

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2020

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. 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). 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

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 No

As of May 15, 2020, 13,078,668 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; weakness in global economic conditions; and our current liquidity constraints, which may require us to sell assets, restructure our debt, or seek protection under Chapter 11 of the U.S. Bankruptcy Code (“Chapter 11”). 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, 2019, (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 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousands)

	March 31, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,281	\$ 112
Restricted cash	475	-
Accounts receivable	10,703	14,149
Receivable-other	-	2,800
Inventories	15,607	15,664
Advance royalties, current portion	1	3
Prepaid expenses and other	1,919	2,169
Total current assets	<u>29,986</u>	<u>34,897</u>
PROPERTY, PLANT AND EQUIPMENT:		
At cost, including coal properties, mine development and construction costs	361,511	353,809
Less accumulated depreciation, depletion and amortization	(260,575)	(251,466)
Net property, plant and equipment	<u>100,936</u>	<u>102,343</u>
Operating lease right-of-use assets (net)	10,341	11,145
Advance royalties, net of current portion	262	119
Deposits - Workers' Compensation and Surety Programs	7,943	7,943
Other non-current assets	31,941	31,590
Non-current assets held for sale	-	6,510
TOTAL	<u>\$ 181,409</u>	<u>\$ 194,547</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 30,270	\$ 28,627
Accrued expenses and other	11,369	13,207
Accrued preferred distributions	1,500	1,200
Current portion of operating lease liabilities	3,195	3,267
Current portion of long-term debt-net of unamortized debt issuance costs (NOTE 10)	36,781	34,244
Current portion of asset retirement obligations	420	420
Current liabilities held for sale	-	4,827
Total current liabilities	<u>83,535</u>	<u>85,792</u>
NON-CURRENT LIABILITIES:		
Long-term debt, net	855	1,160
Asset retirement obligations, net of current portion	20,560	20,171
Operating lease liabilities, net of current portion	6,741	7,465
Other non-current liabilities	44,293	44,244
Total non-current liabilities	<u>72,449</u>	<u>73,040</u>
Total liabilities	<u>155,984</u>	<u>158,832</u>
COMMITMENTS AND CONTINGENCIES (NOTE 15)		
PARTNERS' CAPITAL:		
Limited partners	4,958	15,205
General partner	8,329	8,372
Preferred partners	15,000	15,000
Investment in Royal common stock (NOTE 13)	(4,126)	(4,126)
Common unit warrants	1,264	1,264
Total partners' capital	<u>25,425</u>	<u>35,715</u>
TOTAL	<u>\$ 181,409</u>	<u>\$ 194,547</u>

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2020	2019
REVENUES:		
Coal sales	\$ 37,314	\$ 44,863
Other revenues	182	874
Total revenues	<u>37,496</u>	<u>45,737</u>
COSTS AND EXPENSES:		
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	36,123	40,213
Freight and handling costs	1,040	1,155
Depreciation, depletion and amortization	3,949	3,491
Selling, general and administrative (exclusive of depreciation, depletion and amortization shown separately above)	4,160	2,722
(Gain) on sale/disposal of assets, net	63	222
Total costs and expenses	<u>45,335</u>	<u>47,803</u>
LOSS FROM OPERATIONS	<u>(7,839)</u>	<u>(2,066)</u>
INTEREST AND OTHER (EXPENSE)/INCOME:		
Interest expense and other	(2,072)	(1,701)
Total interest and other (expense)	<u>(2,072)</u>	<u>(1,701)</u>
NET LOSS BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	(9,911)	(3,767)
INCOME TAXES	-	-
NET LOSS FROM CONTINUING OPERATIONS	(9,911)	(3,767)
DISCONTINUED OPERATIONS (NOTE 4)		
Loss from discontinued operations	(79)	(3,512)
NET LOSS	<u>\$ (9,990)</u>	<u>\$ (7,279)</u>
General partner's interest in net (loss):		
Net loss from continuing operations	\$ (43)	\$ (17)
Net loss from discontinued operations	-	(15)
General partner's interest in net loss	<u>\$ (43)</u>	<u>\$ (32)</u>
Common unitholders' interest in net (loss):		
Net loss from continuing operations	\$ (9,351)	\$ (3,725)
Net loss from discontinued operations	(72)	(3,216)
Common unitholders' interest in net loss:	<u>\$ (9,423)</u>	<u>\$ (6,941)</u>
Subordinated unitholders' interest in net loss:		
Net (loss) from continuing operations	\$ (817)	\$ (325)
Net (loss) from discontinued operations	(7)	(281)
Subordinated unitholders' interest in net loss:	<u>\$ (824)</u>	<u>\$ (606)</u>
Preferred unitholders' interest in net income:		
Net income from continuing operations	\$ 300	\$ 300
Net income from discontinued operations	-	-
Preferred unitholders' interest in net income	<u>\$ 300</u>	<u>\$ 300</u>
Net (loss)/income per limited partner unit, basic:		
Common units:		
Net loss per unit from continuing operations	\$ (0.72)	\$ (0.28)
Net loss per unit from discontinued operations	-	(0.25)
Net loss per common unit, basic	<u>\$ (0.72)</u>	<u>\$ (0.53)</u>
Subordinated units		
Net loss per unit from continuing operations	\$ (0.72)	\$ (0.28)
Net loss per unit from discontinued operations	-	(0.25)
Net loss per subordinated unit, basic	<u>\$ (0.72)</u>	<u>\$ (0.53)</u>
Preferred units		
Net income per unit from continuing operations	\$ 0.20	\$ 0.20
Net income per unit from discontinued operations	-	-
Net income per preferred unit, basic	<u>\$ 0.20</u>	<u>\$ 0.20</u>
Net (loss)/income per limited partner unit, diluted:		
Common units		
Net loss per unit from continuing operations	\$ (0.72)	\$ (0.28)
Net loss per unit from discontinued operations	-	(0.25)
Net loss per common unit, diluted	<u>\$ (0.72)</u>	<u>\$ (0.53)</u>
Subordinated units		
Net loss per unit from continuing operations	\$ (0.72)	\$ (0.28)
Net loss per unit from discontinued operations	-	(0.25)
Net loss per subordinated unit, diluted	<u>\$ (0.72)</u>	<u>\$ (0.53)</u>
Preferred units		
Net income per unit from continuing operations	\$ 0.20	\$ 0.20

Net income per unit from discontinued operations		-	-
Net income per preferred unit, diluted	\$	0.20	\$ 0.20
Weighted average number of limited partner units outstanding, basic:			
Common units		13,078	13,098
Subordinated units		1,143	1,144
Preferred units		1,500	1,500
Weighted average number of limited partner units outstanding, diluted:			
Common units		13,078	13,098
Subordinated units		1,143	1,144
Preferred units		1,500	1,500

See notes to unaudited condensed consolidated financial statements.

RHINO RESOURCE PARTNERS LP
UNAUDITED CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(In thousands)

	Limited Partners				General Partner Capital	Preferred Partner Capital	Other	Total Partners' Capital
	Common		Subordinated					
	Units	Capital	Units	Capital				
BALANCE - December 31, 2019	13,078	\$ (52,921)	1,143	\$ 68,126	\$ 8,372	\$ 15,000	\$ (2,862)	\$ 35,715
Net (loss)/income	-	(9,423)	-	(824)	(43)	300	-	(9,990)
Preferred partner distribution earned	-	-	-	-	-	(300)	-	(300)
BALANCE - March 31, 2020	13,078	\$ (62,344)	1,143	\$ 67,302	\$ 8,329	\$ 15,000	\$ (2,862)	\$ 25,425

	Limited Partners				General Partner Capital	Preferred Partner Capital	Other	Total Partners' Capital
	Common		Subordinated					
	Units	Capital	Units	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 distribution earned	-	-	-	-	-	(300)	-	(300)
BALANCE - March 31, 2019	13,098	\$ 32,383	1,144	\$ 75,575	\$ 8,760	\$ 15,000	\$ (2,862)	\$ 128,856

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)	\$ (9,990)	\$ (7,279)
Adjustments to reconcile net (loss) to net cash (used in)/provided by operating activities:		
Depreciation, depletion and amortization	3,949	5,549
Accretion on asset retirement obligations	389	319
Amortization of advance royalties	3	407
Amortization of debt issuance costs	755	516
Amortization of debt discount	35	105
Loss on retirement of advance royalties	-	112
Loss on sale/disposal of assets—net	63	655
(Gain) on sale of Mammoth shares	-	(433)
Asset impairment adjustment	(343)	-
Changes in assets and liabilities:		
Accounts receivable	4,110	(1,855)
Inventories	56	(4,847)
Advance royalties	(144)	(677)
Prepaid expenses and other assets	196	537
Accounts payable	(962)	6,463
Accrued expenses and other liabilities	(1,090)	977
Asset retirement obligations	-	(15)
Net cash (used in)/provided by operating activities	<u>(2,973)</u>	<u>534</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant, and equipment	(1,623)	(2,001)
Proceeds from sales of property, plant, and equipment	-	1,401
Proceeds from pipeline settlement	2,800	-
Proceeds from sale of Pennyriple assets	3,000	-
Proceeds from sale of Mammoth shares	-	2,304
Net cash provided by investing activities	<u>4,177</u>	<u>1,704</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on long-term debt	(375)	(375)
Repayments on other debt	(1,034)	(522)
Repayments on finance leases	(1)	(1)
Proceeds from financing agreement	3,000	-
Payments of debt issuance costs	(1,150)	(101)
Preferred distributions paid	-	(3,210)
Net cash provided by/(used in) financing activities	<u>440</u>	<u>(4,209)</u>
NET (DECREASE) IN CASH, CASH EQUIVALENTS	1,644	(1,971)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	112	6,172
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period	<u>\$ 1,756</u>	<u>\$ 4,201</u>
Summary Statement of Financial Position:		
Cash and cash equivalents	\$ 1,281	\$ 4,201
Restricted cash	475	-
	<u>\$ 1,756</u>	<u>\$ 4,201</u>

See notes to unaudited condensed consolidated financial statements.

RHINO RESOURCE PARTNERS LP
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND DECEMBER 31, 2019 AND FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

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.

Upon an evaluation of the effects on the Partnership from the weakness of the metallurgical and steam coal markets, which have been further negatively impacted from the effects of the COVID-19 pandemic, the Partnership determined that it may not have sufficient liquidity to operate its business over the next twelve months from the date of filing this Form 10-Q. Thus, substantial doubt is raised about the Partnership’s ability to continue as a going concern. Our independent registered public accounting firm included an emphasis paragraph with respect to our ability to continue as a going concern in its report on the Partnership’s consolidated financial statements for the year ended December 31, 2019. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of and classification of liabilities that may result should the Partnership be unable to continue as a going concern. Failure to generate sufficient cash flow from operations could cause us to further curtail our operations and reduce spending and alter our business plan. We may also be required to consider other options, such as selling additional assets or seeking merger opportunities, and depending on the urgency of our liquidity constraints, we may be required to pursue such an option at an inopportune time.

The Partnership continues to take measures, including the suspension of cash distributions on its common and subordinated units and cost and productivity improvements, to enhance and preserve our liquidity in order to fund our ongoing operations and necessary capital expenditures to meet our financial commitments and debt service obligations.

The Partnership is currently exploring alternatives for other sources of capital for ongoing liquidity needs and transactions to enhance its ability to comply with its financial covenants. As disclosed on the Partnership’s Form 8-K filed with the SEC on March 27, 2020, the Partnership has engaged legal and financial advisors to assist it in evaluating its strategic options. The Partnership is working to improve its operating performance and its cash, liquidity and financial position. This includes pursuing the sale of non-strategic surplus assets, continuing to drive cost improvements across the company, continuing to negotiate alternative payment terms with creditors, and obtaining waivers of going concern and financial covenant violations under our financing agreement, or alternatively, pursuing a court-supervised reorganization under Chapter 11 and related financing needs.

Debt Classification — The Partnership evaluated its financing agreement at March 31, 2020 to determine whether the debt liability should be classified as a long-term or current liability on the Partnership’s unaudited condensed consolidated statements of financial position. The Partnership determined that it was in violation of certain debt covenants in the financing agreement as of March 31, 2020 and the lenders were unwilling to grant a waiver to the Partnership for these events of default as of the filing date of this Form 10-Q. The financing agreement contains negative covenants that restrict the Partnership’s ability to, among other things, permit the trailing nine month fixed charge coverage ratio of the Partnership and its subsidiaries to be less than 1.20 to 1.00. The financing agreement also requires the Partnership to receive an annual unqualified audit opinion from its external audit firm that does not include an emphasis paragraph on the Partnership’s ability to continue as a going concern. As of March 31, 2020, Rhino’s fixed charge coverage ratio was less than 1.20 to 1.00 and the Partnership’s annual report on Form 10-K for 2019 included an audit opinion from its external auditors that included an emphasis paragraph regarding the Partnership’s ability to continue as a going concern. Based upon these covenant violations, the Partnership’s debt liability is currently callable by the lenders and is classified as current as of March 31, 2020 and December 31, 2019.

Debt issuance costs related to the debt liability are also classified as current. However, since the Partnership is currently in negotiations with its lender, the Partnership has not changed the amortization period of these costs. Included in debt costs are the exit fees described further in Note 10, which absent a waiver, are also callable with the accompanying debt as of March 31, 2020. (Please read Note 10 for additional discussion of the Partnership’s financing agreement).

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. Restricted cash is combined with cash and cash equivalents on the unaudited condensed consolidated statement of cash flows.

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 March 31, 2020, condensed consolidated statements of operations for the three months ended March 31, 2020 and 2019, consolidated statements of partners' capital for the three months ended March 31, 2020 and 2019 and the condensed consolidated statements of cash flows for the three months ended March 31, 2020 and 2019 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, 2019 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, 2019 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, 2019 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, Virginia, 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. 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, control has passed in accordance with the terms of the sales agreement and collectability is reasonably assured. Under the typical terms of these agreements, control 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 March 31, 2020 and December 31, 2019. The effective interest rate for the three months ended March 31, 2020 was 20.58% and 21.93% for the three months ended March 31, 2019.

Recently Issued Accounting Standards. On March 12, 2020, the FASB issued ASU 2020-04, Reference Rate Reform (“ASC 848”): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments in ASC 848 provide optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in ASC 848 apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022 that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The Partnership is currently evaluating this guidance.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820), *Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in ASU 2018-13 revise the disclosure requirements for fair value measurements. These changes are to be applied prospectively for only the most recent interim or annual period present in the year of adoption. The Partnership adopted ASU 2018-13 during the first quarter of 2020. The adoption of ASU 2018-13 did not have a material impact on the Partnership’s unaudited condensed consolidated financial statements.

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 were 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. ACQUISITION

Blackjewel Assignment Agreement

On August 14, 2019, Jewell Valley Mining LLC (“Jewell Valley”), a wholly owned subsidiary of the Partnership, entered into a general assignment and assumption agreement and bill of sale (the “Assignment Agreement”) with Blackjewel L.L.C., Blackjewel Holdings L.L.C., Revelation Energy Holdings, LLC, Revelation Management Corp., Revelation Energy, LLC, Dominion Coal Corporation, Harold Keene Coal Co. LLC, Vansant Coal Corporation, Lone Mountain Processing LLC, Powell Mountain Energy, LLC, and Cumberland River Coal LLC (together, “Blackjewel”) to purchase certain assets from Blackjewel for cash consideration of \$850,000 plus an additional royalty of \$250,000 that is payable within one year from the date of the purchase, as well as the assumption of associated reclamation obligations. The transaction costs associated with the Assignment Agreement were \$103,577. The assets that are subject of the Assignment Agreement consist of three underground mines in Virginia that were actively producing coal prior to Blackjewel’s filing for relief under Chapter 11 of the United States Bankruptcy Code, along with a preparation plant, rail loadout facility, related mineral and surface rights and infrastructure and certain purchase contracts to be assumed at Jewell Valley’s option.

The Partnership resumed mining at two of the three Jewell Valley mines during the fourth quarter of 2019. The operating results for Jewell Valley is reported as part of the Partnership's Central Appalachia business segment. The Partnership reviewed the appropriate guidance within ASU 2017-01, *Business Combinations (Topic 805)* and determined that this transaction was an asset purchase.

The Assignment Agreement was funded by borrowings from the Partnership's delayed draw feature of the financing agreement. Please refer to Note 10 for additional details of the financing agreement. The following table summarizes the assets acquired and liabilities assumed as of the acquisition date:

	(in thousands)
Property, plant and equipment	\$ 3,853
Land	378
Asset retirement obligation	(2,596)
Net assets acquired	\$ 1,635
Initial cash consideration	\$ 850
Mineral cure payments	431
Transaction costs	104
Cash consideration	1,385
Royalty payable	250
Total consideration	\$ 1,635

4. DISCONTINUED OPERATIONS

Pennyrile Asset Purchase Agreement

On September 6, 2019, the Partnership and Alliance Coal, LLC ("Buyer") and Alliance Resource Partners, L.P. ("Buyer Parent") entered into an Asset Purchase Agreement (the "Pennyrile APA") pursuant to which the Partnership agreed to sell to the Buyer all of the real property, permits, equipment and inventory and certain other assets associated with its Pennyrile mine complex, as well as the buyer's assumption of the Pennyrile reclamation obligation, in exchange for approximately \$3.7 million, subject to certain adjustments. The final adjustments included the Partnership retaining certain equipment originally included in the assets to be sold to the Buyer, which resulted in a \$0.3 million favorable adjustment to the impairment loss originally recorded by the Partnership in the third quarter of 2019 and a decrease in the final purchase price paid by the Buyer. The transaction was completed in March of 2020 and the Partnership received cash consideration of \$3.0 million.

Coal Supply Asset Purchase Agreement

On September 6, 2019, the Partnership, the Buyer and the Buyer Parent entered into an Asset Purchase Agreement for the sale and assignment of certain coal supply agreements associated with the Pennyrile mine complex (the "Coal Supply APA") in exchange for approximately \$7.3 million. The Coal Supply APA included customary representations of the parties thereto and indemnification for losses arising from the breaches of such representations and for liabilities arising during the period in which the relevant parties were not party to the coal supply agreements. The transactions contemplated by the Coal Supply APA closed upon the execution thereof.

Discontinued Operations

The Pennyrile operating results for the months ended March 31, 2020 and 2019 are recorded as discontinued operations on the Partnership's unaudited condensed consolidated statements of operations. The current and non-current assets and liabilities previously related to Pennyrile have been reclassified to the appropriate held for sale categories on the Partnership's unaudited condensed consolidated statement of financial position at December 31, 2019. The footnotes to the consolidated statement of financial position have been adjusted accordingly.

Major assets and liabilities of discontinued operations for Pennyrile Energy LLC as of March 31, 2020 and December 31, 2019 are summarized as follows:

	March 31, 2020	December 31, 2019
	(in thousands)	
Carrying amount of major classes of assets included as part of discontinued operations:		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable	-	-
Accounts receivable-other	-	-
Inventories	-	-
Advance royalties	-	-
Prepaid expenses and other	-	-
Total current assets of the disposal group classified as held for sale in the statement of financial position	<u>\$ -</u>	<u>\$ -</u>
Property and equipment (net)	\$ -	\$ 6,510
Advance royalties, net of current portion	-	-
Other non-current assets	-	-
Total non-current assets of the disposal group classified as held for sale in the statement of financial position	<u>\$ -</u>	<u>\$ 6,510</u>
Carrying amount of major classes of liabilities included as part of discontinued operations:		
Accounts payable	\$ -	\$ 2,117
Accrued expenses and other	-	510
Asset retirement obligations, current portion	-	2,200
Total current liabilities of the disposal group classified as held for sale in the statement of financial position	<u>\$ -</u>	<u>\$ 4,827</u>
Asset retirement obligations, net of current portion	\$ -	\$ -
Total non-current liabilities of the disposal group classified as held for sale in the statement of financial position	<u>\$ -</u>	<u>\$ -</u>

Major components of net loss from discontinued operations for Pennyrile Energy LLC for three months ended March 31, 2020 and 2019 are summarized as follows:

	Three Months Ended March 31,	
	2020	2019
	(in thousands)	
Major line items constituting loss from discontinued operations for the Pennyrile Energy LLC disposal:		
Coal sales	\$ -	\$ 13,000
Total revenues	-	13,000
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	422	14,433
Depreciation, depletion and amortization	-	2,058
Selling, general and administrative (exclusive of depreciation, depletion and amortization shown separately above)	-	21
Asset impairment adjustment	(343)	-
Total costs, expenses and other	<u>79</u>	<u>16,512</u>
(Loss) from discontinued operations before income taxes	(79)	(3,512)
Income taxes	-	-
Net (loss) from discontinued operations	<u>\$ (79)</u>	<u>\$ (3,512)</u>

Cash Flows. The depreciation, depletion and amortization amounts for Pennyrile for each period presented are listed in the previous table. The Pennyrile capital expenditures for the three months ended March 31, 2019 were \$0.3 million. The Partnership recorded a \$0.3 million favorable adjustment to asset impairment expense during the first quarter of 2020 as discussed above. Pennyrile did not have any material investing items for any periods presented.

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of March 31, 2020 and December 31, 2019 consisted of the following:

	March 31, 2020	December 31, 2019
	(in thousands)	
Other prepaid expenses	\$ 851	\$ 657
Prepaid insurance	709	1,163
Prepaid leases	66	56
Supply inventory	293	293
Total	<u>\$ 1,919</u>	<u>\$ 2,169</u>

Receivable-other

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 and the balance of \$2.8 million on January 2, 2020. At December 31, 2019, the \$2.8 million receivable was recorded in Receivable –Other on the Partnership’s consolidated statements of financial position. A gain of \$6.9 million was recorded on the Partnership’s unaudited condensed consolidated statements of operations during the second quarter of 2019.

Investment-securities

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 unaudited condensed consolidated statements of financial position. During the first quarter of 2019, the Partnership sold its 104,100 shares for net consideration of approximately \$2.3 million. A gain of \$0.4 million was recorded on the Partnership’s unaudited condensed consolidated statements of operations during the first quarter of 2019.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including coal properties and mine development and construction costs, as of March 31, 2020 and December 31, 2019 are summarized by major classification as follows:

	Useful Lives	March 31, 2020	December 31, 2019
		(in thousands)	
Land and land improvements		\$ 7,223	\$ 7,293
Mining and other equipment and related facilities	2 - 20 Years	260,309	250,912
Mine development costs	1 - 15 Years	41,262	40,768
Coal properties	1 - 15 Years	41,464	41,466
Construction work in process		11,253	13,370
Total		<u>361,511</u>	<u>353,809</u>
Less accumulated depreciation, depletion and amortization		<u>(260,575)</u>	<u>(251,466)</u>
Net		<u>\$ 100,936</u>	<u>\$ 102,343</u>

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 months ended March 31, 2020 and 2019 was as follows:

	March 31,	
	2020	2019
	(in thousands)	
Depreciation expense-mining and other equipment and related facilities	\$ 3,255	\$ 2,503
Depletion expense for coal properties	307	406
Amortization expense for mine development costs	369	516
Amortization expense for asset retirement costs	18	66
Total	\$ 3,949	\$ 3,491

7. 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 8 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 property, plant 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:

	Three Months Ended March 31, 2020	Year Ended December 31, 2019
	(in thousands)	
Operating leases		
Operating lease right-of use assets	\$ 10,341	\$ 11,145
Operating lease liabilities-current	\$ 3,195	\$ 3,267
Operating lease liabilities-long-term	6,741	7,465
Total operating lease liabilities	\$ 9,936	\$ 10,732
Finance leases		
Property, Plant and Equipment, gross	\$ 10	\$ 10
Accumulated depreciation	(6)	(4)
Total Property, Plant and Equipment, net	\$ 4	\$ 6
Finance lease obligation - current portion	\$ 5	\$ 4
Finance lease obligation - noncurrent portion	-	1
Total finance lease obligation	\$ 5	\$ 5

Weighted Average Discount Rates and Lease Terms

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Weighted Average Discount Rate		
Operating leases	7.0%	7.0%
Finance leases	7.0%	7.0%
Weighted Average Lease Term		
Operating leases	4.79 years	5.4 years
Finance leases	1.03 years	2.1 years

Supplemental cash flow information related to leases was as follows:

	<u>Three Months Ended March 31, 2020</u>	<u>Three Months Ended March 31, 2019</u>
(in thousands)		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 974	\$ 977
Operating cash flows for finance leases	\$ -	\$ -
Financing cash flows for finance leases	\$ 1	\$ 1
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ -	\$ 13,896
Finance leases	\$ -	\$ 10

Maturities of lease liabilities are as follows:

	<u>Operating leases</u>	<u>Finance leases</u>
(in thousands)		
2020 (excluded the three months ended March 31, 2020)	\$ 3,769	\$ 5
2021	2,635	-
2022	1,382	-
2023	906	-
2024	912	-
Thereafter	2,097	-
Total lease payments	11,701	5
Less: imputed interest	(1,765)	-
Total	\$ 9,936	\$ 5

The components of lease expense were as follows:

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
(in thousands)		
Operating lease cost	<u>\$ 981</u>	<u>\$ 983</u>
Finance lease cost:		
Amortization of right-of-use assets	\$ 1	\$ 1
Interest on lease liabilities	-	-
Total finance lease cost	\$ 1	\$ 1

8. OTHER NON-CURRENT ASSETS

Other non-current assets as of March 31, 2020 and December 31, 2019 consisted of the following:

	March 31, 2020	December 31, 2019
	(in thousands)	
Deposits and other	\$ 1,463	\$ 1,058
Due (to) Rhino GP	(147)	(93)
Non-current receivable	30,625	30,625
Total	<u>\$ 31,941</u>	<u>\$ 31,590</u>

Non-current receivable. The non-current receivable balance of \$30.6 million as of March 31, 2020 and December 31, 2019 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 \$30.6 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.

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities as of March 31, 2020 and December 31, 2019 consisted of the following:

	March 31, 2020	December 31, 2019
	(in thousands)	
Payroll, bonus and vacation expense	\$ 1,117	\$ 1,881
Non-income taxes	2,399	2,067
Royalty expenses	2,541	2,513
Accrued interest	98	375
Health claims	1,091	1,167
Workers' compensation & pneumoconiosis	2,500	2,500
Other	1,623	2,704
Total	<u>\$ 11,369</u>	<u>\$ 13,207</u>

10. DEBT

Debt as of March 31, 2020 and December 31, 2019 consisted of the following:

	March 31, 2020	December 31, 2019
	(in thousands)	
Note payable -Financing Agreement	\$ 44,813	\$ 41,398
Note payable-other debt	2,021	3,054
Finance lease obligation	5	5
Net unamortized debt issuance costs	(8,817)	(8,632)
Net unamortized original issue discount	(386)	(421)
Total	<u>37,636</u>	<u>35,404</u>
Less current portion	<u>(36,781)</u>	<u>(34,244)</u>
Long-term debt	<u>\$ 855</u>	<u>\$ 1,160</u>

The balance of the financing agreement and related debt issuance costs have been classified as a current liability as of March 31, 2020 and December 31, 2019 (please read Note 1 for further discussion).

Other Debt. Other debt consisting of equipment and insurance financing was approximately \$2.0 million and \$3.1 million as of March 31, 2020 and December 31, 2019, respectively.

Financing Agreement

On December 27, 2017, the Partnership 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 Partnership 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 was 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 a \$40 million additional commitment that was contingent upon the satisfaction of certain conditions precedent specified in the Financing Agreement ("Delayed Draw Term Loan Commitment"). As of March 31, 2020, the Partnership had utilized \$18 million of the \$40 million additional commitment, which results in \$22 million of the additional commitment remaining. The Financing Agreement contains negative covenants that restrict the Partnership's 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 nine month Fixed Charge Coverage Ratio of the Partnership and its subsidiaries to be less than 1.20 to 1.00.

The Lenders are entitled to certain fees, including: (i) 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 (“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 Partnership, and (iii) audit and collateral monitoring fees and origination and exit fees. Commencing December 31, 2018, the principal for each loan made under the Financing Agreement is payable on a quarterly basis in an amount equal to \$375,000 per quarter. All remaining unpaid principal and accrued and unpaid interest is due on the loan termination date. The Financing Agreement originally had a termination date of December 27, 2020, which was amended to December 27, 2022. Loans made pursuant to the Financing Agreement are secured by substantially all of the Partnerships’ assets.

The Partnership entered into various amendments and consents to the Financing Agreement during 2018 and 2019, which (a) increased the original lender exit fee (“Exit Fee”) of 3.0% to 7.0% as of December 31, 2019. The Exit Fee is applied to the principal amount of the loans made under the Financing Agreement that is payable on the earliest of (i) the final maturity date of the Financing Agreement, (ii) the termination date of the Financing Agreement, (iii) 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 (iv) the date of any refinancing of the term loan under the Financing Agreement, (b) modified certain definitions and concepts to account for the Partnership’s 2019 acquisition of properties from Blackjewel, (c) permitted the 2019 disposition of the Pennyrile mining complex, (d) required the Partnership to pay a \$1.0 million consent fee related to the Pennyrile sale (paid March 2020), (e) allowed the Partnership to sell certain real property in Western Colorado and adjusted the timing for remittance to the Lender of the proceeds from the sales, (f) provided \$15.0 million in additional terms loans under the Delayed Draw Term Loan Commitment feature of the Financing Agreement, (g) revised the definition of the Make-Whole Amount under the Financing Agreement to extend the date of the Make-Whole Amount period to December 31, 2021 and (h) extended the termination date of the Financing Agreement to December 27, 2022.

On March 3, 2020, the Partnership entered into a sixth amendment (the “Sixth Amendment”) to the Financing Agreement originally executed on December 27, 2017 with the Lenders. The Sixth Amendment, among other things, provided a consent by the Origination Agent to a \$3.0 million term loan under the Delayed Draw Term Loan Commitment feature of the Financing Agreement and increased the Exit Fee payable by the Partnership to the Lenders by 1.0% to a total of 8.0% (payment terms discussed above).

The following table presents the loan balances and applicable interest rates for each term loan made under the Financing Agreement as of March 31, 2020:

Loan Date	Loan Balance (in millions)	Interest rate*
12/27/2017	\$ 27.2	10.99%
8/16/2019	\$ 5.0	11.20%
9/16/2019	\$ 5.0	10.86%
3/3/2020	\$ 3.0	11.52%

* Variable interest rate of Libor plus 10.0%

11. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the three months ended March 31, 2020 and the year ended December 31, 2019 are as follows:

	March 31, 2020	December 31, 2019
	(in thousands)	
Balance at beginning of period (including current portion)	\$ 20,591	\$ 17,581
Accretion expense	389	1,341
Adjustments to the liability from annual recosting and other	-	(823)
Jewell Valley LLC acquisition	-	2,596
Reclassification to held for sale	-	(38)
Liabilities settled	-	(66)
Balance at end of period	20,980	20,591
Less current portion of asset retirement obligation	(420)	(420)
Long-term portion of asset retirement obligation	\$ 20,560	\$ 20,171

12. 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 months ended March 31, 2020 and 2019 is included in Cost of operations and Selling, general and administrative expense in the Partnership's unaudited condensed consolidated statements of operations and was as follows:

	Three Months Ended March 31,	
	2020	2019
	(in thousands)	
401(k) plan expense	\$ 391	\$ 343

13. 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 where 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 reduction in Long-term debt, net on the Partnership's unaudited condensed 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. The Partnership accrued approximately \$1.2 million for distributions to holders of the Series A preferred units for the year ended December 31, 2019 and approximately \$0.3 million for the three months ended March 31, 2020.

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.

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, 2020, 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 March 31, 2020, the Partnership had accumulated arrearages of \$965.7 million.

14. 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 March 31, 2020 and 2019:

Three Months Ended March 31, 2020	General Partner	Common Unitholders	Subordinated Unitholders	Preferred Unitholders
(in thousands, except per unit data)				
Numerator:				
Interest in net (loss)/income:				
Net (loss)/income from continuing operations	\$ (43)	\$ (9,351)	\$ (817)	\$ 300
Net (loss) from discontinued operations	-	(72)	(7)	-
Total interest in net (loss)/income	\$ (43)	\$ (9,423)	\$ (824)	\$ 300
Denominator:				
Weighted average units used to compute basic EPU	n/a	13,078	1,143	1,500
Weighted average units used to compute diluted EPU	n/a	13,078	1,143	1,500
Net (loss)/income per limited partner unit, basic				
Net (loss)/income per unit from continuing operations	n/a	\$ (0.72)	\$ (0.72)	\$ 0.20
Net (loss) per unit from discontinued operations	n/a	-	-	-
Net (loss)/income per common unit, basic	n/a	\$ (0.72)	\$ (0.72)	\$ 0.20
Net (loss)/income per limited partner unit, diluted				
Net (loss)/income per unit from continuing operations	n/a	\$ (0.72)	\$ (0.72)	0.20
Net (loss) per unit from discontinued operations	n/a	-	-	-
Net (loss)/income per common unit, diluted	n/a	\$ (0.72)	\$ (0.72)	0.20
Three Months Ended March 31, 2019	General Partner	Common Unitholders	Subordinated Unitholders	Preferred Unitholders
(in thousands, except per unit data)				
Numerator:				
Interest in net (loss)/income:				
Net (loss)/income from continuing operations	\$ (17)	\$ (3,725)	\$ (325)	\$ 300
Net (loss) from discontinued operations	(15)	(3,216)	(281)	-
Total interest in net (loss)/income	\$ (32)	\$ (6,941)	\$ (606)	300
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				
Net (loss)/income per unit from continuing operations	n/a	\$ (0.28)	\$ (0.28)	\$ 0.20
Net (loss) per unit from discontinued operations	n/a	(0.25)	(0.25)	-
Net (loss)/income per common unit, basic	n/a	\$ (0.53)	\$ (0.53)	\$ 0.20
Net (loss)/income per limited partner unit, diluted				
Net (loss)/income per unit from continuing operations	n/a	\$ (0.28)	\$ (0.28)	\$ 0.20
Net (loss) per unit from discontinued operations	n/a	(0.25)	(0.25)	-
Net (loss)/income per common unit, diluted	n/a	\$ (0.53)	\$ (0.53)	\$ 0.20

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 March 31, 2020 and 2019, 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. There were 683,888 potential dilutive common units related to the Common Unit Warrants as discussed in Note 13 for the three months ended March 31, 2020 and 2019.

15. COMMITMENTS AND CONTINGENCIES

Coal Sales Contracts and Contingencies—As of March 31, 2020, the Partnership had commitments under sales contracts to deliver annually scheduled base quantities of coal as follows:

Year	Tons	Number of customers
2020 (Q2-Q4)	1,366,138	12
2021	400,000	3
2022	250,000	2

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”). Purchase coal expense from coal purchase contracts or expense from OTC purchases for the three months ended March 31, 2020 and 2019 was as follows:

	Three Months Ended March 31,	
	2020	2019
	(in thousands)	
Purchased coal expense	\$ 120	\$ -
OTC expense	\$ -	\$ -

Leases—The Partnership leases/rents various mining, transportation and other equipment under operating lease or rental agreements. Please read Note 7 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/rental and royalty expense for the three months ended March 31, 2020 and 2019 are included in Cost of operations in the Partnership’s unaudited condensed consolidated statements of operations and was as follows:

	Three Months Ended March 31,	
	2020	2019
	(in thousands)	
Lease/rental expense	\$ 1,103	\$ 1,161
Royalty expense	\$ 2,447	\$ 3,035

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 consolidated statements of financial position. The Partnership had no outstanding letters of credit at March 31, 2020. The Partnership had outstanding surety bonds with third parties of \$41.3 million as of March 31, 2020 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 \$41.3 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 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 to 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.

Certain surety bonds for Sands Hill Mining LLC had not been transferred or replaced by the buyer of Sands Hill Mining LLC as was agreed to when the Partnership sold Sands Hill Mining LLC to the buyer in November 2017. 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 to assume the Partnership's surety bond obligations related to Sands Hill Mining LLC. 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.

16. MAJOR CUSTOMERS

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

	March 31, 2020 Receivable Balance	December 31, 2019 Receivable Balance	Three Months Ended March 31, 2020 Sales	Three Months Ended March 31, 2019 Sales
	(in thousands)			
Javelin Global	\$ 2,095	\$ 1,007	\$ 12,270	\$ 12,911
Haverhill North Coke Co.	\$ 2,628	\$ 1,335	\$ 5,191	\$ -

17. REVENUE

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 months ended March 31, 2020 and 2019. 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 months ended March 31, 2020 and 2019.

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 March 31, 2020:

	Central Appalachia	Northern Appalachia	Rhino Western	Other	Total Consolidated
(in thousands)					
Coal sales					
Steam coal	\$ 5,405	\$ 7,409	\$ 8,692	\$ -	\$ 21,506
Met coal	15,808	-	-	-	15,808
Other revenue	54	103	-	25	182
Total	\$ 21,267	\$ 7,512	\$ 8,692	\$ 25	\$ 37,496

The following table disaggregates revenue by type for each reportable segment for the three months ended March 31, 2019:

	Central Appalachia	Northern Appalachia	Rhino Western	Other	Total Consolidated
(in thousands)					
Coal sales					
Steam coal	\$ 13,389	\$ 6,065	\$ 8,711	\$ -	\$ 28,165
Met coal	16,698	-	-	-	16,698
Other revenue	320	554	-	-	874
Total	\$ 30,407	\$ 6,619	\$ 8,711	\$ -	\$ 45,737

18. 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 March 31, 2020. The fair value of the Partnership's Financing Agreement is a Level 2 measurement.

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, 2019 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, 2019.

On September 6, 2019, we entered into an Asset Purchase Agreement with Alliance Coal, LLC (“Buyer”) and Alliance Resource Partners, L.P. (“Buyer Parent”) pursuant to which we agreed to sell to Buyer all of the real property, permits, equipment and inventory and certain other assets associated with the Pennyrile mining complex (“Pennyrile”). The transaction was completed in March 2020. On September 6, 2019, we also entered into an Asset Purchase Agreement with the Buyer and Buyer Parent for the sale and assignment of certain coal supply agreements associated with Pennyrile. The transaction was completed during the third quarter of 2019. Our unaudited condensed consolidated statements of operation have been retrospectively adjusted to reclassify Pennyrile operating results to discontinued operations for the three months ended March 31, 2020 and 2019.

COVID-19

To date, the current and anticipated economic impact of the COVID-19 pandemic, including the actions of governments and countries here in the United States and around the world designed to decrease the spread of the virus, have caused significant declines in demand for met and steam coal. In response to this reduced demand and to the significant health threats to our employees, on March 20, 2020, we temporarily idled production at several of our mines. We have since restarted production at the majority of our operations. We will continue to monitor conditions to ensure the health and welfare of our employees. The idling of the coal production activities did not affect our ability to fulfill current customer commitments, as loading and shipping crews remained in place to ship coal from existing inventories.

If the impact of the COVID-19 pandemic, including the significant decrease in economic activity, continue for an extended period of time or worsen, it could further reduce the demand for met and steam coal, which would have a material adverse effect on our business, financial condition, cash flows and results of operations.

In addition, while our business operations have not been significantly restricted by the response to the COVID-19 pandemic from various governmental agencies, which exempt or exclude essential critical infrastructure businesses from various restrictions they impose (other than encouraging remote work where possible), the spread of COVID-19 has caused us to modify our business practices (including requiring remote working where possible, restricting employee travel and congregation of onsite personnel, and increased frequency of cleaning schedules), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers or other stakeholders or the communities in which we operate. Such measures may disrupt our normal operations, and there is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19 or will not adversely impact our business or results of operations.

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 and the Western Bituminous region. As of December 31, 2019, we controlled an estimated 277.6 million tons of proven and probable coal reserves, consisting of an estimated 171.1 million tons of steam coal and an estimated 106.5 million tons of metallurgical coal. In addition, as of December 31, 2019, we controlled an estimated 190.7 million tons of non-reserve coal deposits.

We operate underground and surface mines located in Kentucky, Ohio, Virginia, 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 intend to continue to expand and potentially 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 months ended March 31, 2020, we generated revenues from continuing operations of approximately \$37.5 million and a net loss from continuing operations of \$9.9 million. For the three months ended March 31, 2020, we produced approximately 0.7 million tons of coal from continuing operations and sold approximately 0.6 million tons of coal from continuing operations, of which approximately 75% were sold pursuant to supply contracts.

Current Liquidity and Outlook

As of March 31, 2020, our available liquidity was \$1.3 million. We also have a delayed draw term loan commitment in the amount of \$22 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 (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”), 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 a \$40 million additional commitment that was contingent upon the satisfaction of certain conditions precedent specified in the Financing Agreement. As of March 31, 2020, we had utilized \$18 million of the \$40 million additional commitment, which results in \$22 million of the additional commitment remaining. The Financing Agreement initially had a termination date of December 27, 2020, which was amended to December 27, 2022. For more information about our Financing Agreement, please read “—Liquidity and Capital Resources—Financing Agreement.”

Beginning in the later part of the third quarter of 2019, we have experienced significantly weaker market demand and have seen prices move lower for the qualities of met and steam coal we produce. This downward price trend has been exacerbated by the recent coronavirus pandemic. In response to this reduced demand and to the significant health threats to our employees, on March 20, 2020, we temporarily idled production at several of our mines. We have since restarted production at the majority of our operations. We will continue to monitor conditions to ensure the health and welfare of our employees. The idling of the coal production activities did not affect our ability to fulfill current customer commitments, as loading and shipping crews remained in place to ship coal from existing inventories.

If we continue to experience weak demand and prices continue to lower for our met and steam coal, we may not be able to continue to give the required representations or meet all of the covenants and restrictions included in our Financing Agreement. If we violate any of the covenants or restrictions in our Financing Agreement, including the fixed-charge coverage ratio, some or all of our indebtedness may become immediately due and payable, and our Lenders may not be willing to make any loans under the additional commitment available under our Financing Agreement. If we are unable to give a required representation or we violate a covenant or restriction, then we will need a waiver from our Lenders under our Financing Agreement, or they may declare an event of default and, after applicable specified cure periods, all amounts outstanding under the Financing Agreement would become immediately due and payable. Although we believe our Lenders are well secured under the terms of our Financing Agreement, there is no assurance that the Lenders would agree to any such waiver. Failure to obtain financing or to generate sufficient cash flow from operations could cause us to further curtail our operations and reduce spending and alter our business plan. We are currently considering alternatives to address our liquidity and balance sheet issues, such as selling additional assets or seeking merger opportunities, and depending on the urgency of our liquidity constraints, we may be required to pursue such an option at an inopportune time.

As of March 31, 2020, we were unable to demonstrate that we have sufficient liquidity to operate our business over the next twelve months from the filing date of this Form 10-Q and thus substantial doubt is raised about our ability to continue as a going concern. Our independent registered public accounting firm included an emphasis paragraph with respect to our ability to continue as a going concern in its report on our consolidated financial statements for the year ended December 31, 2019. The presence of the going concern emphasis paragraph in our auditors' report may have an adverse impact on our relationship with third parties with whom we do business, including our customers, vendors, lenders and employees, making it difficult to raise additional financing to the extent needed to conduct normal operations. As a result, our business, results of operations, financial condition and prospects could be materially adversely affected.

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.

We are currently exploring alternatives for other sources of capital for ongoing liquidity needs and transactions to enhance its ability to comply with its financial covenants. As disclosed on the Form 8-K filed with the SEC on March 27, 2020, we have engaged legal and financial advisors to assist us in evaluating our strategic options. We are working to improve our operating performance and our cash, liquidity and financial position. This includes pursuing the sale of non-strategic surplus assets, continuing to drive cost improvements across the company, continuing to negotiate alternative payment terms with creditors, and obtaining waivers of going concern and financial covenant violations under our Financing Agreement, or alternatively, pursuing a court-supervised reorganization under Chapter 11 and related financing needs.

Recent Developments

Financing Agreement

On March 2, 2020, we entered into a sixth amendment (the "Sixth Amendment") to the Financing Agreement. The Sixth Amendment, among other things, provides a consent by the Lenders to a \$3.0 million term loan from the delayed draw term loan commitment and increased the exit fee payable by us to the Lenders upon the maturity date (or earlier termination or acceleration date) by 1.0% to a total exit fee of 8.0%. For more information about our Financing Agreement, please read "— Liquidity and Capital Resources—Financing Agreement."

Pennyrile Mine Complex (“Pennyrile”) Asset Purchase Agreement

On September 6, 2019, we entered into an Asset Purchase Agreement (the “Pennyrile APA”) with Alliance Coal, LLC (“Buyer”) and Alliance Resource Partners, L.P. (“Buyer Parent”) pursuant to which we sold to Buyer all of the real property, permits, equipment and inventory and certain other assets associated with Pennyrile in exchange for approximately \$3.7 million, subject to certain adjustments. The final adjustments included us retaining certain equipment originally included in the assets to be sold to the Buyer, which resulted in a \$0.3 million favorable adjustment to the impairment loss originally recorded by us in the third quarter of 2019 and a decrease in the final purchase price paid by the Buyer. The transaction was completed in March of 2020 and we received cash consideration of \$3.0 million.

Coal Supply Asset Purchase Agreement

On September 6, 2019, we entered into an Asset Purchase Agreement with the Buyer and Buyer Parent for the sale and assignment of certain coal supply agreements associated with Pennyrile (the “Coal Supply APA”) in exchange for approximately \$7.3 million. The Coal Supply APA includes customary representations of the parties thereto and indemnification for losses arising from the breaches of such representations and for liabilities arising during the period in which the relevant parties were not party to the coal supply agreements. The transactions contemplated by the Coal Supply APA closed upon the execution thereof.

Blackjewel Assignment Agreement

On August 14, 2019, our wholly owned subsidiary Jewell Valley Mining LLC, entered into a general assignment and assumption agreement and bill of sale (the “Assignment Agreement”) with Blackjewel L.L.C., Blackjewel Holdings L.L.C., Revelation Energy Holdings, LLC, Revelation Management Corp., Revelation Energy, LLC, Dominion Coal Corporation, Harold Keene Coal Co. LLC, Vansant Coal Corporation, Lone Mountain Processing LLC, Powell Mountain Energy, LLC, and Cumberland River Coal LLC (together, “Blackjewel”) to purchase certain assets from Blackjewel for cash consideration of \$850,000 plus an additional royalty of \$250,000 that is payable within one year from the date of the purchase, as well as the assumption of associated reclamation obligations. The assets that are subject of the Assignment Agreement consist of three underground mines in Virginia that were actively producing coal prior to Blackjewel’s filing for relief under Chapter 11 of the United States Bankruptcy Code, along with a preparation plant, rail loadout facility, related mineral and surface rights and infrastructure and certain purchase contracts to be assumed at our option. We resumed mining operations at two of the mines in the fourth quarter of 2019.

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 required the third party to pay us \$7.0 million in consideration. We received \$4.2 million on July 3, 2019 and the balance of \$2.8 million on January 2, 2020. We recorded a gain of \$6.9 million during the second quarter of 2019 related to this settlement agreement.

Distribution Suspension

Pursuant to our limited 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, 2020, 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 March 31, 2020, we had accumulated arrearages of \$965.7 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 March 31, 2020, we had commitments under supply contracts to deliver annually scheduled base quantities of coal as follows:

Year	Tons	Number of customers
2020 (Q2-Q4)	1,366,138	12
2021	400,000	3
2022	250,000	2

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 March 31, 2020, we have three reportable business segments: Central Appalachia, Northern Appalachia and Rhino Western. Additionally, we have an Other category that includes our ancillary businesses. Our Central Appalachia segment consists of three mining complexes: Tug River, Rob Fork and Jewell Valley, which, as of March 31, 2020, together included five underground mines, three surface mines and four preparation plants and loadout facilities in eastern Kentucky, Virginia 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, includes one underground mine and one preparation plant and loadout facility as of March 31, 2020. Our Rhino Western segment includes one underground mine in the Western Bituminous region at our Castle Valley mining complex in Utah.

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. (Unless otherwise specified, the following discussion of the results of operations for the three months ended March 31, 2020 and 2019 excludes operating results relating to Pennyriple. The Pennyriple operating results are recorded as discontinued operations in our unaudited condensed consolidated statements of operations.)

The following table sets forth certain information regarding our revenues, operating expenses, other income and expenses, and operational data for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31,		Increase/(Decrease)	
	2020	2019	\$	% *
(in millions, except per ton data and %)				
Statement of Operations Data:				
Coal revenues	\$ 37.3	\$ 44.9	\$ (7.6)	(16.8)%
Other revenues	0.2	0.8	(0.6)	(79.2)%
Total revenues	37.5	45.7	(8.2)	(18.0)%
Costs and expenses:				
Cost of operations (exclusive of DD&A shown separately below)	36.1	40.2	(4.1)	(10.2)%
Freight and handling costs	1.0	1.2	(0.2)	(9.9)%
Depreciation, depletion and amortization	3.9	3.5	0.4	13.1%
Selling, general and administrative (exclusive of DD&A shown separately above)	4.2	2.7	1.5	52.9%
Loss on sale/disposal of assets	0.1	0.2	(0.1)	(71.8)%
Loss from operations	(7.8)	(2.1)	(5.7)	279.5%
Interest expense and other	(2.1)	(1.7)	(0.4)	21.8%
Interest income and other	-	-	-	n/a
Total interest and other (income) expense	(2.1)	(1.7)	(0.4)	21.8%
Net (loss) from continuing operations	(9.9)	(3.8)	(6.1)	163.1%
Net (loss) from discontinued operations	(0.1)	(3.5)	3.4	(97.8)%
Net (loss)	\$ (10.0)	\$ (7.3)	(2.7)	37.2%
Total tons sold (in thousands except %)	645.8	748.0	(102.2)	(13.7)%
Coal revenues per ton	\$ 57.78	\$ 59.97	\$ (2.19)	(3.7)%
Cost of operations per ton	\$ 55.94	\$ 53.76	\$ 2.18	4.1%
Other Financial Data				
Adjusted EBITDA from continuing operations	\$ (3.9)	\$ 2.1	\$ (6.0)	(284.2)%
Adjusted EBITDA from discontinued operations	\$ (0.4)	\$ (1.5)	\$ 1.1	(71.0)%
Adjusted EBITDA	\$ (4.3)	\$ 0.6	\$ (4.9)	(754.2)%

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

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

Revenues. Our coal revenues for the three months ended March 31, 2020 decreased by approximately \$7.6 million, or 16.8%, to approximately \$37.3 million from approximately \$44.9 million for the three months ended March 31, 2019. Coal revenues per ton was \$57.78 for the three months ended March 31, 2020, a decrease of \$2.19 or 3.7%, from \$59.97 per ton for the three months ended March 31, 2019. The decrease in coal revenues was primarily the result of fewer tons sold at our Central Appalachia operations due to ongoing weak market demand for our steam and metallurgical coal. The decrease in coal revenues per ton was due to a larger mix of lower price coal sold during the three months ended March 31, 2020 compared to the same period in 2019.

Cost of Operations. Total cost of operations decreased by \$4.1 million or 10.2% to \$36.1 million for the three months ended March 31, 2020 as compared to \$40.2 million for the three months ended March 31, 2019. Our cost of operations per ton was \$55.94 for the three months ended March 31, 2020, an increase of \$2.18, or 4.1%, from the three months ended March 31, 2019. The decrease in total cost of operations was primarily due to fewer tons produced and sold from our Central Appalachia operations during the first quarter of 2020 compared to the same period in 2019. We also temporarily idled production activities at many of our mining operations in response to the coronavirus pandemic during March 2020.

Freight and Handling. Total freight and handling cost decreased to \$1.0 million for the three months ended March 31, 2020 from approximately \$1.2 million for the three months ended March 31, 2019. The decrease in freight and handling costs was primarily the result of fewer export sales that require us to pay railroad transportation to the port of export during the first quarter of 2020.

Depreciation, Depletion and Amortization ("DD&A"). Total DD&A expense for the three months ended March 31, 2020 was \$3.9 million as compared to \$3.5 million for the three months ended March 31, 2019.

For the three months ended March 31, 2020, our depreciation expense was \$3.2 million and for the three months ended March 31, 2019 it was \$2.5 million. The increase in depreciation expense was primarily the result of additional equipment placed in service at our Jewell Valley operation.

For the three months ended March 31, 2020 and 2019, our depletion expense was \$0.3 million and \$0.4 million, respectively. The decrease in the depletion expense was primarily due to the decrease in tons of coal sold during the first quarter of 2020 compared to the same period in 2019.

For the three months ended March 31, 2020 and 2019 our amortization expense was \$0.4 million and \$0.6 million, respectively. The decrease was primarily the result of decreased production during the first quarter of 2020.

Selling, General and Administrative. SG&A expense for the three months ended March 31, 2020 increased to \$4.2 million as compared to \$2.7 million for the three months ended March 31, 2019 as we experienced an increase in corporate legal and outside professional expenses.

Interest Expense. Interest expense for the three months ended March 31, 2020 increased to \$2.1 million as compared to \$1.7 million for the three months ended March 31, 2019. This increase was primarily due to a higher average outstanding debt balance during the three months ended March 31, 2020 compared to the same period in 2019.

Net Income/Loss. Net loss was \$9.9 million for the three months ended March 31, 2020 compared to net loss of \$3.8 million for the three months ended March 31, 2019. The increase in net loss was primarily due to the decrease in coal revenue and an increase in SG&A as discussed above.

Adjusted EBITDA. Adjusted EBITDA from continuing operations decreased by \$6.0 million for the three months ended March 31, 2020 to \$(3.9) million from \$2.1 million for the three months ended March 31, 2019. The decrease was primarily due to the increase in net loss for the three months ended March 31, 2020 as discussed above. Including net loss from discontinued operations of approximately \$0.1 million, our net loss was \$10.0 million and Adjusted EBITDA was \$(4.3) million for the three months ended March 31, 2020. Including net loss from discontinued operations of approximately \$3.5 million, which related to Pennyrile, our net loss was \$7.3 million and Adjusted EBITDA was \$0.6 million for the three months ended March 31, 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 March 31, 2020 and 2019:

Central Appalachia	Three months ended March 31,		Increase/(Decrease)	
	2020	2019	\$	% *
	(in millions, except per ton data and %)			
Coal revenues	\$ 21.2	\$ 30.1	\$ (8.9)	(29.5)%
Freight and handling revenues	-	-	-	n/a
Other revenues	0.1	0.3	(0.2)	(83.1)%
Total revenues	21.3	30.4	(9.1)	(30.1)%
Coal revenues per ton	\$ 77.86	\$ 77.29	\$ 0.57	0.7%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	24.0	26.6	(2.6)	(9.7)%
Freight and handling costs	0.3	0.7	(0.4)	(48.4)%
Depreciation, depletion and amortization	2.4	1.9	0.5	(26.4)%
Selling, general and administrative costs	0.1	0.1	-	75.9%
Cost of operations per ton	\$ 88.27	\$ 68.37	\$ 19.90	29.1%
Net (loss)/income from continuing operations	(5.6)	1.2	(6.8)	(577.4)%
Adjusted EBITDA from continuing operations	(3.2)	3.1	(6.3)	(205.3)%
Tons sold (in thousands except %)	272.4	389.3	(116.9)	(30.0)%

* 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 30.0% for the three months ended March 31, 2020 compared to the three months ended March 31, 2019 primarily due to weakness in the met and steam coal markets, which has resulted in some of our customers pushing out shipments to a future date. We also had some uncontracted tons in Central Appalachia and we were unable to sell the coal on the spot market due to weak market demand.

Coal revenues decreased by approximately \$8.9 million, or 29.5%, to approximately \$21.2 million for the three months ended March 31, 2020 from approximately \$30.1 million for the three months ended March 31, 2019. The decrease in coal revenues was due to a decrease in tons sold from our Central Appalachia operations during the first quarter of 2020 compared to 2019. Coal revenues per ton for our Central Appalachia segment increased by \$0.57, or 0.7%, to \$77.86 per ton for the three months ended March 31, 2020 as compared to \$77.29 for the three months ended March 31, 2019. The increase in coal revenues per ton was primarily due to a higher mix of met coal tons sold during the three months ended March 31, 2020 compared to 2019.

Cost of operations decreased by \$2.6 million, or 9.7%, to \$24.0 million for the three months ended March 31, 2020 from \$26.6 million for the three months ended March 31, 2019. The decrease in cost of operations was primarily due to fewer tons produced and sold during the third quarter of 2020 compared to the same period in 2019. Our cost of operations per ton of \$88.27 for the three months ended March 31, 2020 increased 29.1% compared to \$68.37 per ton for the three months ended March 31, 2019. Cost of operations per ton increased as fixed costs were allocated to fewer tons sold from our Central Appalachia operations during the first quarter of 2020.

Total freight and handling cost was \$0.3 million for the three months ended March 31, 2020, which was a decrease of \$0.4 million from the three months ended March 31, 2019. The decrease in freight and handling costs was primarily the result of fewer export sales during the first quarter of 2020 that require us to pay railroad transportation to the port of export.

For our Central Appalachia segment, net loss was approximately \$5.6 million for the three months ended March 31, 2020 compared to net income of \$1.2 million for the three months ended March 31, 2019. The decrease in net income was primarily the result of the decrease in revenue resulting from fewer sales during the first quarter of 2020 compared to the same period in 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 three months ended March 31, 2020 and 2019, is presented below. Note that our Northern Appalachia and Rhino Western segments currently produce and sell only steam coal.

(In thousands, except per ton data and %)	Three months ended March 31, 2020	Three months ended March 31, 2019	Increase (Decrease) %*
Met coal tons sold	161.6	149.1	8.4%
Steam coal tons sold	110.8	240.2	(53.9)%
Total tons sold	272.4	389.3	(30.0)%
Met coal revenue	\$ 15,808	\$ 16,698	(5.3)%
Steam coal revenue	\$ 5,405	\$ 13,389	(59.6)%
Total coal revenue	\$ 21,213	\$ 30,087	(29.5)%
Met coal revenues per ton	\$ 97.82	\$ 111.98	(12.7)%
Steam coal revenues per ton	\$ 48.77	\$ 55.75	(12.5)%
Total coal revenues per ton	\$ 77.86	\$ 77.29	0.8%
Met coal tons produced	140.0	122.5	14.3%
Steam coal tons produced	142.3	308.8	(53.9)%
Total tons produced	282.3	431.3	(34.5)%

Northern Appalachia

	Three months ended March 31,		Increase/(Decrease)	
	2020	2019	\$	% *
(in millions, except per ton data and %)				
Coal revenues	\$ 7.4	\$ 6.1	\$ 1.3	22.2%
Freight and handling revenues	-	-	-	n/a
Other revenues	0.1	0.5	(0.4)	(81.4)%
Total revenues	7.5	6.6	0.9	13.5%
Coal revenues per ton	\$ 50.26	\$ 50.19	\$ 0.07	0.1%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	6.3	6.8	(0.5)	(7.8)%
Freight and handling costs	0.7	0.5	0.2	44.8%
Depreciation, depletion and amortization	0.5	0.4	0.1	29.9%
Selling, general and administrative costs	-	-	-	n/a
Cost of operations per ton	\$ 42.77	\$ 56.60	\$ (13.83)	(24.4)%
Net (loss) from continuing operations	-	(1.1)	1.1	(97.7)%
Adjusted EBITDA from continuing operations	0.5	(0.7)	1.2	(170.5)%
Tons sold (in thousands except %)	147.5	120.8	26.7	22.0%

* 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 22.0% for the three months ended March 31, 2020 compared to the three months ended March 31, 2019 as we experienced increased demand for coal from this region.

Coal revenues were approximately \$7.4 million for the three months ended March 31, 2020, an increase of approximately \$1.3 million, or 22.2%, from approximately \$6.1 million for the three months ended March 31, 2019. The increase in coal revenues was primarily due to the increase in tons of coal sold from our Hopedale operations during the first quarter of 2020. Coal revenues per ton were relatively flat at \$50.26 for the three months ended March 31, 2020 as compared to \$50.19 for the three months ended March 31, 2019.

Cost of operations decreased by \$0.5 million, or 7.8%, to \$6.3 million for the three months ended March 31, 2020 from \$6.8 million for the three months ended March 31, 2019. Our cost of operations per ton was \$42.77 for the three months ended March 31, 2020, a decrease of \$13.83, or 24.4%, compared to \$56.60 for the three months ended March 31, 2019. Cost of operations per ton decreased primarily as the result of fixed costs being allocated to more tons sold from our Hopedale operation in the first quarter of 2020 compared to the same period in 2019 as well as improved mining conditions in the first quarter of 2020.

Net loss in our Northern Appalachia segment was \$26,000 for the three months ended March 31, 2020 compared to net loss of \$1.1 million for the three months ended March 31, 2019. The decrease in net loss was primarily due to the increase in coal sales revenue during the current period.

Rhino Western

	Three months ended March 31,		Increase/(Decrease)	
	2020	2019	\$	% *
	(in millions, except per ton data and %)			
Coal revenues	\$ 8.7	\$ 8.7	\$ -	(0.2)%
Freight and handling revenues	-	-	-	n/a
Other revenues	-	-	-	n/a
Total revenues	8.7	8.7	-	(0.2)%
Coal revenues per ton	\$ 38.47	\$ 36.61	\$ 1.86	5.1%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	6.5	7.2	(0.7)	(10.6)%
Freight and handling costs	-	-	-	n/a
Depreciation, depletion and amortization	1.0	1.1	(0.1)	(11.1)%
Selling, general and administrative costs	-	-	-	n/a
Cost of operations per ton	\$ 28.58	\$ 30.35	\$ (1.77)	(5.8)%
Net income/(loss) from continuing operations	1.2	(0.3)	1.5	(469.6)%
Adjusted EBITDA from continuing operations	2.2	1.5	0.7	52.8%
Tons sold (in thousands except %)	225.9	237.9	(12.0)	(5.0)%

* 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 5.0% for the three months ended March 31, 2020 compared to the same period in 2019 primarily due to a decrease in demand for coal from this region.

Coal revenues remained flat at approximately \$8.7 million for the three months ended March 31, 2020 and 2019. Coal revenues per ton for our Rhino Western segment increased by \$1.86 or 5.10% to \$38.47 per ton for the three months ended March 31, 2020 as compared to \$36.61 per ton for the three months ended March 31, 2019. The increase in coal revenues per ton was primarily due to higher contracted sale prices.

Cost of operations decreased by \$0.7 million, or 10.6%, to \$6.5 million for the three months ended March 31, 2020 from \$7.2 million for the three months ended March 31, 2019. Our cost of operations per ton was \$28.58 for the three months ended March 31, 2020, a decrease of \$1.77, or 5.8%, compared to \$30.35 for the three months ended March 31, 2019. Total cost of operations decreased for the three months ended March 31, 2020 compared to the same period in 2019 due to a decrease in operating costs at our Castle Valley mine operation.

Net income in our Rhino Western segment was \$1.2 million for the three months ended March 31, 2020, compared to a net loss of \$0.3 million for the three months ended March 31, 2019. 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 first quarter of 2020.

Other	Three months ended March 31,		Increase/(Decrease)	
	2020	2019	\$	% *
	(in millions, except per ton data and %)			
Coal revenues	\$ -	\$ -	n/a	n/a
Freight and handling revenues	-	-	n/a	n/a
Other revenues	-	-	n/a	n/a
Total revenues	-	-	-	n/a
Coal revenues per ton**	n/a	n/a	n/a	n/a
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	(0.7)	(0.4)	(0.3)	(48.1)%
Freight and handling costs	-	-	-	n/a
Depreciation, depletion and amortization	-	0.1	(0.1)	(100.0)%
Selling, general and administrative costs	4.1	2.6	1.5	54.5%
Cost of operations per ton**	n/a	n/a	n/a	n/a
Net (loss) from continuing operations	(5.5)	(3.6)	(1.9)	(55.7)%
Adjusted EBITDA from continuing operations	(3.4)	(1.8)	(1.6)	97.0%
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 \$5.5 million for the three months ended March 31, 2020 as compared to net loss of \$3.6 million for the three months ended March 31, 2019. The increase in net loss was primarily the result of an increase to selling, general and administrative costs during the first quarter of 2020 compared to the same period in 2019.

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 March 31, 2020	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total
	(in millions)					
Net (loss)/income from continuing operations	\$ (5.6)	\$ -	\$ 1.2	\$ -	\$ (5.5)	\$ (9.9)
Plus:						
DD&A	2.4	0.5	1.0	-	-	3.9
Interest expense	-	-	-	-	2.1	2.1
EBITDA from continuing operations†	<u>\$ (3.2)</u>	<u>\$ 0.5</u>	<u>\$ 2.2</u>	<u>\$ -</u>	<u>\$ (3.4)</u>	<u>\$ (3.9)</u>
Adjusted EBITDA from continuing operations	(3.2)	0.5	2.2	-	(3.4)	(3.9)
Plus: Adjusted EBITDA from discontinued operations	-	-	-	(0.4)	-	(0.4)
Adjusted EBITDA	<u>\$ (3.2)</u>	<u>\$ 0.5</u>	<u>\$ 2.2</u>	<u>\$ (0.4)</u>	<u>\$ (3.4)</u>	<u>\$ (4.3)</u>
Three months ended March 31, 2019	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total
	(in millions)					
Net income/(loss) from continuing operations	\$ 1.2	\$ (1.1)	\$ (0.3)	\$ -	\$ (3.6)	\$ (3.8)
Plus:						
DD&A	1.9	0.4	1.1	-	0.1	3.5
Interest expense	-	-	-	-	1.7	1.7
EBITDA from continuing operations†	<u>\$ 3.1</u>	<u>\$ (0.7)</u>	<u>\$ 0.8</u>	<u>\$ -</u>	<u>\$ (1.8)</u>	<u>\$ 1.4</u>
Plus: Loss from sale of non-core asset (1)	-	-	0.7	-	-	0.7
Adjusted EBITDA from continuing operations†	<u>\$ 3.1</u>	<u>\$ (0.7)</u>	<u>\$ 1.5</u>	<u>\$ -</u>	<u>\$ (1.8)</u>	<u>\$ 2.1</u>
Plus: Adjusted EBITDA from discontinued operations	-	-	-	(1.5)	-	(1.5)
Adjusted EBITDA	<u>\$ 3.1</u>	<u>\$ (0.7)</u>	<u>\$ 1.5</u>	<u>\$ (1.5)</u>	<u>\$ (1.8)</u>	<u>\$ 0.6</u>

	For the Three Months Ended March 31,	
	2020	2019
	(in millions)	
Net cash (used in)/provided by operating activities	\$ (3.0)	\$ 0.5
Plus:		
Interest expense	2.1	1.7
Adjustment on impairment of assets (1)	0.3	-
Less:		
Decrease in net operating assets	2.1	0.7
Amortization of advance royalties	0.1	0.4
Amortization of debt discount	-	0.1
Amortization of debt issuance costs	0.8	0.5
Loss on sale of assets	-	0.2
Loss on retirement of advance royalties	-	0.1
Accretion on asset retirement obligations	0.4	0.3
EBITDA†	(4.0)	(0.1)
Plus: Loss from sale of non-core assets (2)	-	0.7
Less: Adjustment on impairment of assets (1)	(0.3)	-
Adjusted EBITDA	(4.3)	0.6
Less: Adjusted EBITDA from discontinued operations	(0.4)	(1.5)
Adjusted EBITDA from continuing operations	<u>\$ (3.9)</u>	<u>\$ 2.1</u>

(1) During the three months ended March 31, 2020, we finalized the Pennyrile APA. The final adjustments included us retaining certain equipment originally included in the assets to be sold to the Buyer, which resulted in a \$0.3 million favorable adjustment to the impairment loss originally recorded by us in the third quarter of 2019.

(2) During the three months ended March 31, 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 \$0.7. 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 March 31, 2020, our available liquidity was \$1.3 million. We also have a delayed draw term loan commitment in the amount of \$22 million contingent upon the satisfaction of certain conditions precedent specified in the Financing Agreement.

On December 27, 2017, we entered into a Financing Agreement, which provides 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 was 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 a \$40 million additional commitment that was contingent upon the satisfaction of certain conditions precedent specified in the Financing Agreement ("Delayed Draw Term Loan Commitment"). As of March 31, 2020, we had utilized \$18 million of the \$40 million additional commitment, which results in \$22 million of the additional commitment remaining. The Financing Agreement initially had a termination date of December 27, 2020, which was amended to December 27, 2022. Please read below for more information about our Financing Agreement.

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.

Beginning in the later part of the third quarter of 2019, we have experienced significantly weaker market demand and have seen prices move lower for the qualities of met and steam coal we produce. This downward price trend has been exacerbated by the recent coronavirus pandemic. In response to this reduced demand and to the significant health threats to our employees, on March 20, 2020, we temporarily idled production at several of our mines. We have since restarted production at the majority of our operations. We will continue to monitor conditions to ensure the health and welfare of our employees. The idling of the coal production activities did not affect our ability to fulfill current customer commitments, as loading and shipping crews remained in place to ship coal from existing inventories.

If we continue to experience weak demand and prices continue to lower for our met and steam coal, we may not be able to continue to give the required representations or meet all of the covenants and restrictions included in our Financing Agreement. If we violate any of the covenants or restrictions in our Financing Agreement, including the fixed-charge coverage ratio, some or all of our indebtedness may become immediately due and payable, and our Lenders may not be willing to make any loans under the additional commitment available under our Financing Agreement. If we are unable to give a required representation or we violate a covenant or restriction, then we will need a waiver from our Lenders under our Financing Agreement, or they may declare an event of default and, after applicable specified cure periods, all amounts outstanding under the Financing Agreement would become immediately due and payable. Although we believe our Lenders are well secured under the terms of our Financing Agreement, there is no assurance that the Lenders would agree to any such waiver. Failure to obtain financing or to generate sufficient cash flow from operations could cause us to further curtail our operations and reduce spending and alter our business plan. We are currently considering alternatives to address our liquidity and balance sheet issues, such as selling additional assets or seeking merger opportunities, and depending on the urgency of our liquidity constraints, we may be required to pursue such an option at an inopportune time.

As of March 31, 2020, we were unable to demonstrate that we have sufficient liquidity to operate our business over the next twelve months from the date of filing this Form 10-Q and thus substantial doubt is raised about our ability to continue as a going concern. Our independent registered public accounting firm included an emphasis paragraph with respect to our ability to continue as a going concern in its report on our consolidated financial statements for the year ended December 31, 2019. The presence of the going concern emphasis paragraph in our auditors' report may have an adverse impact on our relationship with third parties with whom we do business, including our customers, vendors, lenders and employees, making it difficult to raise additional financing to the extent needed to conduct normal operations. As a result, our business, results of operations, financial condition and prospects could be materially adversely affected.

We evaluated our Financing Agreement at March 31, 2020 to determine whether the debt liability should be classified as a long-term or current liability on our unaudited condensed consolidated statements of financial position. We determined that we were in violation of certain debt covenants in the Financing Agreement as of March 31, 2020 and the Lenders were unwilling to grant a waiver to us for these events of default as of the filing date of this Form 10-Q. The Financing Agreement contains negative covenants that restrict our ability to, among other things, permit the trailing nine month fixed charge coverage ratio of us and our subsidiaries to be less than 1.20 to 1.00. The Financing Agreement also requires us to receive an annual unqualified audit opinion from our external audit firm that does not include an emphasis paragraph on our ability to continue as a going concern. As of March 31, 2020, our fixed charge coverage ratio was less than 1.20 to 1.00 and our annual report on Form 10-K for 2019 includes an audit opinion from our external auditors that includes an emphasis paragraph regarding our ability to continue as a going concern. Based upon these covenant violations, our debt liability is currently callable by the Lenders and the debt liability is classified as current.

Debt issuance costs related to the debt liability have also been classified as current. However, since we are currently in negotiations with our Lenders, we have not changed the amortization period of these costs. Included in debt costs are the exit fees described below, which absent a waiver, are also callable with the accompanying debt as of March 31, 2020.

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 \$3.0 million for the three months ended March 31, 2020 as compared to net cash provided by operating activities of \$0.5 million for the three months ended March 31, 2019. This decrease in cash provided by operating activities was the result of a higher net loss during the three months ended March 31, 2020.

Net cash provided by investing activities was \$4.2 million for the three months ended March 31, 2020 as compared to net cash provided by investing activities of \$1.7 million for the three months ended March 31, 2019. The increase in cash provided by investing activities was primarily due to an increase in proceeds from the sale of assets during the three months ended March 31, 2020 compared to the same period in 2019.

Net cash provided by financing activities was \$0.4 million for the three months ended March 31, 2020 and net cash used in financing activities was \$4.2 million for the three months ended March 31, 2019. Net cash provided by financing activities for the three months ended March 31, 2020 was primarily attributable to proceeds from our Financing Agreement. Net cash used in financing activities for the three months ended March 31, 2019 was primarily attributable to repayments on our Financing Agreement and by the 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 three months ended March 31, 2020 were approximately \$0.9 million. This amount was primarily used to rebuild, repair or replace older mining equipment. Expansion capital expenditures for the three months ended March 31, 2020 were approximately \$0.7 million, which were primarily related to development costs at our Blackjewel mine.

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. We have accrued \$1.2 million for distributions to holders of the Series A preferred units for the year ended December 31, 2019 and \$0.3 million for the three months ended March 31, 2020.

Financing Agreement

On December 27, 2017, we entered into a Financing Agreement, which provides 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 was divided into a \$40 million commitment, the conditions of which were satisfied at the execution of the Financing Agreement and a \$40 million additional commitment that was contingent upon the satisfaction of certain conditions precedent specified in the Financing Agreement. As of March 31, 2020, we had utilized \$18 million of the \$40 million additional commitment, which results in \$22 million of the additional commitment remaining. The Financing Agreement 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 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 nine month Fixed Charge Coverage Ratio of the Partnership and its subsidiaries to be less than 1.20 to 1.00.

The Lenders are entitled to certain fees, including: (i) 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 (“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 Partnership, and (iii) audit and collateral monitoring fees and origination and exit fees. Commencing December 31, 2018, the principal for each loan made under the Financing Agreement is payable on a quarterly basis in an amount equal to \$375,000 per quarter. All remaining unpaid principal and accrued and unpaid interest is due on the loan termination date. The Financing Agreement originally had a termination date of December 27, 2020, which was amended to December 27, 2022. Loans made pursuant to the Financing Agreement are secured by substantially all of our assets.

We entered into various amendments and consents to the Financing Agreement during 2018 and 2019, which (a) increased the original lender exit fee (“Exit Fee”) of 3.0% to 7.0% as of December 31, 2019. The Exit Fee is applied to the principal amount of the loans made under the Financing Agreement that is payable on the earliest of (i) the final maturity date of the Financing Agreement, (ii) the termination date of the Financing Agreement, (iii) 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 (iv) the date of any refinancing of the term loan under the Financing Agreement, (b) modified certain definitions and concepts to account for our 2019 acquisition of properties with Blackjewel, (c) permitted the 2019 disposition of the Pennyrile mining complex, (d) required us to pay a \$1.0 million consent fee related to the Pennyrile sale (paid March 2020), (e) allowed us to sell certain real property in Western Colorado and adjusted the timing for remittance to the Lender of the sale proceeds, (f) provided \$15.0 million in additional terms loans under the Delayed Draw Term Loan Commitment feature of the Financing Agreement, (g) revised the definition of the Make-Whole Amount under the Financing Agreement to extend the date of the Make-Whole Amount period to December 31, 2021 and (h) extended the termination date of the Financing Agreement to December 27, 2022.

On March 3, 2020, we entered into the Sixth Amendment to the Financing Agreement, which among other things, provided us with a \$3.0 million term loan under the Delayed Draw Term Loan Commitment feature of the Financing Agreement and increased the Exit Fee payable to the Lenders upon the maturity date (or earlier termination or acceleration date) by 1.0% to a total of 8.0%.

The following table presents the loan balances and applicable interest rates for each term loan made under the Financing Agreement as of March 31, 2020:

Loan Date	Loan Balance (in millions)	Interest rate*
12/27/2017	\$ 27.2	10.99%
8/16/2019	\$ 5.0	11.20%
9/16/2019	\$ 5.0	10.86%
3/3/2020	\$ 3.0	11.52%

* Variable interest rate of Libor plus 10.0%

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to off-balance sheet arrangements that 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 unaudited condensed consolidated balance sheet, 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 March 31, 2020, we had \$7.9 million in cash collateral held by third-parties of which \$3.0 million serves as collateral for approximately \$41.3 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 \$41.3 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 buyer 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, 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 to the agreements governing the sales of this entity, we may not be successful in obtaining any indemnity or any amounts received may be inadequate.

Certain surety bonds for Sands Hill Mining LLC had not been transferred or replaced by the buyer of Sands Hill Mining LLC as was agreed to when we sold Sands Hill Mining LLC to the buyer in November 2017. On July 9, 2019, we entered into an agreement with a third party for the replacement of our existing surety bond obligations with respect to Sands Hill Mining LLC. We agreed to pay the third party \$2.0 million to assume our surety bond obligations related to Sands Hill Mining LLC. At the time of closing, the third party delivered to us confirmation from its surety underwriter evidencing the release and removal of us, our affiliates and guarantors, from the surety bond obligations and all related obligations under our 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.

We had no letters of credit outstanding as of March 31, 2020.

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, 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 7 of the notes to the unaudited condensed consolidated financial statements for further discussion of the standard and the related disclosures. There have been no other significant changes in these policies and estimates as of March 31, 2020

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 March 31, 2020 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 March 31, 2020 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.

Yorktown and Weston Litigation

On May 3, 2019, we (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 “Yorktown Litigation”).

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”), 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 the Partnership’s 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.

The Yorktown entities filed an answer to the lawsuit on May 31, 2019, followed by a Motion for Judgment on the Pleadings and Motion to Dismiss. A hearing was scheduled to be held on the Motion for Judgment on the Pleadings on April 7, 2020. Due to the COVID-19 pandemic situation, the hearing was postponed and will be scheduled for a later date that has yet to be determined.

On November 7, 2019, Weston filed a claim in the Court of Chancery of the State of Delaware against us. Weston holds 1,500,000 Series A preferred units representing limited partner interests in us (“Series a Preferred Units”). The claims allege that we breached certain representations, covenants and rights contained in our Fourth Amended and Restated Limited Partnership Agreement and the purchase agreement relating to the sale of the Series A Preferred Units to Weston, as a result of us (i) effecting the previously reported \$7 million settlement with a third party in June 2019, which allowed the third party to maintain certain pipelines pursuant to designated permits at our Central Appalachia operations, without Weston’s consent, and (ii) refusing to distribute what Weston, as a holder of Series A Preferred Units, claims is its pro rata share of such settlement. We believe these claims are without merit and intend to vigorously defend against them.

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, 2019, 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, 2019. 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.

Our results of operations will be negatively impacted by the coronavirus pandemic.

To date, the current and anticipated economic impact of the COVID-19 pandemic, including the actions of governments and countries here in the United States and around the world designed to decrease the spread of the virus, have caused significant declines in demand for met and steam coal. In response to this reduced demand and to the significant health threats to our employees, on March 20, 2020, we temporarily idled production at several of our mines. We will continue to monitor conditions to ensure the health and welfare of our employees. We do not expect the idling of the coal production activities will affect our ability to fulfill current customer commitments, as loading and shipping crews will remain in place to ship coal from existing inventories.

If the impact of the COVID-19 pandemic, including the significant decrease in economic activity, continue for an extended period of time or worsen, it could further reduce the demand for met and steam coal, which would have a material adverse effect on our business, financial condition, cash flows and results of operations.

In addition, while our business operations have not been significantly restricted by the response to the COVID-19 pandemic from various governmental agencies, which exempt or exclude essential critical infrastructure businesses from various restrictions they impose (other than encouraging remote work where possible), the spread of COVID-19 has caused us to modify our business practices (including requiring remote working where possible, restricting employee travel and congregation of onsite personnel, and increased frequency of cleaning schedules), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers or other stakeholders or the communities in which we operate. Such measures may disrupt our normal operations, and there is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19 or will not adversely impact our business or results of operations.

As a result of prolonged adverse conditions in the coal industry and our business, we are currently evaluating several strategic options to enhance our ability to generate liquidity and service our debt, as well as meet our financial covenants under the Financing Agreement on an ongoing basis. To the extent these options are not successful, we may pursue a court-supervised reorganization under Chapter 11.

The Partnership is currently exploring alternatives for other sources of capital for ongoing liquidity needs and transactions to enhance its ability to comply with its financial covenants, and is working to improve its operating performance and its cash, liquidity and financial position. This includes pursuing the sale of non-strategic surplus assets, continuing to drive cost improvements across the company, continuing to negotiate alternative payment terms with creditors, and obtaining waivers of going concern and financial covenant violations under our Financing Agreement. To the extent that these options are not successful or adequate to address our liquidity needs or our ability to meet our Financing Agreement covenants on an ongoing basis, we may pursue a court-supervised reorganization under Chapter 11.

A bankruptcy proceeding could have a material adverse effect on our business, financial condition, results of operations and liquidity. It is impossible for us to predict with certainty the amount of time needed to complete a potential Chapter 11 proceeding. For as long as a Chapter 11 proceeding were to continue, our senior management would be required to spend a significant amount of time and effort dealing with the reorganization as well as focusing on our business operations. A Chapter 11 proceeding may involve significant additional professional fees and expenses and create additional liquidity needs for our business. A bankruptcy proceeding also could make it more difficult to retain management and other key personnel necessary to the success of our business. In addition, while we are in a bankruptcy proceeding, our customers and suppliers may lose confidence in our ability to reorganize our business successfully and could seek to establish other commercial relationships, particularly if the process is prolonged.

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 March 31, 2020 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.
10.1	Sixth Amendment to Financing Agreement dated as of March 2, 2020, by and among Rhino Resource Partners LP, as Parent, Rhino Energy LLC and each subsidiary of Rhino Energy listed as a borrower on the signature pages thereto, as Borrowers, Parent and each subsidiary of Parent listed as a guarantor on the signature pages thereto, as Guarantors, the lenders from time to time party thereto, as Lenders, Cortland Capital Market Services LLC, as Collateral Agent and Administrative Agent and CB Agent Services LLC, as Origination Agent, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-34892) filed on March 6, 2020.
10.2	Promissory Note dated April 22, 2020, by and between Rhino Energy LLC and Blue Ridge Bank, NA, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-34892) filed on April 28, 2020.
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.

** Schedules and similar attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Partnership will provide a copy of any omitted schedule or similar attachments to the Securities and Exchange Commission upon request.



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: May 22, 2020

By: /s/ Richard A. Boone

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

Date: May 22, 2020

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.

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: _____

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: _____

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: May 22, 2020

/s/ Richard A. Boone

Richard A. Boone
President, Chief Executive Officer and Director

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: May 22, 2020

/s/ W. Scott Morris

W. Scott Morris

Senior Vice President and Chief Financial Officer

**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 March 31, 2020 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: May 22, 2020

/s/ Richard A. Boone

Richard A. Boone

President, Chief Executive Officer and Director

**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 March 31, 2020 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: May 22, 2020

/s/ W. Scott Morris

W. Scott Morris

Senior Vice President and Chief Financial Officer

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 March 31, 2020, 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, or (b) a pattern of violations of mandatory health or safety standards under section 104(e) of the Mine Act. In addition, none of our subsidiaries suffered any mining related fatalities during the three months ended March 31, 2020.

The following table sets out information required by the Dodd-Frank Act for the three months ended March 31, 2020. 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 March 31, 2020 as well as total pending legal actions that were pending before the Commission as of March 31, 2020, 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 March 31, 2020

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	7	0	0	0	0	\$ 7,623	1	0	0	
	Nelms Plant	33-04187	0	0	0	0	0	\$ 0	0	0	0	
CAM/Deane Mining LLC	Mine #28	15-18911	8	0	0	0	0	\$ 20,230	2	2	2	
	Three Mile Mine #1	15-17659	0	0	0	0	0	\$ 0	0	0	0	
	Right Fork-Rob Fork Contour	15-18977	0	0	0	0	0	\$ 0	0	0	0	
	Grapevine South	46-08930	1	0	0	0	0	\$ 0	2	0	0	
	Remining No. 3	46-09345	2	0	0	0	0	\$ 123	1	0	0	
	Rob Fork Processing	15-14468	0	0	0	0	0	\$ 246	0	0	0	
	Jamboree Loadout	15-12896	1	0	0	0	0	\$ 322	0	0	0	
	CAM Highwall Miner	46-09545	0					\$ 254				
	Mill Creek Prep Plant	15-16577	0	0	0	0	0	\$ 0	0	0	0	
	Tug Fork Plant	46-08626	0	0	0	0	0	\$ 369	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	
	Rhino Eastern LLC	Eagle #1	4608758	0	0	0	0	0	\$ -	0	0	0
		Eagle #3	4609427	0	0	0	0	0	\$ -	0	0	0
Pennyrile Energy LLC	Riveredge Mine	15-19424	0	0	0	0	0	\$ 0	3	1	1	
	Riveredge Surface Ops	15-19749	0	0	0	0	0	\$ 0	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	\$ 1,813	0	0	1	
	Castle Valley Mine #4	42-02335	0	0	0	0	0	\$ 1,005	0	0	0	
	Bear Canyon Loading Facility	42-02395	0	0	0	0	0	\$ 123	0	0	0	
Jewell Valley Mining LLC	JV16 Mine	44-06748	2	0	0	0	0	\$ 2,307	0	0	0	
	JV17 Mine	44-07220	2	0	0	0	0	\$ 3,240	0	0	0	
	JV18 Mine	44-06499	0	0	0	0	0	\$ 123	0	0	0	
Total			<u>23</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ 37,778</u>	<u>9</u>	<u>3</u>	<u>4</u>	

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 March 31, 2020.

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 March 31, 2020 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: 0
- (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: 1