 65.2	$ 59.0	$ 6.2	10.7%
Freight and handling revenues	-	-	-	n/a
Other revenues	0.4	0.1	0.3	203.3%
Total revenues	65.6	59.1	6.5	11.0%
Coal revenues per ton	$ 83.23	$ 67.25	$ 15.98	23.8%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	59.0	50.2	8.8	17.6%
Freight and handling costs	1.9	2.3	(0.4)	(17.1)%
Depreciation, depletion and amortization	3.8	4.5	(0.7)	(15.6)%
Selling, general and administrative costs	0.1	0.1	-	(48.0)%
Cost of operations per ton	$ 75.27	$ 57.25	$ 18.02	31.5%
Net income	7.7	1.9	5.8	301.9%
Adjusted EBITDA	11.5	6.4	5.1	80.2%
Tons sold (in thousands except %)	784.3	877.2	(92.9)	(10.6)%

* Percentages and per ton amounts are calculated based on actual amounts and not the rounded amounts presented in this table.

Tons of coal sold in our Central Appalachia segment decreased by approximately 10.6% to approximately 0.8 million tons for the six months ended June 30, 2019 compared to the six months ended June 30, 2018, primarily due to a decrease in demand for steam coal from this region.

Coal revenues increased by approximately $6.2 million, or 10.7%, to approximately $65.2 million for the six months ended June 30, 2019 from approximately $59.0 million for the six months ended June 30, 2018. Coal revenues per ton for our Central Appalachia segment increased by $15.98, or 23.8%, to $83.23 per ton for the six months ended June 30, 2019 as compared to $67.25 for the six months ended June 30, 2018. The increase was primarily due to higher contracted sales prices for met and steam tons sold in Central Appalachia during the six months ended June 30, 2019 compared to the same period in 2018.

Cost of operations increased by $8.8 million, or 17.6%, to $59.0 million for the six months ended June 30, 2019 from $50.2 million for the six months ended June 30, 2018. Our cost of operations per ton of $75.27 for the six months ended June 30, 2019 increased 31.5% compared to $57.25 per ton for the six months ended June 30, 2018. This increase in cost of operations and cost of operations per ton was primarily due to the increase in labor costs, contract services and equipment maintenance at our Central Appalachia operation during the six months ended June 30, 2019 compared to the same period of 2018.

For our Central Appalachia segment, net income was approximately $7.7 million for the six months ended June 30, 2019, an increase of $5.8 million in net income as compared to the six months ended June 30, 2018. The increase in net income was primarily due to the $6.9 million gain resulting from the settlement discussed above, which was partially offset by the increase in operating costs discussed above for the six months ended June 30, 2019.

Central Appalachia Overview of Results by Product. Additional information for the Central Appalachia segment detailing the types of coal produced and sold, premium high-vol met coal and steam coal for the six months ended June 30, 2019, is presented below. Note that our Northern Appalachia, Rhino Western and Illinois Basin segments currently produce and sell only steam coal.

(In thousands, except per ton data and %)	Six months ended June 30, 2019		Six months ended June 30, 2018		Increase (Decrease) %*
Met coal tons sold		375.7		364.2	3.2%
Steam coal tons sold		408.6		513.0	(20.4)%
Total tons sold		784.3		877.2	(10.6)%
Met coal revenue	$	42,135	$	34,129	23.5%
Steam coal revenue	$	23,138	$	24,861	(6.9)%
Total coal revenue	$	65,273	$	58,990	10.7%
Met coal revenues per ton	$	112.15	$	93.72	19.7%
Steam coal revenues per ton	$	56.63	$	48.46	16.9%
Total coal revenues per ton	$	83.23	$	67.25	23.8%
Met coal tons produced		241.3		250.5	(3.7)%
Steam coal tons produced		584.2		639.1	(8.6)%
Total tons produced		825.5		889.6	(7.2)%

Northern Appalachia	Six months ended June 30, 2019		Six months ended June 30, 2018		Increase/(Decrease) $		% *
	(in millions, except per ton data and %)						
Coal revenues	$	14.5	$	7.6	$	6.9	90.5%
Freight and handling revenues		-		-		-	n/a
Other revenues		1.0		0.9		0.1	4.1%
Total revenues		15.5		8.5		7.0	80.7%
Coal revenues per ton	$	49.27	$	40.96	$	8.31	20.3%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)		15.5		10.7		4.8	44.2%
Freight and handling costs		1.0		-		1.0	n/a
Depreciation, depletion and amortization		0.8		0.4		0.4	91.1%
Selling, general and administrative costs		-		-		-	n/a
Cost of operations per ton	$	52.67	$	57.82	$	(5.15)	(8.9)%
Net loss		(1.8)		(2.5)		0.7	(30.0)%
Adjusted EBITDA		(1.0)		(2.1)		1.1	(55.1)%
Tons sold (in thousands except %)		293.5		185.3		108.2	58.4%

* Percentages and per ton amounts are calculated based on actual amounts and not the rounded amounts presented in this table.

For our Northern Appalachia segment, tons of coal sold increased by approximately 58.4% for the six months ended June 30, 2019 compared to the six months ended June 30, 2018 due to increase in demand for coal from this region during the six months ended June 30, 2019.

Coal revenues were approximately $14.5 million for the six months ended June 30, 2019, an increase of approximately $6.9 million, or 90.5%, from approximately $7.6 million for the six months ended June 30, 2018. Coal revenues per ton increased by $8.31 or 20.3% to $49.27 per ton for the six months ended June 30, 2108, as compared to $40.96 for the six months ended June 30, 2018. Coal revenues and coal revenues per ton increased as the result of the increase in tons sold from our Hopedale operation and higher contracted prices for tons sold during the first half of 2019.

Cost of operations increased by $4.8 million, or 44.2%, to $15.5 million for the six months ended June 30, 2019 from $10.7 million for the six months ended June 30, 2018. The increase in total cost of operations was due to increased production and sales during the six months ended June 30, 2019. Our cost of operations per ton was $52.67 for the six months ended June 30, 2019, a decrease of $5.15, or 8.9%, compared to $57.82 for the six months ended June 30, 2018. The cost of operations per ton decreased in Northern Appalachia as more tons were sold from this region resulting in fixed costs being allocated to higher tons sold during the first six months of 2019.

Net loss in our Northern Appalachia segment was $1.8 million for the six months ended June 30, 2019 compared to net loss of $2.5 million for the six months ended June 30, 2018. The decrease in net loss for the six months ended June 30, 2018 was primarily due to the increase in production and sales and higher contracted sales prices as discussed above compared to the same period in 2018.

Rhino Western	Six months ended June 30, 2019	Six months ended June 30, 2018	Increase/(Decrease) $	% *
	(in millions, except per ton data and %)			
Coal revenues	$ 17.1	$ 16.7	$ 0.4	2.5%
Freight and handling revenues	-	-	-	n/a
Other revenues	-	0.1	(0.1)	(98.1)%
Total revenues	17.1	16.8	0.3	2.4%
Coal revenues per ton	$ 37.10	$ 35.90	$ 1.20	3.3%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	13.1	13.6	(0.5)	(3.7)%
Freight and handling costs	-	-	-	n/a
Depreciation, depletion and amortization	2.2	2.1	0.1	4.8%
Selling, general and administrative costs	-	0.1	(0.1)	(31.6)%
Cost of operations per ton	$ 28.40	$ 29.24	$ (0.84)	(2.9)%
Net income	1.0	0.9	0.1	10.3%
Adjusted EBITDA	4.0	3.0	0.9	31.3%
Tons sold (in thousands except %)	461.7	465.6	(3.9)	(0.8)%

* Percentages and per ton amounts are calculated based on actual amounts and not the rounded amounts presented in this table.

Tons of coal sold from our Rhino Western segment for the six months ended June 30, 2019 was relatively flat compared to the same period in 2018.

Coal revenues increased by approximately $0.4 million, or 2.5%, to approximately $17.1 million for the six months ended June 30, 2019 from approximately $16.7 million for the six months ended June 30, 2018. Coal revenues per ton for our Rhino Western segment increased by $1.20 or 3.3% to $37.10 per ton for the six months ended June 30, 2019 as compared to $35.90 per ton for the six months ended June 30, 2018. The increase in coal revenues and coal revenues per ton was primarily due to higher contracted sale prices for tons sold from the Castle Valley mine for the six months ended June 30, 2019.

Cost of operations decreased by $0.5 million, or 3.7%, to $13.1 million for the six months ended June 30, 2019 from $13.6 million for the six months ended June 30, 2018. Our cost of operations per ton was $28.40 for the six months ended June 30, 2019, a decrease of $0.84, or 2.9%, compared to $29.24 for the six months ended June 30, 2018. The decrease in total cost of operations and cost of operations per ton was primarily due to lower operating costs during the six months ended June 30, 2019.

Net income from our Rhino Western segment was $1.0 million for the six months ended June 30, 2019, compared to net income of $0.9 million for the six months ended June 30, 2018.

Illinois Basin	Six months ended June 30, 2019	Six months ended June 30, 2018	Increase/(Decrease) $	Increase/(Decrease) % *
	(in millions, except per ton data and %)			
Coal revenues	$ 26.1	$ 25.2	$ 0.9	3.4%
Freight and handling revenues	-	-	-	n/a
Other revenues	-	-	-	n/a
Total revenues	26.1	25.2	0.9	3.4%
Coal revenues per ton	$ 39.47	$ 38.97	$ 0.50	1.3%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	28.2	25.5	2.7	10.8%
Freight and handling costs	-	-	-	n/a
Depreciation, depletion and amortization	4.2	3.9	0.3	6.7%
Selling, general and administrative costs	0.1	0.1	-	(2.7)%
Cost of operations per ton	$ 42.73	$ 39.39	$ 3.34	8.5%
Net (loss)	(6.4)	(4.2)	(2.2)	50.8%
Adjusted EBITDA	(2.2)	(0.3)	(1.8)	643.7%
Tons sold (in thousands except %)	661.0	647.3	13.7	2.1%

* Percentages and per ton amounts are calculated based on actual amounts and not the rounded amounts presented in this table.

For our Illinois Basin segment, tons of coal sold increased by approximately 2.1% for the six months ended June 30, 2019 compared to the six months ended June 30, 2018.

Coal revenues of approximately $26.1 million for the six months ended June 30, 2019 increased by approximately $0.9 million, or 3.4%, compared to $25.2 million for the six months ended June 30, 2018. Coal revenues per ton for our Illinois Basin segment were $39.47 for the six months ended June 30, 2019, an increase of $0.50, or 1.3%, from $38.97 for the six months ended June 30, 2018. The increase in coal revenues and coal revenues per ton was primarily due to higher contracted prices for tons sold from our Pennyrile mine in western Kentucky during the first half of 2019.

Cost of operations was $28.2 million while cost of operations per ton was $42.73 for the six months ended June 30, 2019, both of which related to our Pennyrile mining complex in western Kentucky. For the six months ended June 30, 2018, cost of operations was $25.5 million and cost of operations per ton was $39.39. The increase in cost of operations and cost of operations per ton for the six months ended June 30, 2019 was primarily the result of an increase in operating expenses including labor, contract services and equipment maintenance.

For our Illinois Basin segment, we generated net loss of $6.4 million for the six months ended June 30, 2019, which was an increase in net loss of $2.2 million compared to the six months ended June 30, 2018. This increase in net loss was primarily the result of the increase in operating expenses discussed above.

Other	Six months ended June 30, 2019	Six months ended June 30, 2018	Increase/(Decrease) $	% *
	(in millions, except per ton data and %)			
Coal revenues	n/a	n/a	n/a	n/a
Freight and handling revenues	n/a	n/a	n/a	n/a
Other revenues	$ -	$ 0.1	$ (0.1)	99.6%
Total revenues	-	0.1	(0.1)	99.6%
Coal revenues per ton**	n/a	n/a	n/a	n/a
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	(1.4)	(0.7)	(0.7)	80.2%
Freight and handling costs	-	-	-	n/a
Depreciation, depletion and amortization	0.2	0.2	-	(4.3)%
Selling, general and administrative costs	6.0	5.2	0.8	14.7%
Cost of operations per ton**	n/a	n/a	n/a	n/a
Net (loss)	(7.7)	(2.0)	(5.7)	311.3%
Adjusted EBITDA	(4.1)	2.0	(6.1)	(296.6)%
Tons sold (in thousands except %)	n/a	n/a	n/a	n/a

* Percentages and per ton amounts are calculated based on actual amounts and not the rounded amounts presented in this table.

** The Other category includes results for our ancillary businesses. The activities performed by these ancillary businesses do not directly relate to coal production. As a result, coal revenues and coal revenues per ton are not presented for the Other category. Cost of operations presented for our Other category includes costs incurred by our ancillary businesses. As a result, cost per ton measurements are not presented for this category.

For the Other category, we had net loss of $7.7 million for the six months ended June 30, 2019 as compared to net loss of $2.0 million for the six months ended June 30, 2018. The net loss for the six months ended June 30, 2018 was positively impacted by a gain of $6.5 million recognized on the sale of Mammoth Inc. shares.

Reconciliations of Adjusted EBITDA

The following tables present reconciliations of Adjusted EBITDA to the most directly comparable GAAP financial measures for each of the periods indicated:

Three months ended June 30, 2019	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total
			(in millions)			
Net income/(loss)	$ 6.6	$ (0.7)	$ 1.3	$ (2.8)	$ (4.3)	$ 0.1
Plus:						
DD&A	1.9	0.4	1.1	2.1	0.1	5.6
Interest expense	-	-	-	-	1.7	1.7
EBITDA†*	$ 8.5	$ (0.3)	$ 2.4	$ (0.7)	$ (2.5)	$ 7.4
Plus: Loss from sale of non-core assets (1)			0.1			0.1
Adjusted EBITDA †	$ 8.5	$ (0.3)	$ 2.5	$ (0.7)	$ (2.5)	$ 7.5

Three months ended June 30, 2018	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total
			(in millions)			
Net (loss)/income	$ 1.0	$ (1.5)	$ -	$ (1.9)	$ (0.6)	$ (3.0)
Plus:						-
DD&A	2.3	0.3	1.0	2.0	0.1	5.7
Interest expense	-	-	-	-	1.9	1.9
EBITDA †	$ 3.3	$ (1.2)	$ 1.0	$ 0.1	$ 1.4	$ 4.6
Adjusted EBITDA †	$ 3.3	$ (1.2)	$ 1.0	$ 0.1	$ 1.4	$ 4.6

Six months ended June 30, 2019	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total
			(in millions)			
Net income/(loss)	$ 7.7	$ (1.8)	$ 1.0	$ (6.4)	$ (7.7)	$ (7.2)
Plus:						
DD&A	3.8	0.8	2.2	4.2	0.2	11.2
Interest expense	-	-	-	-	3.4	3.4
EBITDA†*	$ 11.5	$ (1.0)	$ 3.2	$ (2.2)	$ (4.1)	$ 7.4
Plus: Loss from sale of non-core assets (1)			0.8			0.8
Adjusted EBITDA †	$ 11.5	$ (1.0)	$ 4.0	$ (2.2)	$ (4.1)	$ 8.2

Six months ended June 30, 2018	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total
			(in millions)			
Net (loss)/income	$ 1.9	$ (2.5)	$ 0.9	$ (4.2)	$ (2.0)	$ (5.9)
Plus:						-
DD&A	4.5	0.4	2.1	3.9	0.2	11.1
Interest expense	-	-	-	-	3.8	3.8
EBITDA †	$ 6.4	$ (2.1)	$ 3.0	$ (0.3)	$ 2.0	$ 9.0
Adjusted EBITDA †	$ 6.4	$ (2.1)	$ 3.0	$ (0.3)	$ 2.0	$ 9.0

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	(in millions)			
Net cash (used in)/provided by operating activities	$ (1.7)	$ (1.7)	$ (1.2)	$ 6.6
Plus:				
Increase in net operating assets	2.2	1.9	1.7	-
Gain on sale of assets	6.9	3.5	6.6	6.4
Interest expense	1.7	1.9	3.4	3.8
Decrease in deferred revenue	-	0.2	-	0.2
Less:				
Decrease in net operating assets	-	-		5.7
Amortization of advance royalties	0.6	0.2	1.0	0.4
Amortization of debt discount	0.1	0.1	0.2	0.2
Amortization of debt issuance costs	0.6	0.4	1.1	0.8
Loss on retirement of advance royalties	0.1	-	0.2	0.1
Equity based compensation	-	0.2	-	0.2
Accretion on asset retirement obligations	0.3	0.3	0.6	0.6
EBITDA†	7.4	4.6	7.4	9.0
Plus: Loss from sale of non-core assets (1)	0.1	-	0.8	-
Adjusted EBITDA†	$ 7.5	$ 4.6	$ 8.2	$ 9.0

(1) During the three and six months ended June 30, 2019, we sold parcels of land owned in western Colorado for proceeds less than our carrying value of the land that resulted in losses of approximately $0.1 million and $0.8 million, respectively. This land is a non-core asset that we chose to monetize despite the loss incurred. We believe that the isolation and presentation of this specific item to arrive at Adjusted EBITDA is useful because it enhances investors' understanding of how we assess the performance of our business. We believe the adjustment of this item provides investors with additional information that they can utilize in evaluating our performance. Additionally, we believe the isolation of this item provides investors with enhanced comparability to prior and future periods of our operating results.

† Calculated based on actual amounts and not the rounded amounts presented in this table.

Liquidity and Capital Resources

Liquidity

As of June 30, 2019, our available liquidity was $1.6 million. We also have a delayed draw term loan commitment in the amount of $35 million contingent upon the satisfaction of certain conditions precedent specified in the Financing Agreement discussed below.

On December 27, 2017, we entered into a Financing Agreement, which provides us with a multi-draw loan in the original aggregate principal amount of $80 million. The total principal amount is divided into a $40 million commitment, the conditions for which were satisfied at the execution of the Financing Agreement and an additional $35 million commitment that is contingent upon the satisfaction of certain conditions precedent specified in the Financing Agreement. We used approximately $17.3 million of the net proceeds thereof to repay all amounts outstanding and terminate the amended and restated credit agreement with PNC Bank. The Financing Agreement terminates on December 27, 2020. For more information about our Financing Agreement, please read "—Financing Agreement" below.

Our business is capital intensive and requires substantial capital expenditures for purchasing, upgrading and maintaining equipment used in developing and mining our reserves, as well as complying with applicable environmental and mine safety laws and regulations. Our principal liquidity requirements are to finance current operations, fund capital expenditures, including acquisitions from time to time, and service our debt. Historically, our sources of liquidity included cash generated by our operations, cash available on our balance sheet and issuances of equity securities. Our ability to access the capital markets on economic terms in the future will be affected by general economic conditions, the domestic and global financial markets, our operational and financial performance, the value and performance of our equity securities, prevailing commodity prices and other macroeconomic factors outside of our control. Failure to maintain financing or to generate sufficient cash flow from operations could cause us to significantly reduce our spending and to alter our short- or long-term business plan. We may also be required to consider other options, such as selling assets or merger opportunities, and depending on the urgency of our liquidity constraints, we may be required to pursue such an option at an inopportune time.

We continue to take measures, including the suspension of cash distributions on our common and subordinated units and taking steps to improve productivity and control costs, to enhance and preserve our liquidity so that we can fund our ongoing operations and necessary capital expenditures and meet our financial commitments and debt service obligations.

Cash Flows

Net cash used in operating activities was $1.2 million for the six months ended June 30, 2019 as compared to net cash provided by operating activities of $6.6 million for the six months ended June 30, 2018. This decrease in cash provided by operating activities was the result of a higher net loss and negative working capital changes primarily due to the increase in our inventory during the six months ended June 30, 2019.

Net cash used in investing activities was $0.3 million for the six months ended June 30, 2019 as compared to net cash used in investing activities of $0.1 million for the six months ended June 30, 2018. The decrease in cash provided by investing activities was primarily due to a decrease in proceeds from the sale of assets during the six months ended June 30, 2019 partially offset by a decrease in capital expenditures during the first six months of 2019 compared to the same period in 2018.

Net cash used in financing activities was $3.1 million and $20.9 million for the six months ended June 30, 2019 and 2018, respectively. Net cash used in financing activities for the six months ended June 30, 2018 was primarily attributable to repayments on our Financing Agreement and deposits paid on our workers' compensation and surety bond programs. The periods ending June 30, 2019 and 2018 were both impacted by payment of the distribution on the Series A preferred units.

Capital Expenditures

Our mining operations require investments to expand, upgrade or enhance existing operations and to meet environmental and safety regulations. Maintenance capital expenditures are those capital expenditures required to maintain our long-term operating capacity. For example, maintenance capital expenditures include expenditures associated with the replacement of equipment and coal reserves, whether through the expansion of an existing mine or the acquisition or development of new reserves, to the extent such expenditures are made to maintain our long-term operating capacity. Expansion capital expenditures are those capital expenditures that we expect will increase our operating capacity over the long term. Examples of expansion capital expenditures include the acquisition of reserves, acquisition of equipment for a new mine or the expansion of an existing mine to the extent such expenditures are expected to expand our long-term operating capacity.

Actual maintenance capital expenditures for the six months ended June 30, 2019 were approximately $3.7 million. This amount was primarily used to rebuild, repair or replace older mining equipment. Expansion capital expenditures for the six months ended June 30, 2019 were approximately $0.6 million, which were primarily related to the construction of a new airshaft at our Hopedale mining complex in Northern Appalachia.

Series A Preferred Unit Purchase Agreement

On December 30, 2016, we entered into a Series A Preferred Unit Purchase Agreement ("Preferred Unit Agreement") with Weston Energy LLC ("Weston") and Royal. Under the Preferred Unit Agreement, Weston and Royal agreed to purchase 1,300,000 and 200,000, respectively, of Series A preferred units representing limited partner interests in us at a price of $10.00 per Series A preferred unit. The Series A preferred units have the preferences, rights and obligations set forth in our Fourth Amended and Restated Agreement of Limited Partnership, which is described below. In exchange for the Series A preferred units, Weston and Royal paid cash of $11.0 million and $2.0 million, respectively, to us and Weston assigned to us a $2.0 million note receivable from Royal originally dated September 30, 2016. Through a series of transactions, Weston now owns all of the Series A preferred units.

Fourth Amended and Restated Partnership Agreement of Limited Partnership

On December 30, 2016, our general partner entered into the Fourth Amended and Restated Agreement of Limited Partnership of the Partnership ("Amended and Restated Partnership Agreement") to create, authorize and issue the Series A preferred units.

The holders of the Series A preferred units are entitled to receive annual distributions equal to the greater of (i) 50% of the CAM Mining free cash flow (as defined below) and (ii) an amount equal to the number of outstanding Series A preferred units multiplied by $0.80. "CAM Mining free cash flow" is defined in our partnership agreement as (i) the total revenue of our Central Appalachia business segment, minus (ii) the cost of operations (exclusive of depreciation, depletion and amortization) for our Central Appalachia business segment, minus (iii) an amount equal to $6.50, multiplied by the aggregate number of met coal and steam coal tons sold by us from our Central Appalachia business segment. If we fail to pay any or all of the distributions in respect of the Series A preferred units, such deficiency will accrue until paid in full and we will not be permitted to pay any distributions on our partnership interests that rank junior to the Series A preferred units, including our common units.

We will have the option to convert the outstanding Series A preferred units at any time on or after the time at which the amount of aggregate distributions paid in respect of each Series A preferred unit exceeds $10.00 per unit. Each Series A preferred unit will convert into a number of common units equal to the quotient (the "Series A Conversion Ratio") of (i) the sum of $10.00 and any unpaid distributions in respect of such Series A Preferred Unit divided by (ii) 75% of the volume-weighted average closing price of the common units for the preceding 90 trading days (the "VWAP"); provided however, that the VWAP will be capped at a minimum of $2.00 and a maximum of $10.00. On December 31, 2021, all outstanding Series A preferred units will convert into common units at the then applicable Series A Conversion Ratio.

During the first quarter of 2019, we paid $3.2 million to the holders of Series A preferred units for distributions earned for the year ended December 31, 2018. During the first quarter of 2018, we paid the holders of Series A preferred units $6.0 million in distributions earned for the year ended December 31, 2017. We have accrued approximately $0.6 million for distributions to holders of the Series A preferred units for the six months ended June 30, 2019.

Financing Agreement

On December 27, 2017, we entered into a Financing Agreement with Cortland Capital Market Services LLC, as Collateral Agent and Administrative agent, CB Agent Services LLC, as Origination Agent and the parties identified as Lenders therein (the "Lenders"), pursuant to which Lenders have agreed to provide us with a multi-draw term loan in the original aggregate principal amount of $80 million, subject to the terms and conditions set forth in the Financing Agreement. The total principal amount is divided into a $40 million commitment, the conditions for which were satisfied at the execution of the Financing Agreement (the "Effective Date Term Loan Commitment") and an additional $35 million commitment that is contingent upon the satisfaction of certain conditions precedent specified in the Financing Agreement ("Delayed Draw Term Loan Commitment"). Loans made pursuant to the Financing Agreement are secured by substantially all of our assets. The Financing Agreement terminates on December 27, 2020.

Loans made pursuant to the Financing Agreement are, at our option, either "Reference Rate Loans" or "LIBOR Rate Loans." Reference Rate Loans bear interest at the greatest of (a) 4.25% per annum, (b) the Federal Funds Rate plus 0.50% per annum, (c) the LIBOR Rate (calculated on a one-month basis) plus 1.00% per annum or (d) the Prime Rate (as published in the Wall Street Journal) or if no such rate is published, the interest rate published by the Federal Reserve Board as the "bank prime loan" rate or similar rate quoted therein, in each case, plus an applicable margin of 9.00% per annum (or 12.00% per annum if we have elected to capitalize an interest payment pursuant to the PIK Option, as described below). LIBOR Rate Loans bear interest at the greater of (x) the LIBOR for such interest period divided by 100% minus the maximum percentage prescribed by the Federal Reserve for determining the reserve requirements in effect with respect to eurocurrency liabilities for any Lender, if any, and (y) 1.00%, in each case, plus 10.00% per annum (or 13.00% per annum if we have elected to capitalize an interest payment pursuant to the PIK Option). Interest payments are due on a monthly basis for Reference Rate Loans and one-, two- or three-month periods, at our option, for LIBOR Rate Loans. If there is no event of default occurring or continuing, we may elect to defer payment on interest accruing at 6.00% per annum by capitalizing and adding such interest payment to the principal amount of the applicable term loan (the "PIK Option").

Commencing December 31, 2018, the principal for each loan made under the Financing Agreement will be payable on a quarterly basis in an amount equal to $375,000 per quarter, with all remaining unpaid principal and accrued and unpaid interest due on December 27, 2020. In addition, we must make certain prepayments over the term of any loans outstanding, including: (i) the payment of 25% of Excess Cash Flow (as that term is defined in the Financing Agreement) for each fiscal year, commencing with respect to the year ending December 31, 2019, (ii) subject to certain exceptions, the payment of 100% of the net cash proceeds from the dispositions of certain assets, the incurrence of certain indebtedness or receipts of cash outside of the ordinary course of business, and (iii) the payment of the excess of the outstanding principal amount of term loans outstanding over the amount of the Collateral Coverage Amount (as that term is defined in the Financing Agreement). In addition, the Lenders are entitled to (i) certain fees, including 1.50% per annum of the unused Delayed Draw Term Loan Commitment for as long as such commitment exists, (ii) for the 12-month period following the execution of the Financing Agreement, a make-whole amount equal to the interest and unused Delayed Draw Term Loan Commitment fees that would have been payable but for the occurrence of certain events, including among others, bankruptcy proceedings or the termination of the Financing Agreement by us, and (iii) audit and collateral monitoring fees and origination and exit fees.

The Financing Agreement requires us to comply with several affirmative covenants at any time loans are outstanding, including, among others: (i) the requirement to deliver monthly, quarterly and annual financial statements, (ii) the requirement to periodically deliver certificates indicating, among other things, (a) compliance with terms of Financing Agreement and ancillary loan documents, (b) inventory, accounts payable, sales and production numbers, (c) the calculation of the Collateral Coverage Amount (as that term is defined in the Financing Agreement), (d) projections for the business and (e) coal reserve amounts; (iii) the requirement to notify the Administrative Agent of certain events, including events of default under the Financing Agreement, dispositions, entry into material contracts, (iv) the requirement to maintain insurance, obtain permits, and comply with environmental and reclamation laws (v) the requirement to sell up to $5.0 million of shares in Mammoth Inc. and use the net proceeds therefrom to prepay outstanding term loans and (vi) establish and maintain cash management services and establish a cash management account and deliver a control agreement with respect to such account to the Collateral Agent. The Financing Agreement also contains negative covenants that restrict our ability to, among other things: (i) incur liens or additional indebtedness or make investments or restricted payments, (ii) liquidate or merge with another entity, or dispose of assets, (iii) change the nature of our respective businesses; (iv) make capital expenditures in excess, or, with respect to maintenance capital expenditures, lower than, specified amounts, (v) incur restrictions on the payment of dividends, (vi) prepay or modify the terms of other indebtedness, (vii) permit the Collateral Coverage Amount to be less than the outstanding principal amount of the loans outstanding under the Financing Agreement or (viii) permit the trailing six month Fixed Charge Coverage Ratio to be less than 1.20 to 1.00 commencing with the six-month period ending June 30, 2018.

The Financing Agreement contains customary events of default, following which the Collateral Agent may, at the request of lenders, terminate or reduce all commitments and accelerate the maturity of all outstanding loans to become due and payable immediately together with accrued and unpaid interest thereon and exercise any such other rights as specified under the Financing Agreement and ancillary loan documents.

On April 17, 2018, we amended our Financing Agreement to allow for certain activities, including a sale leaseback of certain pieces of equipment, the extension of the due date for lease consents required under the Financing Agreement to June 30, 2018 and the distribution to holders of the Series A preferred units of $6.0 million (accrued in the consolidated financial statements at December 31, 2017). Additionally, the amendments provided that the Partnership could sell additional shares of Mammoth Inc. stock and retain 50% of the proceeds with the other 50% used to reduce debt. The Partnership reduced its outstanding debt by $3.4 million with proceeds from the sale of Mammoth Inc. stock in the second quarter of 2018.

On July 27, 2018, we entered into a consent with our Lenders related to the Financing Agreement. The consent included the lenders agreement to make a $5 million loan from the Delayed Draw Term Loan Commitment, which was repaid in full on October 26, 2018 pursuant to the terms of the consent. The consent also included a waiver of the requirements relating to the use of proceeds of any sale of the shares of Mammoth Inc. set forth in the consent to the Financing Agreement, dated as of April 17, 2018 and also waived any Event of Default that arose or would otherwise arise under the Financing Agreement for failing to comply with the Fixed Charge Coverage Ratio for the six months ended June 30, 2018.

On November 8, 2018, we entered into a consent with our Lenders related to the Financing Agreement. The consent includes the lenders agreement to waive any Event of Default that arose or would otherwise arise under the Financing Agreement for failing to comply with the Fixed Charge Coverage Ratio for the six months ended September 30, 2018.

On December 20, 2018, we entered into a limited consent and Waiver to the Financing Agreement. The Waiver relates to sales of certain real property in Western Colorado, the net proceeds of which are required to be used to reduce our debt under the Financing Agreement. As of the date of the Waiver, we had sold 9 individual lots in smaller transactions. Rather than transmitting net proceeds with respect to each individual transaction, we agreed with the Lenders in principle to delay repayment until an aggregate payment could be made at the end of 2018. On December 18, 2018, we used the sale proceeds of approximately $379,000 to reduce the debt. The Waiver (i) contains a ratification by the Lenders of the sale of the individual lots to date and waives the associated technical defaults under the Financing Agreement for not making immediate payments of net proceeds therefrom, (ii) permits the sale of certain specified additional lots and (iii) subject to Lender consent, permits the sale of other lots on a going forward basis. The net proceeds of future sales will be held by us until a later date to be determined by the Lenders.

On February 13, 2019, we entered into a second amendment to the Financing Agreement. The Amendment provided the Lender's consent for us to pay a one-time cash distribution on February 14, 2019 to the Series A Preferred Unitholders not to exceed approximately $3.2 million. The Amendment allowed us to sell our remaining shares of Mammoth Energy Services, Inc. and utilize the proceeds for payment of the one-time cash distribution to the Series A Preferred Unitholders and waived the requirement to use such proceeds to prepay the outstanding principal amount outstanding under the Financing Agreement. The Amendment also waived any Event of Default that has or would otherwise arise under Section 9.01(c) of the Financing Agreement solely by reason of us failing to comply with the Fixed Charge Coverage Ratio covenant in Section 7.03(b) of the Financing Agreement for the fiscal quarter ending December 31, 2018. The Amendment includes an amendment fee of approximately $0.6 million payable by us on May 13, 2019 and an exit fee equal to 1% of the principal amount of the term loans made under the Financing Agreement that is payable on the earliest of (w) the final maturity date of the Financing Agreement, (x) the termination date of the Financing Agreement, (y) the acceleration of the obligations under the Financing Agreement for any reason, including, without limitation, acceleration in accordance with Section 9.01 of the Financing Agreement, including as a result of the commencement of an insolvency proceeding and (z) the date of any refinancing of the term loan under the Financing Agreement. The Amendment amended the definition of the Make-Whole Amount under the Financing Agreement to extend the date of the Make-Whole Amount period to December 31, 2019.

On May 8, 2019, we entered into a third amendment ("Third Amendment") to the Financing Agreement. The Third Amendment includes the lenders agreement to waive any Event of Default that arose or would otherwise arise under the Financing Agreement for failing to comply with the Fixed Charge Coverage Ratio for the six months ended March 31, 2019. The Third Amendment increases the original exit fee of 3.0% to 6.0%. The original exit fee of 3% was included in the Financing Agreement at the execution date and the increase of the total exit fee to 6% was included as part of the amendment dated February 13, 2019 discussed above and this Third Amendment. The exit fee is applied to the principal amount of the loans made under the Financing Agreement that is payable on the earliest of (a) the final maturity date, (b) the termination date of the Financing agreement for any reason, (c) the acceleration of the obligations in the Financing Agreement for any reason and (d) the date of any refinancing of the term loan under the Financing Agreement.

At June 30, 2019, we had $28.3 million of borrowings outstanding at a variable interest rate of Libor plus 10.00% (12.41%).

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to certain off-balance sheet arrangements. These arrangements include guarantees and financial instruments with off-balance sheet risk, such as bank letters of credit and surety bonds. No liabilities related to these arrangements are reflected in our consolidated statement of financial position, and we do not expect any material adverse effects on our financial condition, results of operations or cash flows to result from these off-balance sheet arrangements.

Federal and state laws require us to secure certain long-term obligations related to mine closure and reclamation costs. We typically secure these obligations by using surety bonds, an off-balance sheet instrument. The use of surety bonds is less expensive for us than the alternative of posting a 100% cash bond or a bank letter of credit. We then provide cash collateral to secure our surety bonding obligations in an amount up to a certain percentage of the aggregate bond liability that we negotiate with the surety companies. To the extent that surety bonds become unavailable, we would seek to secure our reclamation obligations with letters of credit, cash deposits or other suitable forms of collateral.

As of June 30, 2019, we had $7.9 million in cash collateral held by third-parties of which $3.0 million serves as collateral for approximately $39.2 million in surety bonds outstanding that secure the performance of our reclamation obligations. The other $4.9 million serves as collateral for our self-insured workers' compensation program. Of the $39.2 million in surety bonds, approximately $0.4 million relates to surety bonds for Deane Mining, LLC, which have not been transferred or replaced by the buyers of Deane Mining LLC as was agreed to by the parties as part of the transaction. We can provide no assurances that a surety company will underwrite the surety bonds of the purchaser of Deane Mining LLC, nor are we aware of the actual amount of reclamation at any given time. Further, if there was a claim under these surety bonds prior to the transfer or replacement of such bonds by the buyer of Deane Mining, LLC, then we may be responsible to the surety company for any amounts it pays in respect of such claim. While the buyer is required to indemnify us for damages, including reclamation liabilities, pursuant the agreements governing the sales of this entity, we may not be successful in obtaining any indemnity or any amounts received may be inadequate. Of the $39.2 million in outstanding surety bonds, approximately $3.4 million related to surety bonds for Sands Hill Mining LLC, which are to be replaced by a third party pursuant to an agreement dated July 9, 2019. Please refer to Note 19 of the notes to the unaudited condensed consolidated financial statements for further discussion of the agreement.

We had no letters of credit outstanding as of June 30, 2019.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with accounting principles that are generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities. Management evaluates its estimates and judgments on an on-going basis. Management bases its estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. Nevertheless, actual results may differ from the estimates used and judgments made.

The accounting policies and estimates that we have adopted and followed in the preparation of our consolidated financial statements are fully described in our Annual Report on Form 10-K for the year ended December 31, 2018. We adopted ASU 2014-09, Topic 606 on January 1, 2018, using the modified retrospective method. The adoption of Topic 606 has no impact on revenue amounts recorded in our financial statements. There have been no other significant changes in these policies and estimates as of June 30, 2019.

We adopted ASU 2016-02- Leases (Topic 842) and all related clarification standards on January 1, 2019 using the transition method to apply the standard prospectively. The standard had a material impact on our unaudited condensed consolidated statements of financial position, but did not have an impact on our unaudited condensed consolidated statements of operations. Please refer to Note 5 of the notes to the unaudited condensed consolidated financial statements for further discussion of the standard and the related disclosures.

Recent Accounting Pronouncements

Refer to Part-I— Item 1. Financial Statements, Note 2 of the notes to the unaudited condensed consolidated financial statements for a discussion of recent accounting pronouncements. There are no known future impacts or material changes or trends of new accounting guidance beyond the disclosures provided in Note 2.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon the evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of June 30, 2019 at the reasonable assurance level.

Changes in Internal Control over Financial Reporting. There was no change in our internal control over financial reporting that occurred during the quarter ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—Other Information

Item 1. Legal Proceedings.

We may, from time to time, be involved in various legal proceedings and claims arising out of our operations in the normal course of business. While many of these matters involve inherent uncertainty, we do not believe that we are a party to any legal proceedings or claims that will have a material adverse impact on our business, financial condition or results of operations.

On May 3, 2019, we together with Royal (the "Plaintiffs") filed a complaint in the Court of Chancery in the State of Delaware against Rhino Resource Partners Holdings LLC ("Holdings"), Weston Energy LLC ("Weston"), Yorktown Partners LLC and certain Yorktown funds (collectively, the "Yorktown entities"), as well as Mr. Ronald Phillips, Mr. Bryan H. Lawrence and Mr. Bryan R. Lawrence.

The complaint alleges that Holdings violated certain representations and negative covenants under an option agreement, dated December 30, 2016 among Holdings, the Plaintiffs, and Weston (the "Option Agreement") and, as a result of Holdings' entry into a Restructuring Support Agreement with Armstrong Energy, Inc. ("Armstrong"), its creditors and certain other parties, which agreement was entered into in advance of Armstrong's filing for bankruptcy relief under Chapter 11 of the United States Code in November 2017. The complaint further alleges that (i) Mr. Phillips violated fiduciary and contractual duties owed to the Plaintiffs and solicited, accepted and agreed to accept certain benefits from Holdings, Weston, the Yorktown entities and Messrs. Lawrence and Lawrence without the Plaintiff's knowledge or consent and during a period in which Mr. Phillips was the President of Royal and a director on our board and (ii) Holdings, Weston, the Yorktown entities and Messrs. Lawrence and Lawrence aided and abetted Mr. Phillips' breaches of his fiduciary duties, tortuously interfered with the observance of Mr. Phillips' duties under the respective organizational agreements and conferred, offered to confer and agreed to confer benefits on Mr. Phillips without the Plaintiff's knowledge or consent.

The Plaintiffs are seeking (i) the rescission of the Option Agreement, (ii) the return of all consideration thereunder, including 5,000,000 of our common units representing limited partner interests (iii) the cancellation of the Series A Preferred Purchase Agreement, dated December 30, 2016, among the Plaintiffs and Weston (the "Series A Preferred Purchase Agreement"), (iv) the invalidation of the Series A preferred units representing limited partner interests in us issued to Weston pursuant to the Series A Preferred Purchase Agreement and (v) unspecified monetary damages arising from Mr. Phillips' breaches of fiduciary duties and the other defendants' aiding and abetting of such breaches.

Item 1A. Risk Factors.

In addition to the other information set forth in this Report, you should carefully consider the risks under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018, which risks could materially affect our business, financial condition or future results. Except as stated below, there has been no material change in our risk factors from those described in the Annual Report on Form 10-K for the year ended December 31, 2018. These risks are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations.

Tax Risks to Common Unitholders

The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. For example, from time to time, members of Congress propose and consider substantive changes to the existing federal income tax laws that would affect publicly traded partnerships, including elimination of partnership tax treatment for publicly traded partnerships. For example, the “Clean Energy for America Act”, which is similar to legislation that was commonly proposed during the Obama Administration, was introduced in the Senate on May 2, 2019. If enacted, this proposal would, among other things, repeal Section 7704(d)(1)(E) of the Internal Revenue Code upon which we rely for our treatment as a partnership for U.S. federal income tax purposes. In addition, the Treasury Department has issued, and in the future may issue, regulations interpreting those laws that affect publicly traded partnerships. There can be no assurance that there will not be further changes to U.S. federal income tax laws or the Treasury Department’s interpretation of the qualifying income rules in a manner that could impact our ability to qualify as a publicly traded partnership in the future.

Any modification to the U.S. federal income tax laws may be applied retroactively and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as partnerships for U.S. federal income tax purposes. We are unable to predict whether any of these changes or other proposals will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units. You are urged to consult with your own tax advisor with respect to the status of regulatory or administrative developments and proposals and their potential effect on your investment in our common units.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosure.

Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K for the three months ended June 30, 2019 is included as Exhibit 95.1 to this report.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Certificate of Limited Partnership of Rhino Resource Partners LP, incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-1 (File No. 333-166550) filed on May 5, 2010
3.2	Fourth Amended and Restated Agreement of Limited Partnership of Rhino Resource Partners LP, dated as of December 30, 2016, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-34892) filed on January 6, 2017
3.3	Amendment No. 1 to the Fourth Amended and Restated Agreement of Limited Partnership of Rhino Resource Partners LP, dated January 25, 2018, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-34892) filed on January 25, 2018
4.1	Registration Rights Agreement, dated as of March 21, 2016, by and between Rhino Resource Partners LP and Royal Energy Resources, Inc., incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-34892) filed on March 23, 2016
4.2*	Form of Common Unit Warrant.
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241)
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241)
32.1*	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)
32.2*	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)
95.1*	Mine Health and Safety Disclosure pursuant to §1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act for the three months ended March 31, 2019
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

The exhibits marked with the asterisk symbol (*) are filed or furnished (in the case of Exhibits 32.1 and 32.2) with this Form 10-Q.

SIGNATURES

Pursuant to the requirements 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.

RHINO RESOURCE PARTNERS LP

By: Rhino GP LLC, its General Partner

Date: August 9, 2019

By: */s/ Richard A. Boone*

Richard A. Boone
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: August 9, 2019

By: */s/ W. Scott Morris*

W. Scott Morris
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL SELECTED BY THE HOLDER, IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

RHINO RESOURCE PARTNERS LP

Form Of Warrant To Purchase Common Units Representing Limited Partnership Interests

Warrant No.: [●]
Number of Common Units representing Limited Partner Interests: [●]
Date of Issuance: March 20, 2018 ("**Issuance Date**")

Rhino Resource Partners LP, a Delaware limited partnership (the "**Issuer**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, CB AGENT SERVICES LLC, the registered holder hereof or its permitted assigns (the " **Holder**"), is entitled, subject to the terms set forth below, to purchase from the Issuer, at the Exercise Price (as defined below) then in effect, at any time or times on or after the Issuance Date, but not after 11:59 p.m., New York time, on the Expiration Date, (as defined below), [●] ([●]) fully paid, validly issued and non-assessable Common Units (as defined herein), subject to adjustment as provided herein (the "**Warrant Units**"). Except as otherwise defined herein, capitalized terms in this Warrant to Purchase Common Units Representing Limited Partnership Interests (including any Warrants to Purchase Units Representing Limited Partnership Interests issued in exchange, transfer or replacement hereof, this "**Warrant**"), shall have the meanings set forth in Section 18. This Warrant is one of the Warrants to purchase Common Units (collectively, the " **Warrants**") issued pursuant to Section 1 of that certain Warrant Agreement, dated March 20, 2018, effective as of December 27, 2017 (the "**Subscription Date**"), by and among the Issuer and the investors (the "**Holders**") referred to therein (the "**Warrant Agreement**"). Capitalized terms used herein and not otherwise defined shall have the definitions ascribed to such terms in the Warrant Agreement.

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1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof (including, without limitation, the limitations set forth in Section 1(f)), this Warrant may be exercised by the Holder at any time or times on or after the Issuance Date, in whole or in part, by (i) delivery of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant and (ii) (A) payment to the Issuer of an amount equal to the applicable Exercise Price multiplied by the number of Warrant Units as to which this Warrant is being exercised (the "**Aggregate Exercise Price**") in cash by wire transfer of immediately available funds or (B) if the provisions of Section 1(d) are applicable, by notifying the Issuer that this Warrant is being exercised pursuant to a Cashless Exercise (as defined in Section 1(d)). No ink-original Exercise Notice shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Exercise Notice be required. The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Execution and delivery of the Exercise Notice with respect to less than all of the Warrant Units shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Units, and the number of Warrant Units issuable upon exercise of this Warrant shall be as set forth in the Warrant register maintained by the Issuer. On or before the first (1st) Trading Day following the date on which the Holder has delivered an Exercise Notice, the Issuer shall transmit by facsimile or electronic mail, return receipt requested, an acknowledgment of confirmation of receipt of the Exercise Notice to the Holder and the Issuer's transfer agent (the "**Transfer Agent**"). On or before the earlier of (i) second Trading Day and (ii) the number of Trading Days comprising the Standard Settlement Period, in each case, following the date on which the Holder has delivered the Exercise Notice, so long as the Holder delivers the Aggregate Exercise Price (or notice of a Cashless Exercise) on or prior to the first Trading Day following the date on which the Holder has delivered the Exercise Notice (a "**Unit Delivery Date**") (provided that if the Aggregate Exercise Price has not been delivered by such date, the applicable Unit Delivery Date shall be one (1) Trading Day after the Aggregate Exercise Price (or notice of a Cashless Exercise) is delivered), the Issuer shall (X) provided that the Transfer Agent is participating in The Depository Trust Issuer ("**DTC**") Fast Automated Securities Transfer Program, cause the Transfer Agent to credit such aggregate number of Warrant Units to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, cause the Transfer Agent to issue and dispatch by overnight courier to the address as specified in the Exercise Notice, a certificate, registered in the Issuer's unit register in the name of the Holder or its designee, for the number of Warrant Units to which the Holder is entitled pursuant to such exercise. The Issuer shall be responsible for all fees and expenses of the Transfer Agent and all fees and expenses with respect to the issuance of Warrant Units via DTC, if any. Upon delivery of the Exercise Notice, the Holder shall be deemed for all limited partnership purposes to have become the holder of record of the Warrant Units with respect to which this Warrant has been exercised, irrespective of the date such Warrant Units are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Units, as the case may be. If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Units represented by this Warrant submitted for exercise is greater than the number of Warrant Units being acquired upon an exercise, then the Issuer shall as soon as practicable and in no event later than two (2) Trading Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 6(d)) representing the right to purchase the number of Warrant Units issuable immediately prior to such exercise under this Warrant, less the number of Warrant Units with respect to which this Warrant is exercised. No fractional Warrant Units are to be issued upon the exercise of this Warrant, but rather the number of Warrant Units to be issued shall be rounded up to the nearest whole number. The Issuer shall pay any and all taxes which may be payable with respect to the issuance and delivery of Warrant Units upon exercise of this Warrant. The Issuer's obligations to issue and deliver Warrant Units in accordance with the terms and subject to the conditions hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means $1.95, subject to adjustment as provided herein.

(c) Issuer's Failure to Timely Deliver Securities. If the Issuer shall fail for any reason or for no reason to issue to the Holder on or prior to the applicable Unit Delivery Date the Warrant Units to which the Holder is entitled by reason of an exercise of this Warrant, which Warrant Units shall be delivered without any restrictive legend if the Holder elects a Cashless Exercise and such Unit Delivery Date is at least one year after the Issuance Date, by crediting such aggregate number of Warrant Units to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit / Withdrawal At Custodian system (such event, an "**Exercise Failure**"), then, in addition to all other remedies available to the Holder, the Holder, upon written notice to the Issuer, may void its Exercise Notice with respect to, and retain or have returned, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Notice; provided, that the Holder may exercise the foregoing right only prior to the time the Issuer has delivered the Warrant Units to which the Holder is entitled as described above; and further provided that the voiding of an Exercise Notice shall not affect the Issuer's obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 1(c) or otherwise. In addition to the foregoing, if on or prior to the applicable Unit Delivery Date, if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, the Issuer shall fail to issue and deliver a certificate to the Holder and register such Common Units on the Issuer's unit register or, if the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program, credit the Holder's balance account with DTC for the number of Common Units to which the Holder is entitled upon the Holder's exercise hereunder or pursuant to the Issuer's obligation to deliver Common Units below, and if on or after such Trading Day the Holder purchases (in an open market transaction or otherwise) Common Units to deliver in satisfaction of a sale by the Holder of Common Units issuable upon such exercise that the Holder anticipated receiving from the Issuer (a "**Buy-In**"), then the Issuer shall, within two (2) Trading Days after the Holder's request, promptly honor its obligation to deliver to the Holder a certificate or certificates representing such Common Units or credit such Holder's balance account with DTC, as applicable, and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of Common Units, times (B) the Closing Bid Price on the date of exercise. Nothing shall limit the Holder's right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Issuer's failure to timely deliver certificates representing Common Units (or to electronically deliver such Common Units) upon the exercise of this Warrant as required pursuant to the terms hereof.

(d) Cashless Exercise. Notwithstanding anything contained herein to the contrary, the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Issuer upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of Common Units determined according to the following formula (a "**Cashless Exercise**"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A= the total number of units with respect to which this Warrant is then being exercised.

B= the Weighted Average Price of the Common Units over the ten Trading Days immediately preceding the date of the applicable Exercise Notice.

C= the Exercise Price then in effect for the applicable Warrant Units at the time of such exercise.

For purposes of Rule 144(d) promulgated under the 1933 Act, as in effect on the date hereof, the Issuer hereby acknowledges and agrees that the Warrant Units issued in a Cashless Exercise shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Units shall be deemed to have commenced, on the date this Warrant was originally issued pursuant to the Warrant Agreement.

(d) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Units, the Issuer shall promptly issue to the Holder the number of Warrant Units that are not disputed and resolve such dispute in accordance with Section 11.

(e) Beneficial Ownership. Notwithstanding anything to the contrary contained herein, the Issuer shall not effect the exercise of any portion of this Warrant, and the Holder shall not have the right to exercise any portion of this Warrant, pursuant to the terms and conditions of this Warrant and any such exercise shall be null and void and treated as if never made, to the extent that after giving effect to such exercise, the Holder together with the other Attribution Parties collectively would beneficially own in excess of 4.99% (the "**Maximum Percentage**") of the number of Common Units outstanding immediately after giving effect to such exercise. For purposes of the foregoing sentence, the aggregate number of Common Units beneficially owned by the Holder and the other Attribution Parties shall include the number of Common Units held by the Holder and all other Attribution Parties plus the number of Common Units issuable upon exercise of this Warrant with respect to which the determination of such sentence is being made, but shall exclude the number of Common Units which would be issuable upon (A) exercise of the remaining, unexercised portion of this Warrant beneficially owned by the Holder or any of the other Attribution Parties and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Issuer (including, without limitation, any convertible notes or convertible preferred equity or warrants, including any other Warrants) beneficially owned by the Holder or any other Attribution Party subject to a limitation on conversion or exercise analogous to the limitation contained in this Section 1(f). For purposes of this Section 1(f), beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "**1934 Act**"). For purposes of determining the number of outstanding Common Units the Holder may acquire upon the exercise of this Warrant without exceeding the Maximum Percentage, the Holder may rely on the number of outstanding Common Units as reflected in (x) the Issuer's most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Current Report on Form 8-K or other public filing with the Securities and Exchange Commission (the "**SEC**"), as the case may be, (y) a more recent public announcement by the Issuer or (3) any other written notice by the Issuer or the Transfer Agent setting forth the number of Common Units outstanding (the "**Reported Outstanding Unit Number**"). If the Issuer receives an Exercise Notice from the Holder at a time when the actual number of outstanding Common Units is less than the Reported Outstanding Unit Number, the Issuer shall (i) notify the Holder in writing of the number of Common Units then outstanding and, to the extent that such Exercise Notice would otherwise cause the Holder's beneficial ownership, as determined pursuant to this Section 1(f), to exceed the Maximum Percentage, the Holder must notify the Issuer of a reduced number of Warrant Units to be purchased pursuant to such Exercise Notice (the number of units by which such purchase is reduced, the "**Reduction Units**") and (ii) as soon as reasonably practicable, the Issuer shall return to the Holder any exercise price paid by the Holder for the Reduction Units. For any reason at any time, upon the written or oral request of the Holder, the Issuer shall within one (1) Trading Day confirm orally and in writing or by electronic mail to the Holder the number of Common Units then outstanding. In any case, the number of outstanding Common Units shall be determined after giving effect to the conversion or exercise of securities of the Issuer, including this Warrant, by the Holder and any other Attribution Party since the date as of which the Reported Outstanding Unit Number was reported. In the event that the issuance of Common Units to the Holder upon exercise of this Warrant results in the Holder and the other Attribution Parties being deemed to beneficially own, in the aggregate, more than the Maximum Percentage of the number of outstanding Common Units (as determined under Section 13(d) of the 1934 Act), the number of units so issued by which the Holder's and the other Attribution Parties' aggregate beneficial ownership exceeds the Maximum Percentage (the "**Excess Units**") shall be deemed null and void and shall be cancelled ab initio, and the Holder shall not have the power to vote or to transfer the Excess Units. As soon as reasonably practicable after the issuance of the Excess Units has been deemed null and void, the Issuer shall return to the Holder the exercise price paid by the Holder for the Excess Units. Upon delivery of a written notice to the Issuer, the Holder may from time to time increase or decrease the Maximum Percentage to any other percentage not in excess of 9.99% as specified in such notice; provided that (i) any such increase in the Maximum Percentage will not be effective until the sixty-first (61st) day after such notice is delivered to the Issuer and (ii) any such increase or decrease will apply only to the Holder and the other Attribution Parties and not to any other holder of other Warrants that is not an Attribution Party of the Holder. For purposes of clarity, the Common Units issuable pursuant to the terms of this Warrant in excess of the Maximum Percentage shall not be deemed to be beneficially owned by the Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the 1934 Act. No prior inability to exercise this Warrant pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of exercisability. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 1(f) to the extent necessary to correct this paragraph or any portion of this paragraph which may be defective or inconsistent with the intended beneficial ownership limitation contained in this Section 1(f) or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitation contained in this paragraph may not be waived and shall apply to a successor holder of this Warrant.

(g) Insufficient Authorized Units. If at any time while this Warrant remains outstanding the Issuer does not have a sufficient number of authorized and unreserved Common Units to satisfy its obligation to reserve for issuance upon exercise of this Warrant at least a number of Common Units equal to the number of Common Units as shall from time to time be necessary to effect the exercise of all of this Warrant then outstanding (the "**Required Reserve Amount**" and the failure to have such sufficient number of authorized and unreserved Common Units, an "**Authorized Unit Failure**"), then the Issuer shall immediately take all action necessary to increase the Issuer's authorized Common Units to an amount sufficient to allow the Issuer to reserve the Required Reserve Amount for this Warrant then outstanding. In the event that upon any exercise of this Warrant, the Issuer does not have sufficient authorized units to deliver in satisfaction of such exercise, then unless the Holder elects to void such attempted exercise, the Holder may require the Issuer to pay to the Holder within two (2) Trading Days of the applicable exercise, cash in an amount equal to the product of (i) the quotient determined by dividing (x) the number of Warrant Units that the Issuer is unable to deliver pursuant to this Section 1(g), by (y) the total number of Warrant Units issuable upon exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant) and (ii) the Black Scholes Value; provided, that (x) references to "the day immediately following the public announcement of the applicable Fundamental Transaction" in the definition of "Black Scholes Value" shall instead refer to "the date the Holder exercises this Warrant and the Issuer cannot deliver the required number of Warrant Units because of an Authorized Unit Failure" and (y) clause (iii) of the definition of "Black Scholes Value" shall instead refer to "the underlying price per unit used in such calculation shall be the highest Weighted Average Price during the period beginning on the date of the applicable date of exercise and the date that the Issuer makes the applicable cash payment."

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT UNITS. The Exercise Price and the number of Warrant Units shall be adjusted from time to time as follows:

(a) Adjustment Upon Subdivision or Combination of Common Units. If the Issuer at any time on or after the Subscription Date subdivides (by any unit split, unit dividend, recapitalization or otherwise) one or more classes of its outstanding Common Units into a greater number of units, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Units will be proportionately increased. If the Issuer at any time on or after the Subscription Date combines (by combination, reverse unit split or otherwise) one or more classes of its outstanding Common Units into a smaller number of units, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Units will be proportionately decreased. Any adjustment under this Section 2(a) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(b) Adjustment Upon Distributions. If at any time on or after the Subscription Date, any dividend or distribution (other than a dividend or distribution described in Section 2(c) below or a Regular Distribution) is made to substantially all holders of Common Units, then the Exercise Price shall be reduced by the amount of cash or the value of any other property per Common Unit in such dividend or distribution.

(c) Except as provided in Section 2(d), if and whenever the Issuer shall issue or sell, or is, in accordance with any of clauses (i) through (iv) below, deemed to have issued or sold, any Common Units (a "**Trigger Issuance**") for no consideration or for a consideration per unit less than the Closing Sale Price of the Common Units in effect at the time of such Trigger Issuance (the "**Current Price**"), the number of Warrant Units which may be purchased upon exercise of the Warrant shall be increased by multiplying the number of Warrant Units which currently may be purchased upon exercise of the Warrant by the following fraction:

$$\frac{A}{B + (C / D)}$$

where

A= the number of Common Units outstanding after giving effect to the issuance of the number of Additional Common Units issued or deemed to be issued as a result of the Trigger Issuance;

B = the number of Common Units outstanding immediately prior to the Trigger Issuance;

C = the aggregate consideration, if any, received or deemed to be received by the Issuer upon such Trigger Issuance; and

D = the Current Price.

For purposes of this Section 2(c), "**Additional Common Units**" shall mean all Common Units issued by the Issuer or deemed to be issued pursuant to this Section 2(c), other than Excluded Issuances (as defined in Section 2(d)).

For purposes of this Section 2(c), the following clauses (i) through (iv) shall also be applicable:

(i) Issuance of Rights or Options. In case at any time the Issuer shall in any manner grant (directly and not by assumption in a merger or otherwise) any Options, whether or not such Options, or the right to convert or exchange any Convertible Securities to which the Options relate, are immediately exercisable, and the price per unit for which Common Units are issuable upon the exercise of such Options or upon the conversion or exchange of such Convertible Securities (determined by dividing (A) the sum (which sum shall constitute the applicable consideration) of (1) the total amount, if any, received or receivable by the Issuer as consideration for the granting of such Options, plus (2) the aggregate amount of additional consideration payable to the Issuer upon the exercise of all such Options, plus (3), in the case of such Options which relate to Convertible Securities, the aggregate amount of additional consideration, if any, payable upon the issue or sale of such Convertible Securities and upon the conversion or exchange thereof, by (B) the total maximum number of Common Units issuable upon the exercise of such Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options) shall be less than the Current Price in effect immediately prior to the time of the granting of such Options, then the total number of Common Units issuable upon the exercise of such Options or upon conversion or exchange of the total amount of such Convertible Securities issuable upon the exercise of such Options shall be deemed to have been issued for such price per unit as of the date of granting of such Options or the issuance of such Convertible Securities and thereafter shall be deemed to be outstanding for purposes of adjusting the number of Warrant Units. Except as otherwise provided in clause (iii) below, no adjustment of the number of Warrant Units shall be made upon the actual issue of such Common Units or of such Convertible Securities upon exercise of such Options or upon the actual issue of such Common Units upon conversion or exchange of such Convertible Securities.

(ii) Issuance of Convertible Securities. In case the Issuer shall in any manner issue (directly and not by assumption in a merger or otherwise) or sell any Convertible Securities, whether or not the rights to exchange or convert any such Convertible Securities are immediately exercisable, and the price per unit for which Common Units are issuable upon such conversion or exchange (determined by dividing (A) the sum (which sum shall constitute the applicable consideration) of (1) the total amount received or receivable by the Issuer as consideration for the issue or sale of such Convertible Securities, plus (2) the aggregate amount of additional consideration, if any, payable to the Issuer upon the conversion or exchange thereof, by (B) the total number of Common Units issuable upon the conversion or exchange of all such Convertible Securities), shall be less than the Current Price in effect immediately prior to the time of such issue or sale, then the total maximum number of Common Units issuable upon conversion or exchange of all such Convertible Securities shall be deemed to have been issued for such price per unit as of the date of the issue or sale of such Convertible Securities and thereafter shall be deemed to be outstanding for purposes of adjusting the number of Warrant Units, provided that (X) except as otherwise provided in clause (iii) below, no adjustment of the number of Warrant Units shall be made upon the actual issuance of such Common Units upon conversion or exchange of such Convertible Securities and (Y) no further adjustment of the number of Warrant Units shall be made by reason of the issue or sale of Convertible Securities upon exercise of any Options to purchase any such Convertible Securities for which adjustments of the Exercise Price have been made pursuant to the other provisions of this Section 2(c).

(iii) Change in Option Price or Conversion Rate. Upon the happening of any of the following events, namely, if the purchase price provided for in any Option referred to in clause (i) above, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities referred to in clauses (i) or (ii) above, or the rate at which Convertible Securities referred to in clauses (i) or (ii) above are convertible into or exchangeable for Common Units shall change at any time (including, without limitation, changes under or by reason of provisions designed to protect against dilution), the number of Warrant Units at the time of such event shall forthwith be readjusted to the number of Warrant Units that could be purchased upon exercise of the Warrant had such Options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold.

(iv) Consideration for Limited Partner Interests. In case any Common Units, Options or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the net amount received by the Issuer therefor, after deduction therefrom of any expenses incurred or any underwriting discounts, commissions or concessions paid or allowed by the Issuer in connection therewith. In case any Common Units, Options or Convertible Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Issuer shall be deemed to be the fair value of such consideration as determined in good faith and agreed upon by both the Board of Directors of the general partner of the Issuer and the Holder, after deduction of any expenses incurred or any underwriting discounts, commissions or concessions paid or allowed by the Issuer in connection therewith. In case any Options shall be issued in connection with the issue and sale of other securities of the Issuer, together comprising one integral transaction in which no specific consideration is allocated to such Options by the parties thereto, such Options shall be deemed to have been issued for such consideration as is allocable to the Options under generally accepted accounting principles. If Common Units, Options or Convertible Securities shall be issued or sold by the Issuer and, in connection therewith, other Options or Convertible Securities (the "**Additional Rights**") are issued, then the consideration received or deemed to be received shall be allocated between the Common Units, Options, Convertible Securities and Additional Rights in the manner in which such consideration is allocable under generally accepted accounting principles. The Board of Directors of the general partner of the Issuer shall respond promptly, in writing, to an inquiry by the Holder as to its view of the amount of consideration allocable to the Additional Rights.

(v) Conversion of Existing Units. In case any units outstanding on the date this Warrant is initially issued, other than Common Units, are converted into or exchanged for Common Units, the issuance of such Common Units shall be deemed to be a Trigger Issuance and the aggregate consideration, if any, received or deemed to be received by the Issuer upon such Trigger Issuance, shall be deemed to be zero.

(d) Anything herein to the contrary notwithstanding, the Issuer shall not be required to make any adjustment to the number of Warrant Units in the case of the issuance of (i) limited partner interests, Options or Convertible Securities issued to directors, officers, employees or consultants of the Issuer in connection with their service as directors of the general partner of the Issuer (other than the foregoing nothing herein shall exclude issuances to affiliates of the general partner of the Issuer from the adjustment provisions of the Warrant), their employment by the Issuer or their retention as consultants by the Issuer pursuant to an equity compensation program approved by the board of directors of the general partner of the Issuer or the compensation committee of the board of directors of the general partner of the Issuer, provided that such issuances shall not exceed 10% of the Reference Common Units (as defined below) for all such issuances in excess of the Disregarded Number of Common Units (as defined below), (ii) Common Units issued or issuable by reason of a unit split or other distribution on Common Units (but only to the extent that such a unit split or distribution results in an adjustment in the number of Warrant Units that can be purchased upon exercise of the Warrant pursuant to the other provisions of this Warrant), (iii) Common Units, Options or Convertible Securities issued pursuant to an underwritten offering registered with the SEC pursuant to Section 5 of the 1933 Act, and (iv) Common Units, Options or Convertible Securities issued as consideration for the acquisition of substantially all of the equity interests or assets of another company or group of related companies, provided that, if requested by the Required Holders, the Issuer receives a fairness opinion from a recognized investment bank or valuation firm that concludes that the fair market value of the equity interests or assets acquired in the transaction approximates the market value of the Common Units, Options or Convertible Securities issued by the Issuer in the transaction (collectively, "**Excluded Issuances**"). For purposes hereof, the "**Reference Common Units**" are 12,993,869 Common Units which equals the sum of (I) the 12,993,869 Common Units outstanding on the date hereof plus (II) 0 Common Units which are issuable upon the vesting of all of the currently outstanding grants for Common Units previously made pursuant to the Issuer's existing long-term incentive plan (such number of common units provided for in this clause (II), the "**Disregarded Number of Common Units**").

(e) Voluntary Adjustment By Issuer . The Issuer may at any time during the term of this Warrant, with the prior written consent of the Required Holders, reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the general partner of the Issuer.

3. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 2 above, if at any time the Issuer grants, issues or sells any Options, Convertible Securities or rights to purchase units, warrants, securities or other property pro rata to the record holders of any class of units (the "**Purchase Rights**") other than in an Excluded Issuance, then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of Common Units acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including without limitation, the Maximum Percentage) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Units are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Purchase Right to such extent (and shall not be entitled to beneficial ownership of such Common Units as a result of such Purchase Right (and beneficial ownership) to such extent) and such Purchase Right to such extent shall be held in abeyance for the benefit of the Holder until such time or times as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such right (and any Purchase Right granted, issued or sold on such initial Purchase Right or on any subsequent Purchase Right held similarly in abeyance) to the same extent as if there had been no such limitation).

(b) Fundamental Transactions. The Issuer shall not enter into or be party to a Fundamental Transaction unless the Successor Entity assumes in writing all of the obligations of the Issuer under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(b) pursuant to written agreements in form and substance satisfactory to the Required Holders and approved by the Required Holders prior to such Fundamental Transaction, including agreements, if so requested by the Holder, to deliver to each holder of the Warrants in exchange for such Warrants a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant, which is exercisable for the Fundamental Transaction Consideration to which the Holder would have been entitled had the Holder exercised this Warrant immediately prior to the occurrence or consummation of the Fundamental Transaction. For purposes of any such exercise, the determination of the Exercise Price shall be appropriately apportioned among the Fundamental Transaction Consideration in a reasonable manner reflecting the relative value of any different components of the Fundamental Transaction Consideration. If holders of Common Units are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Fundamental Transaction Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction.

(c) Notwithstanding the foregoing, in the event of a Fundamental Transaction, at the request of the Holder delivered before the ninetieth (90th) day after the occurrence or consummation of such Fundamental Transaction, the Issuer (or the Successor Entity) shall purchase this Warrant from the Holder by paying to the Holder, within five (5) Business Days after such request (or, if later, on the effective date of the Fundamental Transaction), cash in an amount equal to the Black Scholes Value of the remaining unexercised portion of this Warrant on the date of such Fundamental Transaction.

4. NONCIRCUMVENTION. The Issuer hereby covenants and agrees that the Issuer will not, by amendment of its Certificate of Formation or Limited Partnership Agreement, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all of the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Issuer (i) shall not increase the par value of any Common Units receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Issuer may validly and legally issue fully paid and nonassessable Common Units upon the exercise of this Warrant, and (iii) shall, so long as any of the Warrants are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued Common Units, solely for the purpose of effecting the exercise of the Warrants, the number of Common Units as shall from time to time be necessary to effect the exercise of the Warrants then outstanding (without regard to any limitations on exercise).

5. WARRANT HOLDER NOT DEEMED A UNITHOLDER. Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of unit capital of the Issuer for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a unitholder of the Issuer or any right to vote, give or withhold consent to any action (whether any reorganization, issue of units, reclassification of units, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Units which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a unitholder of the Issuer, whether such liabilities are asserted by the Issuer or by creditors of the Issuer. Notwithstanding this Section 5, the Issuer shall provide the Holder with copies of the same notices and other information given to the unitholders of the Issuer generally, contemporaneously with the giving thereof to the unitholders.

6. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. This Warrant is transferable in whole or in part by the Holder thereof without the prior consent of the Issuer. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Issuer, whereupon the Issuer will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 6(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Units being transferred by the Holder and, if less than the total number of Warrant Units then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 6(d)) to the Holder representing the right to purchase the number of Warrant Units not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Issuer of evidence reasonably satisfactory to the Issuer of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Issuer in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Issuer shall execute and deliver to the Holder a new Warrant (in accordance with Section 6(d)) representing the right to purchase the Warrant Units then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Issuer, for a new Warrant or Warrants (in accordance with Section 6(d)) representing in the aggregate the right to purchase the number of Warrant Units then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Units as is designated by the Holder at the time of such surrender; provided, however, that no Warrants for fractional Warrant Units shall be given.

(d) Issuance of New Warrants. Whenever the Issuer is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Units then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 6(a) or Section 6(c), the Warrant Units designated by the Holder which, when added to the number of Common Units underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Units then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant. The Issuer shall not be required to issue a new Warrant until the Holder surrenders the Warrant that the new Warrant is being issued in replacement of. Until surrendered for a new Warrant, a Warrant shall only represent the right to purchase the number of Warrant Units as reflected by the register maintained by the Issuer and not the number of Warrant Units stated in the Warrant.

7. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section 6(f) of the Warrant Agreement. The Issuer shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Issuer will give written notice to the Holder (i) immediately upon any adjustment of the Exercise Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen (15) days prior to the date on which the Issuer closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Units, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase units, warrants, securities or other property to holders of Common Units or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation; provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder. It is expressly understood and agreed that the time of exercise specified by the Holder in each Exercise Notice shall be definitive and may not be disputed or challenged by the Issuer.

8. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended or waived and the Issuer may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Issuer has obtained the written consent of the Required Holders. Any change, amendment or waiver by the Issuer and the Required Holders shall be binding on the Holder of this Warrant and all holders of the other Warrants.

9. GOVERNING LAW; JURISDICTION; JURY TRIAL . This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Issuer hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. The Issuer hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address set forth in Section 6(f) of the Warrant Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Issuer in any other jurisdiction to collect on the Issuer's obligations to the Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the Holder. **THE ISSUER HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

10. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Issuer and all the Holders and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

11. DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Units, the Issuer shall submit the disputed determinations or arithmetic calculations via facsimile or electronic mail within one (1) Business Day of receipt of the Exercise Notice giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Issuer are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Units within one (1) Business Day of such disputed determination or arithmetic calculation being submitted to the Holder, then the Issuer shall, within one (1) Business Day submit via facsimile (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Holder and approved by the Issuer, such approval not to be unreasonably withheld, conditioned or delayed or (b) the disputed arithmetic calculation of the Warrant Units to an independent, outside accountant, selected by the Holder and approved by the Issuer, such approval not to be unreasonably withheld, conditioned or delayed. The Issuer shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Issuer and the Holder of the results no later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

12. REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Issuer to comply with the terms of this Warrant. The Issuer acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Issuer therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

13. TRANSFER. This Warrant and the Warrant Units may be offered for sale, sold, transferred, pledged or assigned without the consent of the Issuer, except as may otherwise be required by Section 2(f) of the Warrant Agreement.

14. SEVERABILITY. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

15. DISCLOSURE. Upon receipt or delivery by the Issuer of any notice in accordance with the terms of this Warrant, unless the Issuer has in good faith determined that the matters relating to such notice do not constitute material, nonpublic information relating to the Issuer or its Subsidiaries, the Issuer shall within one (1) Business Day after any such receipt or delivery publicly disclose such material, nonpublic information on a Current Report on Form 8-K or otherwise. In the event that the Issuer believes that a notice contains material, nonpublic information relating to the Issuer or its Subsidiaries, the Issuer so shall indicate to such Holder contemporaneously with delivery of such notice, and in the absence of any such indication, the Holder shall be allowed to presume that all matters relating to such notice do not constitute material, nonpublic information relating to the Issuer or its Subsidiaries.

16. INCOME TAX TREATMENT. The Holder and the Issuer agree that, for income tax purposes, the Warrants shall be treated from and after issuance as not exercised by the holder thereof unless such Warrants are exercised pursuant to Section 1 hereof. In connection therewith, prior to the exercise of any such Warrants, the Partnership shall not issue to the holder of the Warrants information returns on IRS Form K-1 (and corresponding forms for state, local and foreign income tax reporting purposes) allocating any items of income, gain, loss, deduction and credit to the holder of the Warrants.

17. LOCK-UP. The Holder will agree, in connection with an underwritten offering of Common Units by the Issuer, to be bound by the underwriting agreement's lock-up restrictions; provided that (1) such lock-up shall not restrict the right of the Holder to exercise this Warrant, including a Cashless Exercise, (2) the lock-up applicable to the Holder shall be no more restrictive than the lock-ups agreed to by each of the Issuer's directors and executive officers; (3) in the event that any of the Issuer's directors or executive officers is released from such lock-up to any extent, the Holder shall be released on a pro rata basis; (4) the Holder shall only agree to such a lock-up in connection with a single underwritten offering; (5) such lock-up restrictions shall not apply for a period of longer than 90 days and (6) no such lock-up restrictions shall apply at any time during the six month period ending on the Expiration Date.

18. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**1933 Act**" means the Securities Act of 1933, as amended.

(b) "**1934 Act**" means the Securities Exchange Act of 1934, as amended.

(c) "**Affiliate**" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, it being understood for purposes of this definition that "control" of a Person means the power directly or indirectly either to vote 10% or more of the equity interests having ordinary voting power for the election of directors of such Person or direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

(d) "**Attribution Parties**" means, collectively, the following Persons and entities: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the Issuance Date, directly or indirectly managed or advised by the Holder's investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of the Holder or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with the Holder or any of the foregoing and (iv) any other Persons whose beneficial ownership of the Issuer's Common Units would or could be aggregated with the Holder's and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Holder and all other Attribution Parties to the Maximum Percentage.

(e) "**Black Scholes Value**" means the value of this Warrant based on the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg determined as of the day immediately following the public announcement of the applicable Fundamental Transaction, or, if the Fundamental Transaction is not publicly announced, the date the Fundamental Transaction is consummated, for pricing purposes and reflecting (i) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of this Warrant as of such date of request, (ii) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the day immediately following the public announcement of the applicable Fundamental Transaction, or, if the Fundamental Transaction is not publicly announced, the date the Fundamental Transaction is consummated, (iii) the greater of (x) Closing Sale Price of the Common Units as of the day the applicable Fundamental Transaction is publicly announced, or, if the Fundamental Transaction is not publicly announced, the date immediately preceding the date the Fundamental Transaction is consummated and (y) the underlying price per unit used in such calculation shall be the sum of the price per unit being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in the Fundamental Transaction, (iv) a zero cost of borrow and (v) a 360 day annualization factor.

(f) "**Bloomberg**" means Bloomberg Financial Markets.

(g) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(h) "**Closing Bid Price**" and "**Closing Sale Price**" means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price, as the case may be, then the last bid price or the last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the OTC Link or "pink sheets" by OTC Markets Group Inc. (formerly Pink OTC Markets Inc.). If the Closing Bid Price or the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing Sale Price, as the case may be, of such security on such date shall be the fair market value as mutually determined by the Issuer and the Holder. If the Issuer and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 11. All such determinations to be appropriately adjusted for any unit dividend, unit split, unit combination, reclassification or other similar transaction during the applicable calculation period.

(i) "**Common Unit**" means (i) the Issuer's Common Units Representing Limited Partnership Interests, and (ii) any equity interests into which such Common Units shall have been changed or any equity interests resulting from a reclassification of such Common Units.

(j) "**Convertible Securities**" means any securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for Common Units.

(k) "**Eligible Market**" means The NASDAQ Global Market, The NASDAQ Global Select Market, The NASDAQ Capital Market, NYSE MKT LLC or The New York Stock Exchange, Inc.

(l) "**Expiration Date**" means the date five years after the Issuance Date or, if such date falls on a day other than a Business Day or on which trading does not take place on the Principal Market (a "**Holiday**"), the next day that is not a Holiday.

(m) "**Fundamental Transaction**" means:

(i) the Issuer, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Issuer with or into another Person in which the Issuer is not the surviving entity,

(ii) the Issuer, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions in connection with which the Issuer is dissolved,

(iii) the Issuer, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Units or any compulsory exchange pursuant to which the Common Units are effectively converted into or exchanged for other securities, cash or property.

(n) "**Fundamental Transaction Consideration**" means any consideration which holders of Common Units are entitled to receive in a Fundamental Transaction, including without limitation common or preferred stock, convertible securities, common or preferred units, options, warrants, contingent rights, or cash.

(o) "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(p) "**Options**" means any rights, warrants or options to subscribe for or purchase Common Units or Convertible Securities.

(q) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person, including such entity whose common capital or equivalent equity security is quoted or listed on an Eligible Market (or, if so elected by the Required Holders, any other market, exchange or quotation system), or, if there is more than one such Person or such entity, the Person or such entity designated by the Required Holders or in the absence of such designation, such Person or entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(r) "**Person**" means an individual, a limited liability Issuer, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

(s) "**Principal Market**" means the OTCQB market operated by OTC Markets Group Inc..

(t) "**Regular Distribution**" means any cash dividend or cash distribution which, when combined on a per Common Unit basis with the per Common Unit amounts of all other cash dividends and cash distributions paid on the Common Units during the 365-day period ending on the date of declaration of such dividend or distribution (as adjusted to appropriately reflect any of the events referred to in Section 2(a) and excluding cash dividends or cash distributions that resulted in an adjustment to the Exercise Price or to the number of Common Units issuable on exercise of this Warrant), does not exceed $0.30 per Common Unit.

(u) "**Required Holders**" means the holders of the Warrants representing at least a majority of the Common Units underlying the Warrants then outstanding.

(v) "**Standard Settlement Period**" means the standard settlement period, expressed in a number of Trading Days, on the Issuer's primary trading market with respect to the Common Units as in effect on the date of delivery of the applicable Exercise Notice.

(w) "**Subject Entity**" means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group.

(x) "**Subsidiary**" has the meaning ascribed to such term in the Warrant Agreement.

(y) "**Successor Entity**" means one or more Person or Persons (or, if so elected by the Required Holders, the Issuer or Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or one or more Person or Persons (or, if so elected by the Required Holders, the Issuer or the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(z) "**Trading Day**" means any day on which the Common Units is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Units on such day, then on the principal securities exchange or securities market on which the Common Units is then traded.

(aa) “**Weighted Average Price**” means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market during the period beginning at 9:30:01 a.m., New York time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York time (or such other time as the Principal Market publicly announces is the official close of trading), as reported by Bloomberg through its “Volume at Price” function or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York time (or such other time as such market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York time (or such other time as such market publicly announces is the official close of trading), as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the OTC Link or “pink sheets” by OTC Markets Group Inc. (formerly Pink OTC Markets Inc.). If the Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Issuer and the Holder. If the Issuer and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 11 with the term “Weighted Average Price” being substituted for the term “Exercise Price.” All such determinations shall be appropriately adjusted for any unit dividend, unit split, unit combination, reclassification or other similar transaction during the applicable calculation period.

[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer has caused this Warrant to Purchase Common Units to be duly executed as of the Issuance Date set out above.

RHINO RESOURCE PARTNERS LP

By: Rhino GP LLC, its general partner

By: ______________________________
Name:
Title:

EXHIBIT A

EXERCISE NOTICE

TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT TO PURCHASE COMMON UNITS REPRESENTING LIMITED PARTNERSHIP INTERESTS

RHINO RESOURCE PARTNERS LP

The undersigned holder hereby exercises the right to purchase ________________ of the Common Units ("**Warrant Units**") of Rhino Resource Partners LP, a Delaware limited partnership (the "**Issuer**"), evidenced by the attached Warrant to Purchase Common Units Representing Limited Partnership Interests (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

______ a "Cash Exercise" with respect to __________ Warrant Units; and/or

______ a "Cashless Exercise" with respect to _________ Warrant Units.

2. Payment of Exercise Price. In the event that the holder has elected a Cash Exercise with respect to some or all of the Warrant Units to be issued pursuant hereto, the holder shall pay the Aggregate Exercise Price in the sum of $_______________to the Issuer in accordance with the terms of the Warrant.

3. Delivery of Warrant Units. The Issuer shall deliver to the holder________ Warrant Units in accordance with the terms of the Warrant.

Date: __________ __, ______

____

Name of Registered Holder

By: ______________________________________

Name:

Title:

ACKNOWLEDGMENT

The Issuer hereby acknowledges this Exercise Notice and hereby directs Computershare Trust Company, N.A. to issue the above indicated number of Common Units in accordance with the Transfer Agent Instructions dated March 20, 2018 from the Issuer and acknowledged and agreed to by Computershare Trust Company, N.A.

RHINO RESOURCE PARTNERS LP

By: Rhino GP, LLC, its general partner

By: ________________________________
Name:
Title:

Exhibit 31.1

CERTIFICATION

I, Richard A. Boone, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rhino Resource Partners LP;

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;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2019

/s/ Richard A. Boone

Richard A. Boone
President, Chief Executive Officer and Director

Exhibit 31.2

CERTIFICATION

I, W. Scott Morris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rhino Resource Partners LP;

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;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2019

/s/ W. Scott Morris

W. Scott Morris
Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF RHINO GP LLC
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Quarterly Report on Form 10-Q of Rhino Resource Partners LP (the “Partnership”) for the quarter ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Richard A. Boone, as President and Chief Executive Officer of the Partnership, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 9, 2019

/s/ Richard A. Boone
Richard A. Boone
President, Chief Executive Officer and Director

Exhibit 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF RHINO GP LLC
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this quarterly report on Form 10-Q of Rhino Resource Partners LP (the "Partnership") for the quarter ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), W. Scott Morris, as Chief Financial Officer of the Partnership, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 9, 2019

/s/ W. Scott Morris
W. Scott Morris
Senior Vice President and Chief Financial Officer

Exhibit 95.1

Federal Mine Safety and Health Act Information

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requires issuers to include in periodic reports filed with the SEC certain information relating to citations or orders for violations of standards under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). The following disclosures respond to that legislation.

Whenever MSHA believes that a violation of the Mine Act, any health or safety standard, or any regulation has occurred, it may issue a citation that describes the violation and fixes a time within which the operator must abate the violation. In these situations, MSHA typically proposes a civil penalty, or fine, as a result of the violation, that the operator is ordered to pay. In evaluating the information below regarding mine safety and health, investors should take into account factors such as: (a) the number of citations and orders will vary depending on the size of a coal mine, (b) the number of citations issued will vary from inspector to inspector and mine to mine, and (c) citations and orders can be contested and appealed, and during that process are often reduced in severity and amount, and are sometimes dismissed.

Responding to the Dodd-Frank Act legislation, we report that, for the three months ended June 30, 2019, none of our subsidiaries received written notice from MSHA of (a) a violation under section 110(b)(2) of the Mine Act for failure to make reasonable efforts to eliminate a known violation of a mandatory safety or health standard that substantially proximately caused, or reasonably could have been expected to cause, death or serious bodily injury, (b) a pattern of violations of mandatory health or safety standards under section 104(e) of the Mine Act, or (c) a violation under section 107(a) of the Mine Act for alleged conditions or practices that could reasonably be expected to cause death or serious physical harm. In addition, none of our subsidiaries suffered any mining related fatalities during the three months ended June 30, 2019.

The following table sets out information required by the Dodd-Frank Act for the three months ended June 30, 2019. The mine data retrieval system maintained by MSHA may show information that is different than what is provided herein. Any such difference may be attributed to the need to update that information on MSHA's system and/or other factors. The table also displays pending legal actions before the Federal Mine Safety and Health Review Commission (the "Commission") that were initiated during the three months ended June 30, 2019 as well as total pending legal actions that were pending before the Commission as of June 30, 2019, which includes the legal proceedings before the Commission as well as all contests of citations and penalty assessments which are not before an administrative law judge. All of these pending legal actions constitute challenges by us of citations issued by MSHA. Since none of our subsidiaries received notice from MSHA of a pattern of violations of mandatory health or safety standards under section 104(e) of the Mine Act, the column that would normally display this information in the table below has been omitted for ease of presentation.

For the three months ended June 30, 2019

Company	Mine[1]	MSHA ID	104(a)S & S[2]	104 (b)[3]	104 (d)[4]	107 (a)[5]	110 (b) (2)[6]	Proposed Assessments[7]	Pending Legal Proceedings[8]	Legal Proceedings Initiated	Legal Proceedings Resolved
Hopedale Mining LLC	Hopedale Mine	33-00968	10	0	0	0	0	$ 7,447	0	0	1
	Nelms Plant	33-04187	2	0	0	0	0	$ 1,811	0	0	0
CAM/Deane Mining LLC	Mine #28	15-18911	17	0	0	0	0	$ 10,904	3	3	1
	Three Mile Mine #1	15-17659	0	0	0	0	0	$ 0	0	0	0
	Right Fork-Rob Fork Contour	15-18977	1	0	0	0	0	$ 1,330	1	0	0
	Grapevine South	46-08930	0	0	0	0	0	$ 0	1	1	1
	Remining No. 3	46-09345	0	0	0	0	0	$ 0	1	1	0
	Rob Fork Processing	15-14468	1	0	0	0	0	$ 242	1	1	0
	Jamboree Loadout	15-12896	0	0	0	0	0	$ 121	0	0	0
	CAM Highwall Miner	46-09545	0					$ 0	0	0	0
	Mill Creek Prep Plant	15-16577	0	0	0	0	0	$ -	0	0	0
	Tug Fork Plant	46-08626	0	0	0	0	0	$ -	0	0	0
	Rhino Trucking	Q569	0	0	0	0	0	$ -	0	0	0
	Rhino Reclamation Services	R134	0	0	0	0	0	$ -	0	0	0
	Rhino Services	S359	0	0	0	0	0	$ -	0	0	0
	Eagle #1	4608758	0	0	0	0	0	$ -	0	0	0
Rhino Eastern LLC	Eagle #3	4609427	0	0	0	0	0	$ -	0	0	0
Pennyrile Energy LLC	Riveredge Mine	15-19424	22	0	0	0	0	$ 19,013	2	1	0
	Riveredge Surface Ops	15-19749	22	0	0	0	0	$ 75,829	0	0	0
McClane Canyon Mining LLC	McClane Canyon Mine	05-03013	0	0	0	0	0	$ -	0	0	0
Castle Valley Mining LLC	Castle Valley Mine #3	42-02263	0	0	0	0	0	$ 779	0	0	0
	Castle Valley Mine #4	42-02335	0	0	0	0	0	$ 505	0	0	2
	Bear Canyon Loading Facility	42-02395	0	0	0	0	0	$ 0	0	0	1
Total			75	0	0	0	0	$ 117,981	9	7	6

[1] The foregoing table does not include the following: (i) facilities which have been idle or closed unless they received a citation or order issued by MSHA; and (ii) permitted mining sites where we have not begun operations and therefore have not received any citations.

[2] Mine Act section 104(a) citations shown above are for alleged violations of health or safety standards that could significantly and substantially contribute to a serious injury if left unabated.

[3] Mine Act section 104(b) orders are for alleged failures to totally abate a citation within the period of time specified in the citation. These orders result in an order of immediate withdrawal from the area of the mine affected by the condition until MSHA determines that the violation has been abated.

[4] Mine Act section 104(d) citations and orders are for an alleged unwarrantable failure (i.e. aggravated conduct constituting more than ordinary negligence) to comply with a mandatory mining health or safety standard or regulation. These types of violations could significantly and substantially contribute to a serious injury; however, the conditions do not cause imminent danger.

[5] Mine Act section 107(a) orders are for alleged conditions or practices which could reasonably be expected to cause death or serious physical harm before such condition or practice can be abated and result in orders of immediate withdrawal from the area of the mine affected by the condition.

[6] The total number of flagrant violations issued under section 110(b)(2) of the Mine Act.

[7] Total dollar value of MSHA assessments proposed during the three months ended June 30, 2019.

[8] Any pending legal action before the Federal Mine Safety and Health Review Commission (the "Commission") involving a coal mine owned and operated by us. The number of legal actions pending as of June 30, 2019 that fall into each of the following categories is as follows:

(a) Contests of citations and orders: 8

(b) Contests of proposed penalties: 0

(c) Complaints for compensation under Section 111 of the Mine Act: 0

(d) Complaints of discharge, discrimination or interference under Section 105 of the Mine Act: 1

(e) Applications for temporary relief under Section 105(b)(2) of the Mine Act: 0

(f) Appeals of judges' decisions or orders to the Commission: 0