
**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 September 30, 2018

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 and posted on its corporate Web site, if any, 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 and post such files). Yes No

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 November 2, 2018, 13,098,353 common units, 1,145,743 subordinated units and 1,500,000 Series A preferred units were outstanding.

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Cautionary Note Regarding Forward-Looking Statements

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

Any differences could be caused by a number of factors, including, but not limited to: our ability to maintain adequate cash flow and to obtain financing necessary to fund our capital expenditures, meet working capital needs and maintain and grow our operations; our future levels of indebtedness and compliance with debt covenants; sustained depressed levels of or further decline in coal prices, which depend upon several factors such as the supply of domestic and foreign coal, the demand for domestic and foreign coal, governmental regulations, price and availability of alternative fuels for electricity generation and prevailing economic conditions; our ability to comply with the qualifying income requirement necessary to maintain our status as a partnership for U.S. federal income tax purposes; declines in demand for electricity and coal; current and future environmental laws and regulations, which could materially increase operating costs or limit our ability to produce and sell coal; extensive government regulation of mine operations, especially with respect to mine safety and health, which imposes significant actual and potential costs; difficulties in obtaining and/or renewing permits necessary for operations; a variety of operating risks, such as unfavorable geologic conditions, adverse weather conditions and natural disasters, mining and processing equipment unavailability, failures and unexpected maintenance problems and accidents, including fire and explosions from methane; poor mining conditions resulting from the effects of prior mining; the availability and costs of key supplies and commodities such as steel, diesel fuel and explosives; fluctuations in transportation costs or disruptions in transportation services, which could increase competition or impair our ability to supply coal; a shortage of skilled labor, increased labor costs or work stoppages; our ability to secure or acquire new or replacement high-quality coal reserves that are economically recoverable; material inaccuracies in our estimates of coal reserves and non-reserve coal deposits; existing and future laws and regulations regulating the emission of sulfur dioxide and other compounds, which could affect coal consumers and reduce demand for coal; federal and state laws restricting the emissions of greenhouse gases; our ability to acquire or failure to maintain, obtain or renew surety bonds used to secure obligations to reclaim mined property; our dependence on a few customers and our ability to find and retain customers under favorable supply contracts; changes in consumption patterns by utilities away from the use of coal, such as changes resulting from low natural gas prices; changes in governmental regulation of the electric utility industry; defects in title in properties that we own or losses of any of our leasehold interests; our ability to retain and attract senior management and other key personnel; material inaccuracy of assumptions underlying reclamation and mine closure obligations; and weakness in global economic conditions. Other factors that could cause our actual results to differ from our projected results are described elsewhere in (1) this Form 10-Q, (2) our Annual Report on Form 10-K for the year ended December 31, 2017, (3) our reports and registration statements filed from time to time with the Securities and Exchange Commission and (4) other announcements we make from time to time. In addition, we may be subject to unforeseen risks that may have a materially adverse effect on us. Accordingly, no assurances can be given that the actual events and results will not be materially different from the anticipated results described in the forward-looking statements.

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

PART I.—FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

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

	September 30, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,568	\$ 8,796
Restricted cash	-	7,116
Accounts receivable, net of allowance for doubtful accounts (\$0.3 million as of September 30, 2018 and -0- as of December 31, 2017)	25,410	20,386
Inventories	9,542	12,860
Advance royalties, current portion	852	495
Investment in available for sale securities	3,029	11,165
Prepaid expenses and other	3,663	2,891
Total current assets	<u>48,064</u>	<u>63,709</u>
PROPERTY, PLANT AND EQUIPMENT:		
At cost, including coal properties, mine development and construction costs	450,307	440,843
Less accumulated depreciation, depletion and amortization	(273,518)	(263,520)
Net property, plant and equipment	<u>176,789</u>	<u>177,323</u>
Advance royalties, net of current portion	7,837	7,901
Deposits - Workers' Compensation and Surety Programs	8,209	-
Investment in unconsolidated affiliates	-	130
Restricted cash	-	5,209
Other non-current assets	29,354	28,508
TOTAL	<u>\$ 270,253</u>	<u>\$ 282,780</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 18,661	\$ 9,329
Accrued expenses and other	10,516	11,186
Accrued preferred distributions	1,788	6,038
Current portion of long-term debt	7,595	5,475
Current portion of asset retirement obligations	498	498
Total current liabilities	<u>39,058</u>	<u>32,526</u>
NON-CURRENT LIABILITIES:		
Long-term debt, net of current portion	23,195	28,573
Asset retirement obligations, net of current portion	18,859	18,164
Other non-current liabilities	48,386	48,071
Total non-current liabilities	<u>90,440</u>	<u>94,808</u>
Total liabilities	<u>129,498</u>	<u>127,334</u>
COMMITMENTS AND CONTINGENCIES (NOTE 13)		
PARTNERS' CAPITAL:		
Limited partners	118,339	130,233
General partner	8,804	8,855
Preferred partners	15,000	15,000
Investment in Royal common stock (NOTE 11)	(4,126)	(4,126)
Common unit warrants	1,264	1,264
Accumulated other comprehensive income	1,474	4,220
Total partners' capital	<u>140,755</u>	<u>155,446</u>
TOTAL	<u>\$ 270,253</u>	<u>\$ 282,780</u>

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
REVENUES:				
Coal sales	\$ 71,866	\$ 56,266	\$ 180,383	\$ 161,820
Other revenues	699	420	1,906	1,098
Total revenues	<u>72,565</u>	<u>56,686</u>	<u>182,289</u>	<u>162,918</u>
COSTS AND EXPENSES:				
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	60,786	44,751	160,031	132,939
Freight and handling costs	5,848	1,237	8,225	1,832
Depreciation, depletion and amortization	5,629	5,060	16,733	16,037
Selling, general and administrative (exclusive of depreciation, depletion and amortization shown separately above)	2,785	2,663	8,281	8,419
(Gain) on sale/disposal of assets—net	(784)	(83)	(7,217)	(38)
Total costs and expenses	<u>74,264</u>	<u>53,628</u>	<u>186,053</u>	<u>159,189</u>
(LOSS)/INCOME FROM OPERATIONS	<u>(1,699)</u>	<u>3,058</u>	<u>(3,764)</u>	<u>3,729</u>
INTEREST AND OTHER EXPENSE/(INCOME):				
Interest expense	2,831	1,011	6,629	3,131
Interest income and other	-	(86)	(7)	(86)
Equity in net (income) of unconsolidated affiliates	-	-	-	(36)
Total interest and other expense	<u>2,831</u>	<u>925</u>	<u>6,622</u>	<u>3,009</u>
NET (LOSS)/INCOME BEFORE INCOME TAXES FROM CONTINUING OPERATIONS	(4,530)	2,133	(10,386)	720
INCOME TAXES	-	-	-	-
NET (LOSS)/INCOME FROM CONTINUING OPERATIONS	<u>(4,530)</u>	<u>2,133</u>	<u>(10,386)</u>	<u>720</u>
DISCONTINUED OPERATIONS (NOTE 3)				
Loss from discontinued operations	-	(461)	-	(787)
NET (LOSS)/INCOME	<u>(4,530)</u>	<u>1,672</u>	<u>(10,386)</u>	<u>(67)</u>
Other comprehensive (loss)/income:				
Fair market value adjustment for available-for-sale investment	(506)	(990)	3,874	1,030
Reclass for disposition	-	-	(6,621)	-
Total other comprehensive (loss)/income	<u>(506)</u>	<u>(990)</u>	<u>(2,747)</u>	<u>1,030</u>
COMPREHENSIVE (LOSS)/INCOME	<u>\$ (5,036)</u>	<u>\$ 682</u>	<u>\$ (13,133)</u>	<u>\$ 963</u>
General partner's interest in net (loss)/income:				
Net (loss)/income from continuing operations	\$ (24)	\$ 2	\$ (51)	\$ (15)
Net (loss) from discontinued operations	-	(1)	-	(3)
General partner's interest in net (loss)/income	<u>\$ (24)</u>	<u>\$ 1</u>	<u>\$ (51)</u>	<u>\$ (18)</u>
Common unitholders' interest in net (loss)/income:				
Net (loss)/income from continuing operations	\$ (5,228)	\$ 445	\$ (11,144)	\$ (3,088)
Net (loss) from discontinued operations	-	(420)	-	(715)
Common unitholders' interest in net (loss)/income:	<u>\$ (5,228)</u>	<u>\$ 25</u>	<u>\$ (11,144)</u>	<u>\$ (3,803)</u>
Subordinated unitholders' interest in net (loss)/income:				
Net (loss)/income from continuing operations	\$ (457)	\$ 42	\$ (979)	\$ (295)
Net (loss) from discontinued operations	-	(40)	-	(69)
Subordinated unitholders' interest in net (loss)/income:	<u>\$ (457)</u>	<u>\$ 2</u>	<u>\$ (979)</u>	<u>\$ (364)</u>
Preferred unitholders' interest in net income:				
Net income from continuing operations	\$ 1,179	\$ 1,644	\$ 1,788	\$ 4,118
Net income from discontinued operations	-	-	-	-
Preferred unitholders' interest in net income	<u>\$ 1,179</u>	<u>\$ 1,644</u>	<u>\$ 1,788</u>	<u>\$ 4,118</u>
Net (loss)/income per limited partner unit, basic:				
Common units:				
Net (loss)/income per unit from continuing operations	\$ (0.40)	\$ 0.03	\$ (0.86)	\$ (0.24)
Net (loss) per unit from discontinued operations	-	(0.03)	-	(0.05)
Net (loss) per common unit, basic	<u>\$ (0.40)</u>	<u>\$ -</u>	<u>\$ (0.86)</u>	<u>\$ (0.29)</u>
Subordinated units				
Net (loss)/income per unit from continuing operations	(0.40)	\$ 0.03	\$ (0.86)	\$ (0.24)

Net (loss) per unit from discontinued operations	-	(0.03)	-	(0.05)
Net (loss) per subordinated unit, basic	\$ (0.40)	\$ -	\$ (0.86)	\$ (0.29)
Preferred units				
Net income per unit from continuing operations	\$ 0.79	\$ 1.10	\$ 1.19	\$ 2.75
Net income per unit from discontinued operations	-	-	-	-
Net income per preferred unit, basic	\$ 0.79	\$ 1.10	\$ 1.19	\$ 2.75
Net (loss)/income per limited partner unit, diluted:				
Common units				
Net (loss)/income per unit from continuing operations	\$ (0.40)	\$ 0.03	\$ (0.86)	\$ (0.24)
Net (loss) per unit from discontinued operations	-	(0.03)	-	(0.05)
Net (loss) per common unit, diluted	\$ (0.40)	\$ -	\$ (0.86)	\$ (0.29)
Subordinated units				
Net (loss)/income per unit from continuing operations	\$ (0.40)	\$ 0.03	\$ (0.86)	\$ (0.24)
Net (loss) per unit from discontinued operations	-	(0.03)	-	(0.05)
Net (loss) per subordinated unit, diluted	\$ (0.40)	\$ -	\$ (0.86)	\$ (0.29)
Preferred units				
Net income per unit from continuing operations	\$ 0.79	\$ 1.10	\$ 1.19	\$ 2.75
Net income per unit from discontinued operations	-	-	-	-
Net income per preferred unit, diluted	\$ 0.79	\$ 1.10	\$ 1.19	\$ 2.75
Weighted average number of limited partner units outstanding, basic:				
Common units	13,098	12,994	13,035	12,942
Subordinated units	1,146	1,236	1,146	1,236
Preferred units	1,500	1,500	1,500	1,500
Weighted average number of limited partner units outstanding, diluted:				
Common units	13,098	12,994	13,035	12,942
Subordinated units	1,146	1,236	1,146	1,236
Preferred units	1,500	1,500	1,500	1,500

See notes to unaudited condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)	\$ (10,386)	\$ (67)
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	16,733	16,495
Accretion on asset retirement obligations	954	1,422
Amortization of advance royalties	502	876
Amortization of debt issuance costs	1,432	1,068
Provision for doubtful accounts	294	-
Amortization of debt discount	316	-
Equity in net loss/(income) of unconsolidated affiliates	-	(36)
Loss on retirement of advance royalties	108	136
(Gain) on sale/disposal of assets—net	(719)	(40)
(Gain) on sale of Mammoth shares	(6,498)	-
Equity based compensation	230	260
Changes in assets and liabilities:		
Accounts receivable	(5,223)	(4,820)
Inventories	3,319	(3,285)
Advance royalties	(904)	(962)
Prepaid expenses and other assets	(1,618)	(1,923)
Accounts payable	8,865	1,239
Accrued expenses and other liabilities	391	2,888
Asset retirement obligations	(259)	(34)
Net cash provided by operating activities	<u>7,537</u>	<u>13,217</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant, and equipment	(20,525)	(14,306)
Proceeds from sales of property, plant, and equipment	4,802	506
Proceeds from business disposal	-	890
Proceeds from sale of Mammoth shares	11,887	-
Net cash used in investing activities	<u>(3,836)</u>	<u>(12,910)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit	-	98,350
Repayments on line of credit	-	(98,450)
Proceeds from short-term borrowing	5,000	-
Repayments on long-term debt	(10,208)	-
Proceeds from issuance of other debt	1,622	-
Repayments on other debt	(540)	-
Deposit for workers' compensation and surety programs	(8,209)	-
Payments on debt issuance costs	(879)	(227)
Preferred distributions paid	(6,039)	-
Net cash used in financing activities	<u>(19,253)</u>	<u>(327)</u>
NET (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(15,552)	(20)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	21,120	47
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period	<u>\$ 5,568</u>	<u>\$ 27</u>
Summary Statement of Financial Position:		
Cash and cash equivalents	\$ 5,568	\$ 27
Restricted cash	-	-
	<u>\$ 5,568</u>	<u>\$ 27</u>

See notes to unaudited condensed consolidated financial statements.

RHINO RESOURCE PARTNERS LP
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2018 AND DECEMBER 31, 2017 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

1. BASIS OF PRESENTATION AND ORGANIZATION

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

Cash, Cash Equivalents and Restricted Cash. The Partnership considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Partnership early adopted ASU No. 2016-18, *Statement of Cash Flows-Restricted Cash* as of December 31, 2017 and as such its unaudited condensed consolidated statement of cash flows for all historical periods reflect restricted cash combined with cash and cash equivalents. The Partnership did not have any other material impact from the early adoption of this ASU.

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 September 30, 2018, condensed consolidated statements of operations and comprehensive income for the three and nine months ended September 30, 2018 and 2017 and the condensed consolidated statements of cash flows for the nine months ended September 30, 2018 and 2017 include all adjustments that the Partnership considers necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented. The condensed consolidated statement of financial position as of December 31, 2017 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, 2017 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, 2017 filed with the SEC.

Reclassifications. Certain prior year amounts have been reclassified to discontinued operations on the unaudited condensed consolidated statements of operations and comprehensive income related to the disposal of Sands Hill Mining LLC in 2017. See Note 3, “Discontinued Operations” for further information on the disposal.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL

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

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.

Investments in Unconsolidated Affiliates. Investments in other entities are accounted for using the consolidation, equity method or cost basis depending upon the level of ownership, the Partnership's ability to exercise significant influence over the operating and financial policies of the investee and whether the Partnership is determined to be the primary beneficiary of a variable interest entity. Equity investments are recorded at original cost and adjusted periodically to recognize the Partnership's proportionate share of the investees' net income or losses after the date of investment. Any losses from the Partnership's equity method investments are absorbed by the Partnership based upon its proportionate ownership percentage. If losses are incurred that exceed the Partnership's investment in the equity method entity, then the Partnership continues to record its proportionate share of losses in excess of its investment. Investments are written down only when there is clear evidence that a decline in value that is other than temporary has occurred.

Recently Issued Accounting Standards. In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that lessees recognize all leases (other than leases with a term of twelve months or less) on the balance sheet as lease liabilities, based upon the present value of the lease payments, with corresponding right of use assets. ASU 2016-02 also makes targeted changes to other aspects of current guidance, including identifying a lease and lease classification criteria as well as the lessor accounting model, including guidance on separating components of a contract and consideration in the contract. The Partnership has established an implementation team and is implementing a new lease accounting information system. In July 2018, the FASB issued additional authoritative guidance providing companies with an optional prospective transition method to apply the provisions of this guidance. The Partnership will adopt the standard in the first quarter of 2019 and elect this transition method to apply the standard prospectively. While the Partnership is currently evaluating the impact of adoption of this ASU, the adoption is expected to result in a material increase in the assets and liabilities recorded on the Condensed Consolidated Balance Sheets.

In January 2017, the FASB issued ASU 2017-01, "Business Combinations (Topic 805)." ASU 2017-01 clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. ASU 2017-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Partnership has adopted this standard on its unaudited condensed consolidated financial statements, which has no current period impact but may impact future periods in which acquisitions are completed.

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

3. DISCONTINUED OPERATIONS

Sands Hill Mining LLC

Major components of net (loss) from discontinued operations for the three and nine months ended September 30, 2018 and 2017 are summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Major line items constituting (loss) from discontinued operations for the Sands Hill Mining disposal:				
Coal sales	\$ -	\$ 194	\$ -	\$ 1,131
Limestone sales	-	1,003	-	3,089
Other revenues	-	462	-	1,294
Total revenues	-	1,659	-	5,514
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	-	1,704	-	5,128
Depreciation, depletion and amortization	-	127	-	458
Selling, general and administrative (exclusive of depreciation, depletion and amortization shown separately above)	-	8	-	34
Freight and handling costs	-	281	-	683
(Gain) on sale/disposal of assets, net	-	-	-	(2)
Total costs and expenses	-	2,120	-	6,301
(Loss) from discontinued operations before income taxes for the Sands Hill Mining disposal	-	(461)	-	(787)
Income taxes	-	-	-	-
Net (loss) from discontinued operations	\$ -	\$ (461)	\$ -	\$ (787)

Cash Flows

The depreciation, depletion and amortization amounts for Sands Hill Mining LLC for each period presented are listed in the previous table. The Partnership did not fund any material capital expenditures for Sands Hill Mining LLC for any period presented. Sands Hill Mining LLC did not have any material non-cash operating items or non-cash investing items for any period presented.

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of September 30, 2018 and December 31, 2017 consisted of the following:

	September 30, 2018	December 31, 2017
	(in thousands)	
Other prepaid expenses	\$ 1,340	\$ 920
Prepaid insurance	1,890	1,445
Prepaid leases	127	92
Supply inventory	306	434
Total Prepaid expenses and other	\$ 3,663	\$ 2,891

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including coal properties and mine development and construction costs, as of September 30, 2018 and December 31, 2017 are summarized by major classification as follows:

	Useful Lives	September 30, 2018	December 31, 2017
		(in thousands)	
Land		\$ 13,783	\$ 14,687
Mining and other equipment and related facilities	2 - 20 Years	305,595	298,293
Mine development costs	1 - 15 Years	60,422	58,566
Coal properties	1 - 15 Years	64,070	64,070
Construction work in process		6,437	5,227
Total		450,307	440,843
Less accumulated depreciation, depletion and amortization		(273,518)	(263,520)
Net		\$ 176,789	\$ 177,323

Depreciation expense for mining and other equipment and related facilities, depletion expense for coal properties, amortization expense for mine development costs and amortization expense for asset retirement costs for the three and nine months ended September 30, 2018 and 2017 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in thousands)			
Depreciation expense-mining and other equipment and related facilities	\$ 4,276	\$ 3,843	\$ 12,607	\$ 12,324
Depletion expense for coal properties and oil and natural gas properties	467	450	1,419	1,221
Amortization expense for mine development costs	777	721	2,348	2,265
Amortization expense for asset retirement costs	109	46	359	227
Total depreciation, depletion and amortization	\$ 5,629	\$ 5,060	\$ 16,733	\$ 16,037

On May 17, 2018, the Partnership entered into a sale leaseback agreement with Wintrust Commercial Finance for certain equipment previously owned by the Partnership. The Partnership received approximately \$3.7 million of proceeds, of which \$1.7 million was used to reduce debt. The lease agreement has a thirty-six month term. The Partnership recorded a loss of \$0.2 million on the sale of the equipment which is included on the (Gain)/Loss on sale/disposal of assets-net line in the Partnership's unaudited condensed consolidated statements of operations and comprehensive income.

6. OTHER NON-CURRENT ASSETS

Other non-current assets as of September 30, 2018 and December 31, 2017 consisted of the following:

	September 30, 2018	December 31, 2017
	(in thousands)	
Deposits and other	\$ 1,260	\$ 423
Due (to)/from Rhino GP	(30)	(61)
Non-current receivable	27,806	27,806
Deferred expenses	318	340
Total	<u>\$ 29,354</u>	<u>\$ 28,508</u>

Non-current receivable. The non-current receivable balance of \$27.8 million as of September 30, 2018 and December 31, 2017 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 \$27.8 million is also included in the Partnership's accrued workers' compensation benefits liability balance, which is included in the other non-current liabilities section of the Partnership's unaudited condensed consolidated statements of financial position. The Partnership presents this amount on a gross asset and liability basis since a right of setoff does not exist per the accounting guidance in ASC Topic 210, *Balance Sheet*. This presentation has no impact on the Partnership's results of operations or cash flows.

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities as of September 30, 2018 and December 31, 2017 consisted of the following:

	September 30, 2018	December 31, 2017
	(in thousands)	
Payroll, bonus and vacation expense	\$ 1,988	\$ 2,633
Non income taxes	2,878	2,738
Royalty expenses	1,713	2,410
Accrued interest	161	132
Health claims	746	871
Workers' compensation & pneumoconiosis	1,750	1,750
Other	1,280	652
Total	<u>\$ 10,516</u>	<u>\$ 11,186</u>

8. DEBT

Debt as of September 30, 2018 and December 31, 2017 consisted of the following:

	September 30, 2018	December 31, 2017
	(in thousands)	
Note payable-Financing Agreement	\$ 34,778	\$ 40,000
Note payable-other debt	1,095	-
Net unamortized debt issuance costs	(4,135)	(4,688)
Net unamortized original issue discount	(948)	(1,264)
Total	30,790	34,048
Less current portion	(7,595)	(5,475)
Long-term debt	<u>\$ 23,195</u>	<u>\$ 28,573</u>

Financing Agreement

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

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

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

The Financing Agreement requires the Borrowers and Guarantor to comply with several affirmative covenants at any time loans are outstanding, including, among others: (i) the requirement to deliver monthly, quarterly and annual financial statements, (ii) the requirement to periodically deliver certificates indicating, among other things, (a) compliance with terms of the Financing Agreement and ancillary loan documents, (b) inventory, accounts payable, sales and production numbers, (c) the calculation of the Collateral Coverage Amount (as that term is defined in the Financing Agreement), (d) projections for the Partnership and its subsidiaries and (e) coal reserve amounts; (iii) the requirement to notify the Administrative Agent of certain events, including events of default under the Financing Agreement, dispositions, entry into material contracts, (iv) the requirement to maintain insurance, obtain permits, and comply with environmental and reclamation laws (v) the requirement to sell up to \$5.0 million of shares in Mammoth Energy Services Inc. and use the net proceeds therefrom to prepay outstanding term loans, which was completed during the first half of 2018 and (vi) establish and maintain cash management services and establish a cash management account and deliver a control agreement with respect to such account to the Collateral Agent. The Financing Agreement also contains negative covenants that restrict the Borrowers and Guarantors ability to, among other things: (i) incur liens or additional indebtedness or make investments or restricted payments, (ii) liquidate or merge with another entity, or dispose of assets, (iii) change the nature of their respective businesses; (iv) make capital expenditures in excess, or, with respect to maintenance capital expenditures, lower than, specified amounts, (v) incur restrictions on the payment of dividends, (vi) prepay or modify the terms of other indebtedness, (vii) permit the Collateral Coverage Amount to be less than the outstanding principal amount of the loans outstanding under the Financing Agreement or (viii) permit the trailing six month Fixed Charge Coverage Ratio of the Partnership and its subsidiaries to be less than 1.20 to 1.00 commencing with the six-month period ending June 30, 2018. See Note 19 for information relating to the lenders' waiver of the Fixed Charge Coverage Ratio for the six-month period ending September 30, 2018.

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

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

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

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

At September 30, 2018, the Partnership had \$29.8 million of borrowings outstanding at a variable interest rate of Libor plus 10.00% (12.25%) and \$5.0 million of borrowings outstanding at a fixed interest rate of 12.34%.

Letter of Credit Facility-PNC Bank

On December 27, 2017, the Partnership entered into a master letter of credit facility, security agreement and reimbursement agreement (the “LoC Facility Agreement”) with PNC Bank, National Association (“PNC”), pursuant to which PNC agreed to provide the Partnership with a facility for the issuance of standby letters of credit used in the ordinary course of its business (the “LoC Facility”). The LoC Facility Agreement provided that the Partnership pay a quarterly fee at a rate equal to 5% per annum calculated based on the daily average of letters of credit outstanding under the LoC Facility, as well as administrative costs incurred by PNC and a \$100,000 closing fee. The LoC Facility Agreement provided that the Partnership reimburse PNC for any drawing under a letter of credit by a specified beneficiary as soon as possible after payment was made. The Partnership’s obligations under the LoC Facility Agreement were secured by a first lien security interest on a cash collateral account that was required to contain no less than 105% of the face value of the outstanding letters of credit. In the event the amount in such cash collateral account was insufficient to satisfy the Partnership’s reimbursement obligations, the amount outstanding would bear interest at a rate per annum equal to the Base Rate (as that term was defined in the LoC Facility Agreement) plus 2.0%. The Partnership was to indemnify PNC for any losses which PNC may have incurred as a result of the issuance of a letter of credit or PNC’s failure to honor any drawing under a letter of credit, subject in each case to certain exceptions. The Partnership provided cash collateral to its counterparties during the third quarter of 2018 and as of September 30, 2018, the LoC Facility was terminated. The Partnership had no outstanding letters of credit at September 30, 2018.

9. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the nine months ended September 30, 2018 and the year ended December 31, 2017 are as follows:

	Nine months ended September 30, 2018	Year ended December 31, 2017
	(in thousands)	
Balance at beginning of period (including current portion)	\$ 18,662	\$ 19,108
Accretion expense	954	1,493
Adjustment resulting from disposal of property	-	(223)
Adjustments to the liability from annual recosting and other	-	(1,656)
Liabilities settled	(259)	(60)
Balance at end of period	19,357	18,662
Less current portion of asset retirement obligation	(498)	(498)
Long-term portion of asset retirement obligation	<u>\$ 18,859</u>	<u>\$ 18,164</u>

10. EMPLOYEE BENEFITS

401(k) Plans

The Operating Company sponsors a defined contribution savings plans for all employees. Under the defined contribution savings plan, the Operating Company matches voluntary contributions of participants up to a maximum contribution based upon a percentage of a participant’s salary with an additional matching contribution possible at the Partnership’s discretion. The expense under these plans for the three and nine months ended September 30, 2018 and 2017 is included in Cost of operations and Selling, general and administrative expense in the Partnership’s unaudited condensed consolidated statements of operations and comprehensive income and was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	(in thousands)			
401(k) plan expense	\$ 459	\$ 376	\$ 1,288	\$ 1,070

11. PARTNERS' CAPITAL

Common Unit Warrants

In December 2017, the Partnership entered into a warrant agreement with certain parties that are also parties to the Financing Agreement discussed above. The warrant agreement included the issuance of a total of 683,888 warrants for common units ("Common Unit Warrants") of the Partnership at an exercise price of \$1.95 per unit, which was the closing price of the Partnership's common units on the OTC market as of December 27, 2017. The Common Unit Warrants have a five year expiration date. The Common Unit Warrants and the Partnership's common units after exercise are both transferable, subject to applicable US securities laws. The Common Unit Warrant exercise price is \$1.95 per unit, but the price per unit will be reduced by future common unit distributions and other further adjustments in price included in the warrant agreement for transactions that are dilutive to the amount of the Partnership's common units outstanding. The warrant agreement includes a provision for a cashless exercise 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 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 2018, the Partnership paid \$6.0 million in distributions earned for the year ended December 31, 2017 to holders of the Series A preferred units. The Partnership has accrued \$1.8 million for distributions to holders of the Series A preferred units for the nine months ended September 30, 2018.

Investment in Royal Common Stock

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

Other Comprehensive Income

On April 12, 2018 the Partnership sold 232,347 shares of Mammoth Energy Services, Inc. (NASDAQ: TUSK) ("Mammoth Inc.") for net cash consideration of \$7.1 million. The Partnership used \$3.4 million of the proceeds to reduce its debt balance. The Partnership recorded a gain on the sale of approximately \$3.6 million and reduced Other Comprehensive income by \$4.0 million as a result of the disposition. On January 19, 2018 the Partnership sold 232,347 shares of Mammoth Inc. for net cash consideration of \$4.8 million. The proceeds were used to reduce the Partnership's debt balance. The Partnership recorded a gain on the sale of \$2.9 million and reduced Other Comprehensive income by \$2.6 million as a result of the disposition. As of September 30, 2018 and December 31, 2017, the Partnership recorded fair market value adjustments of \$3.9 million and \$2.6 million, respectively, for its available-for-sale investment in Mammoth Inc. based on the market value of the shares at September 30, 2018 and December 31, 2017, respectively, which was recorded in Other Comprehensive Income. As of September 30, 2018 and December 31, 2017, the Partnership recorded its investment in Mammoth Inc. as a current asset, which was classified as available-for-sale. The Partnership has included its investment in Mammoth Inc. in its Other category for segment reporting purposes. As of September 30, 2018, the Partnership owned 104,100 shares of Mammoth Inc.

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 September 30, 2018, 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 September 30, 2018, the Partnership had accumulated arrearages of \$614.5 million.

12. EARNINGS PER UNIT (“EPU”)

The following table presents a reconciliation of the numerators and denominators of the basic and diluted EPU calculations for the periods ended September 30, 2018 and 2017:

Three months ended September 30, 2018	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	\$ (24)	\$ (5,228)	\$ (457)	\$ 1,179
Net(loss)/income from discontinued operations	-	-	-	-
Total interest in net (loss)/income	\$ (24)	\$ (5,228)	\$ (457)	\$ 1,179
Denominator:				
Weighted average units used to compute basic EPU	n/a	13,098	1,146	1,500
Weighted average units used to compute diluted EPU	n/a	13,098	1,146	1,500
Net (loss)/income per limited partner unit, basic				
Net (loss)/income per unit from continuing operations	n/a	\$ (0.40)	\$ (0.40)	\$ 0.79
Net(loss)/income per unit from discontinued operations	n/a	-	-	-
Net (loss)/income per common unit, basic	n/a	\$ (0.40)	\$ (0.40)	\$ 0.79
Net (loss)/income per limited partner unit, diluted				
Net (loss)/income per unit from continuing operations	n/a	\$ (0.40)	\$ (0.40)	\$ 0.79
Net (loss)/income per unit from discontinued operations	n/a	-	-	-
Net (loss)/income per common unit, diluted	n/a	\$ (0.40)	\$ (0.40)	\$ 0.79
Three months ended September 30, 2017				
(in thousands, except per unit data)				
Numerator:				
Interest in net (loss)/income:				
Net income from continuing operations	\$ 2	\$ 445	\$ 42	\$ 1,644
Net (loss) from discontinued operations	(1)	(420)	(40)	-
Total interest in net income	\$ 1	\$ 25	\$ 2	\$ 1,644
Denominator:				
Weighted average units used to compute basic EPU	n/a	12,994	1,236	1,500
Weighted average units used to compute diluted EPU	n/a	12,994	1,236	1,500
Net (loss)/income per limited partner unit, basic				
Net (loss)/income per unit from continuing operations	n/a	\$ 0.03	\$ 0.03	\$ 1.10
Net (loss) per unit from discontinued operations	n/a	(0.03)	(0.03)	-
Net (loss)/income per common unit, basic	n/a	\$ -	\$ -	\$ 1.10
Net (loss)/income per limited partner unit, diluted				
Net (loss)/income per unit from continuing operations	n/a	\$ 0.03	\$ 0.03	\$ 1.10
Net (loss) per unit from discontinued operations	n/a	(0.03)	(0.03)	-
Net (loss)/income per common unit, diluted	n/a	\$ -	\$ -	\$ 1.10
Nine months ended September 30, 2018				
(in thousands, except per unit data)				
Numerator:				
Interest in net (loss)/income:				
Net (loss)/income from continuing operations	\$ (51)	\$ (11,144)	\$ (979)	\$ 1,788
Net (loss)/income from discontinued operations	-	-	-	-
Total interest in net (loss)/income	\$ (51)	\$ (11,144)	\$ (979)	\$ 1,788
Denominator:				
Weighted average units used to compute basic EPU	n/a	13,035	1,146	1,500
Weighted average units used to compute diluted EPU	n/a	13,035	1,146	1,500
Net (loss)/income per limited partner unit, basic				
Net (loss)/income per unit from continuing operations	n/a	\$ (0.86)	\$ (0.86)	\$ 1.19
Net (loss)/income per unit from discontinued operations	n/a	-	-	-
Net (loss)/income per common unit, basic	n/a	\$ (0.86)	\$ (0.86)	\$ 1.19
Net (loss)/income per limited partner unit, diluted				
Net (loss)/income per unit from continuing operations	n/a	\$ (0.86)	\$ (0.86)	\$ 1.19
Net (loss)/income per unit from discontinued operations	n/a	-	-	-
Net (loss)/income per common unit, diluted	n/a	\$ (0.86)	\$ (0.86)	\$ 1.19

Nine months ended September 30, 2017	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	\$ (15)	\$ (3,088)	\$ (295)	4,118
Net (loss) from discontinued operations	(3)	(715)	(69)	-
Total interest in net (loss)/income	\$ (18)	\$ (3,803)	\$ (364)	4,118
Denominator:				
Weighted average units used to compute basic EPU	n/a	12,942	1,236	1,500
Weighted average units used to compute diluted EPU	n/a	12,942	1,236	1,500
Net (loss)/income per limited partner unit, basic				
Net (loss)/income per unit from continuing operations	n/a	\$ (0.24)	\$ (0.24)	\$ 2.75
Net (loss) per unit from discontinued operations	n/a	(0.05)	(0.05)	-
Net (loss)/income per common unit, basic	n/a	\$ (0.29)	\$ (0.29)	\$ 2.75
Net (loss)/income per limited partner unit, diluted				
Net (loss)/income per unit from continuing operations	n/a	\$ (0.24)	\$ (0.24)	\$ 2.75
Net (loss) per unit from discontinued operations	n/a	(0.05)	(0.05)	-
Net (loss)/income per common unit, diluted	n/a	\$ (0.29)	\$ (0.29)	\$ 2.75

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 a total net loss for three and nine months ended September 30, 2018 and the nine months ended September 30, 2017, all potential dilutive units were excluded from the diluted EPU calculation for these periods because when an entity incurs a net loss in a period, potential dilutive units shall not be included in the computation of diluted EPU since their effect will always be anti-dilutive. The Partnership earned total net income for the three months ended September 30, 2017 but did not have any potential dilutive units outstanding during the period. There were 683,888 potential dilutive common units related to the Common Unit Warrants as discussed in Note 11 for the nine months ended September 30, 2018.

13. COMMITMENTS AND CONTINGENCIES

Coal Sales Contracts and Contingencies—As of September 30, 2018, the Partnership had commitments under sales contracts to deliver annually scheduled base quantities of coal as follows:

Year	Tons (in thousands)	Number of customers
2018 Q4	1,283	14
2019	2,107	10
2020	1,446	6

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

Purchased Coal Expenses—The Partnership incurs purchased coal expense from time to time related to coal purchase contracts. In addition, the Partnership incurs expense from time to time related to coal purchased on the over-the-counter market (“OTC”). The Partnership incurred purchase coal expense of \$31,000 from coal purchase contracts or expense from OTC purchases for the three and nine months ended September 30, 2018 and no purchase coal expense for the three and nine months ended September 30, 2017.

Leases—The Partnership leases various mining, transportation and other equipment under operating leases. The Partnership also leases coal reserves under agreements that call for royalties to be paid as the coal is mined. Lease and royalty expense for the three and nine months ended September 30, 2018 and 2017 are included in Cost of operations in the Partnership’s unaudited condensed consolidated statements of operations and comprehensive income and was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	(in thousands)			
Lease expense	\$ 1,242	\$ 725	\$ 2,648	\$ 3,198
Royalty expense	\$ 3,320	\$ 3,602	\$ 10,431	\$ 10,888

14. MAJOR CUSTOMERS

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

	September 30, 2018 Receivable Balance	December 31, 2017 Receivable Balance	Nine months ended September 30, 2018 Sales	Nine months ended September 30, 2017 Sales
	(in thousands)			
Javelin Global	\$ 4,628	\$ 2,470	\$ 29,267	\$ -
Dominion Energy	593	1,232	17,166	17,148
Integrity Coal	-	2,238	15,534	18,152
Big Rivers Electric Corporation	642	-	15,586	18,387
LG&E	700	1,483	10,309	30,971

15. REVENUE

The Partnership adopted ASC Topic 606 on January 1, 2018, using the modified retrospective method. The adoption of Topic 606 has no impact on revenue amounts recorded on the Partnership’s financial statements. The new disclosures required by ASC Topic 606, as applicable, are presented below. The majority of the Partnership’s revenues are generated under coal sales contracts. Coal sales accounted for approximately 99.0% of the Partnership’s total revenues for the three and nine months ended September 30, 2018 and 2017. Other revenues generally consist of coal royalty revenues, coal handling and processing revenues, rebates and rental income, which accounted for approximately 1.0% of the Partnership’s total revenues for the three and nine months ended September 30, 2018 and 2017.

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, prices are fixed or determinable and the title or risk of loss has passed in accordance with the terms of the coal sales agreement. 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 September 30, 2018:

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
(in thousands)						
Coal sales						
Steam coal	\$ 13,979	\$ 5,229	\$ 10,254	\$ 12,529	\$ -	\$ 41,991
Met coal	29,875	-	-	-	-	29,875
Other revenue	36	602	-	-	61	699
Total	\$ 43,890	\$ 5,831	\$ 10,254	\$ 12,529	\$ 61	\$ 72,565

The following table disaggregates revenue by type for each reportable segment for the three months ended September 30, 2017:

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
(in thousands)						
Coal sales						
Steam coal	\$ 9,580	\$ 4,361	\$ 9,080	\$ 14,960	\$ -	\$ 37,981
Met coal	18,285	-	-	-	-	18,285
Other revenue	27	377	-	5	11	420
Total	\$ 27,892	\$ 4,738	\$ 9,080	\$ 14,965	\$ 11	\$ 56,686

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

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
(in thousands)						
Coal sales						
Steam coal	\$ 38,840	\$ 12,821	\$ 26,970	\$ 37,748	\$ -	\$ 116,379
Met coal	64,004	-	-	-	-	64,004
Other revenue	154	1,576	10	-	166	1,906
Total	\$ 102,998	\$ 14,397	\$ 26,980	\$ 37,748	\$ 166	\$ 182,289

The following table disaggregates revenue by type for each reportable segment for the nine months ended September 30, 2017:

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
(in thousands)						
Coal sales						
Steam coal	\$ 26,634	\$ 10,544	\$ 25,138	\$ 49,373	\$ -	\$ 111,689
Met coal	50,131	-	-	-	-	50,131
Other revenue	114	955	3	5	21	1,098
Total	\$ 76,879	\$ 11,499	\$ 25,141	\$ 49,378	\$ 21	\$ 162,918

16. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

The book values of cash and cash equivalents, accounts receivable and accounts payable are considered to be representative of their respective fair values because of the immediate short-term maturity of these financial instruments. The fair value of the Partnership's Financing Agreement was determined based upon a market approach and approximates the carrying value at September 30, 2018. The fair value of the Partnership's Financing Agreement is a Level 2 measurement.

As of September 30, 2018 and December 31, 2017, the Partnership had a recurring fair value measurement relating to its investment in Mammoth Inc. As discussed in Note 11, the Partnership owned 104,100 shares of Mammoth Inc. as of September 30, 2018. The Partnership's shares of Mammoth Inc. are classified as an available-for-sale investment on the Partnership's unaudited condensed consolidated statements of financial position. Based on the availability of a quoted price, the recurring fair value measurement of the Mammoth Inc. shares is a Level 1 measurement.

17. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash payments for interest were \$4.9 million and \$2.1 million for the nine months ended September 30, 2018 and 2017, respectively.

The unaudited condensed consolidated statement of cash flows for the nine months ended September 30, 2018 and 2017 excludes approximately \$1.1 million and \$1.3 million, respectively, of property, plant and equipment additions which are recorded in Accounts payable.

18. SEGMENT INFORMATION

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

As of September 30, 2018, the Partnership has four reportable business segments: Central Appalachia, Northern Appalachia, Rhino Western and Illinois Basin. Additionally, the Partnership has an Other category that includes its ancillary businesses.

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

Reportable segment results of operations for the three months ended September 30, 2018 are as follows (Note: “DD&A” refers to depreciation, depletion and amortization):

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
	(in thousands)					
Total revenues	\$ 43,890	\$ 5,831	\$ 10,255	\$ 12,529	\$ 60	\$ 72,565
DD&A	2,200	385	978	1,974	92	5,629
Interest expense	-	-	-	-	2,831	2,831
Net income (loss) from continuing operations	\$ 3,619	\$ (881)	\$ 56	\$ (3,232)	\$ (4,092)	\$ (4,530)

Reportable segment results of operations for the three months ended September 30, 2017 are as follows:

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
	(in thousands)					
Total revenues	\$ 27,891	\$ 4,738	\$ 9,080	\$ 14,965	\$ 12	\$ 56,686
DD&A	1,890	251	1,080	1,755	84	5,060
Interest expense	-	-	-	-	1,011	1,011
Net income (loss) from continuing operations	\$ 3,785	\$ (449)	\$ 1,416	\$ 107	\$ (2,726)	\$ 2,133

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

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
	(in thousands)					
Total revenues	\$ 102,998	\$ 14,397	\$ 26,980	\$ 37,748	\$ 166	\$ 182,289
DD&A	6,659	825	3,080	5,892	277	16,733
Interest expense	1	-	-	-	6,628	6,629
Net income (loss) from continuing operations	\$ 5,546	\$ (3,473)	\$ 956	\$ (7,441)	\$ (5,974)	\$ (10,386)

Reportable segment results of operations for the nine months ended September 30, 2017 are as follows:

	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total Consolidated
	(in thousands)					
Total revenues	\$ 76,880	\$ 11,500	\$ 25,141	\$ 49,377	\$ 20	\$ 162,918
DD&A	5,812	836	3,396	5,708	285	16,037
Interest expense	-	-	-	-	3,131	3,131
Net income (loss) from continuing operations	\$ 9,416	\$ (2,480)	\$ 1,570	\$ 1,736	\$ (9,522)	\$ 720

19. SUBSEQUENT EVENTS

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

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, 2017 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, 2017.

On November 7, 2017, we closed an agreement with a third party to transfer 100% of the membership interests and related assets and liabilities in our Sands Hill Mining entity to the third party in exchange for a future override royalty for any mineral sold, excluding coal, from Sands Hill Mining after the closing date. Our unaudited condensed consolidated statement of operations and comprehensive income have been retrospectively adjusted to reclassify our Sands Hill Mining operation to discontinued operations for the three and nine months ended September 30, 2017.

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. Our investments have included joint ventures that provide for the transportation of hydrocarbons and drilling support services in the Utica Shale region. We have also invested in joint ventures that provide sand for fracking operations to drillers in the Utica Shale region and other oil and natural gas basins in the United States.

We have a geographically diverse asset base with coal reserves located in Central Appalachia, Northern Appalachia, the Illinois Basin and the Western Bituminous region. As of December 31, 2017, we controlled an estimated 252.7 million tons of proven and probable coal reserves, consisting of an estimated 200.1 million tons of steam coal and an estimated 52.6 million tons of metallurgical coal. In addition, as of December 31, 2017, we controlled an estimated 185.2 million tons of non-reserve coal deposits.

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

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

For the three and nine months ended September 30, 2018, we generated revenues of approximately \$72.6 million and \$182.3 million, respectively, and we generated net losses of \$4.5 million and \$10.4 million for the three and nine months ended September 30, 2018. For the three months ended September 30, 2018, we produced approximately 1.1 million tons of coal and sold approximately 1.3 million tons of coal, of which approximately 60% were sold pursuant to supply contracts. For the nine months ended September 30, 2018, we produced approximately 3.3 million tons of coal and sold approximately 3.4 million tons of coal, of which approximately 65% were sold pursuant to supply contracts.

Current Liquidity and Outlook

As of September 30, 2018, our available liquidity was \$5.6 million. We also have a delayed draw term loan commitment in the amount of \$40 million (under which we have drawn approximately \$5 million) contingent upon the satisfaction of certain conditions precedent specified in the Financing Agreement discussed below.

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

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

Recent Developments

Financing Agreement

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

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

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

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

Common Unit Warrants

In December 2017, we 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 of our common units (“Common Unit Warrants”) at an exercise price of \$1.95 per unit, which was the closing price of our 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 our 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 Rhino’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.

Letter of Credit Facility – PNC Bank

On December 27, 2017, we entered into a master letter of credit facility, security agreement and reimbursement agreement (the “LoC Facility Agreement”) with PNC Bank, National Association (“PNC”), pursuant to which PNC agreed to provide us with a facility for the issuance of standby letters of credit used in the ordinary course of our business (the “LoC Facility”). The LoC Facility Agreement provided that we pay a quarterly fee at a rate equal to 5% per annum calculated based on the daily average of letters of credit outstanding under the LoC Facility, as well as administrative costs incurred by PNC and a \$100,000 closing fee. The LoC Facility Agreement provided that we reimburse PNC for any drawing under a letter of credit by a specified beneficiary as soon as possible after payment was made. Our obligations under the LoC Facility Agreement were secured by a first lien security interest on a cash collateral account that was required to contain no less than 105% of the face value of the outstanding letters of credit. In the event the amount in such cash collateral account was insufficient to satisfy our reimbursement obligations, the amount outstanding would bear interest at a rate per annum equal to the Base Rate (as that term was defined in the LoC Facility Agreement) plus 2.0%. We would indemnify PNC for any losses which PNC may have incurred as a result of the issuance of a letter of credit or PNC’s failure to honor any drawing under a letter of credit, subject in each case to certain exceptions. We provided cash collateral to our counterparties during the third quarter of 2018 and as of September 30, 2018, the LoC Facility was terminated. We had no outstanding letters of credit as of September 30, 2018.

Distribution Suspension

Pursuant to the Partnership agreement, our common units accrue arrearages every quarter when the distribution level is below the minimum level of \$4.45 per unit. Beginning with the quarter ended June 30, 2015 and continuing through the quarter ended September 30, 2018, 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 September 30, 2018, we had accumulated arrearages of \$614.5 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 September 30, 2018, we had commitments under supply contracts to deliver annually scheduled base quantities of coal as follows:

Year	Tons (in thousands)	Number of customers
2018 Q4	1,283	14
2019	2,107	10
2020	1,446	6

Some 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 September 30, 2018, we have four reportable business segments: Central Appalachia, Northern Appalachia, Rhino Western and Illinois Basin. Additionally, we have an Other category that includes our ancillary businesses. Our Central Appalachia segment consists of two mining complexes: Tug River and Rob Fork, which, as of September 30, 2018, together included one underground mine, three surface mines and three preparation plants and loadout facilities in eastern Kentucky and southern West Virginia. Our Northern Appalachia segment consists of the Hopedale mining complex and the Leesville field. The Hopedale mining complex, located in northern Ohio, included one underground mine and one preparation plant and loadout facility as of September 30, 2018. Our Rhino Western segment includes one underground mine in the Western Bituminous region at our Castle Valley mining complex in Utah. Our Illinois Basin segment includes one underground mine, preparation plant and river loadout facility at our Pennyrile mining complex located in western Kentucky, as well as our Taylorville field reserves located in central Illinois. Our Other category is comprised of our ancillary businesses.

Evaluating Our Results of Operations

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

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

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

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

Summary. (The following discussions of financial and operational data for the three months ended September 30, 2018 and 2017 pertain to continuing operations unless otherwise specified.)

The following table sets forth certain information regarding our revenues, operating expenses, other income and expenses, and operational data for the three months ended September 30, 2018 and 2017:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Increase/(Decrease)	
			\$	% *
(in millions, except per ton data and %)				
Statement of Operations Data:				
Coal revenues	\$ 71.9	\$ 56.3	\$ 15.6	27.7%
Other revenues	0.7	0.4	0.3	66.4%
Total revenues	72.6	56.7	15.9	28.0%
Costs and expenses:				
Cost of operations (exclusive of DD&A shown separately below)	60.8	44.8	16.0	35.8%
Freight and handling costs	5.8	1.2	4.6	372.7%
Depreciation, depletion and amortization	5.6	5.1	0.5	11.2%
Selling, general and administrative (exclusive of DD&A shown separately above)	2.8	2.7	0.1	4.6%
(Gain)/loss on sale/disposal of assets	(0.7)	(0.1)	(0.6)	840.0%
(Loss)/income from operations	(1.7)	3.0	(4.7)	(155.6%)
Interest and other (income) expense:				
Interest expense and other	2.8	1.0	1.8	180.0%
Interest income and other	-	(0.1)	0.1	(100.0%)
Total interest and other (income) expense	2.8	0.9	1.9	206.1%
Net (loss)/income from continuing operations	(4.5)	2.1	(6.6)	(312.3%)
Net (loss) from discontinued operations	-	(0.4)	0.4	(100.0%)
Net (loss)/income	\$ (4.5)	\$ 1.7	\$ (6.2)	(370.9%)
Total tons sold	1,255.2	1,044.8	210.4	20.1%
Coal revenues per ton	\$ 57.25	\$ 53.86	\$ 3.39	6.3%
Cost of operations per ton	\$ 48.43	\$ 42.83	\$ 5.60	13.1%
Other Financial Data				
Adjusted EBITDA from continuing operations	\$ 4.2	\$ 8.2	\$ (4.0)	(48.5%)
Adjusted EBITDA from discontinued operations	-	(0.3)	0.3	(100.0%)
Adjusted EBITDA	\$ 4.2	\$ 7.9	\$ (3.7)	(46.3%)

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

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

Revenues. Our coal revenues for the three months ended September 30, 2018 increased by approximately \$15.6 million, or 27.7%, to approximately \$71.9 million from approximately \$56.3 million for the three months ended September 30, 2017. The increase in coal revenues was primarily due to an increase in tons sold from our Central Appalachia operations as demand for met and steam coal remains strong in this region. Coal revenues per ton was \$57.25 for the three months ended September 30, 2018, an increase of \$3.39 or 6.3%, from \$53.86 per ton for the three months ended September 30, 2017. This increase in coal revenues per ton was primarily the result of higher contract sale prices for met coal sold from our Central Appalachia operations during the third quarter of 2018 compared to the same period in 2017.

Cost of Operations. Total cost of operations increased by \$16.0 million or 35.8% to \$60.8 million for the three months ended September 30, 2018 as compared to \$44.8 million for the three months ended September 30, 2017. Our cost of operations per ton was \$48.43 for the three months ended September 30, 2018, an increase of \$5.60, or 13.1%, from the three months ended September 30, 2017. The increase in cost of operations was primarily due to increases in cost of production at our Central Appalachia operations for diesel fuel, contract services and equipment maintenance in the third quarter of 2018.

Freight and Handling. Total freight and handling cost increased to \$5.8 million for the three months ended September 30, 2018 from approximately \$1.2 million for the three months ended September 30, 2017. The increase in freight and handling costs was primarily the result of rail transportation costs at our Central Appalachia operations as we executed more export coal sales in the period that required us to pay for railroad transportation to the port of export. We also incurred \$0.9 million in demurrage charges due to rail transportation constraints that caused shipments to be delayed to the port of export.

Depreciation, Depletion and Amortization. Total DD&A expense for the three months ended September 30, 2018 was \$5.6 million as compared to \$5.1 million for the three months ended September 30, 2017.

For the three months ended September 30, 2018, our depreciation expense was approximately \$4.3 million compared to \$3.8 million for the three months ended September 30, 2017, as we added new equipment to meet the increased demand for coal.

For the three months ended September 30, 2018 and 2017, our depletion expense remained relatively flat at approximately \$0.5 million.

For the three months ended September 30, 2018 and 2017, our amortization expense remained flat at approximately \$0.8 million.

Selling, General and Administrative. SG&A expense for the three months ended September 30, 2018 increased slightly to \$2.8 million as compared to \$2.7 million for the three months ended September 30, 2017. We recorded a bad debt provision of \$0.3 million during the third quarter of 2018.

Interest Expense. Interest expense for the three months ended September 30, 2018 increased to \$2.8 million as compared to \$1.0 million for the three months ended September 30, 2017. This increase was primarily due to the higher outstanding debt balance and effective interest rate on the new Financing Agreement.

Net Loss. Net loss was \$4.5 million for the three months ended September 30, 2018 compared to net income of \$2.1 million for the three months ended September 30, 2017. The net loss incurred during the three months ended September 30, 2018 was primarily due to a decrease in contract prices for tons sold from our Pennyrite mine and an increase in freight and handling costs as discussed above. Interest expense also increased by \$1.8 million during the nine months ended September 30, 2018 compared to the same period in 2017.

Adjusted EBITDA. Adjusted EBITDA for the three months ended September 30, 2018 decreased by \$4.0 million to \$4.2 million from \$8.2 million for the three months ended September 30, 2017. Adjusted EBITDA decreased period over period primarily due to the decrease in net income at our Pennyrile mining operation in the Illinois Basin as discussed below. Adjusted EBITDA for the three months ended September 30, 2017 was \$7.9 million once the results from discontinued operations were included. We did not incur a gain or loss from discontinued operations for the three months ended September 30, 2018. Please read “—Reconciliations of Adjusted EBITDA” for reconciliations of Adjusted EBITDA from continuing operations to net income/(loss) from continuing operations on a segment basis.

Segment Results

The following tables set forth certain information regarding our revenues, operating expenses, other income and expenses, and operational data by reportable segment for the three months ended September 30, 2018 and 2017:

Central Appalachia	Three months ended		Three months ended		Increase/(Decrease)		
	September 30, 2018		September 30, 2017		\$	% *	
	(in millions, except per ton data and %)						
Coal revenues	\$	43.9	\$	27.9	\$	16.0	57.4%
Freight and handling revenues		-		-		-	n/a
Other revenues		-		-		-	n/a
Total revenues		43.9		27.9		16.0	57.4%
Coal revenues per ton	\$	83.59	\$	73.02	\$	10.57	14.5%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)		31.9		20.9		11.0	52.6%
Freight and handling costs		5.8		1.2		4.6	372.7%
Depreciation, depletion and amortization		2.2		1.9		0.3	16.4%
Selling, general and administrative costs		0.4		-		0.4	567.5%
Cost of operations per ton	\$	60.75	\$	54.73	\$	6.02	11.0%
Net income from continuing operations		3.6		3.8		(0.2)	(4.4%)
Adjusted EBITDA from continuing operations		6.1		5.7		0.4	7.7%
Tons sold		524.6		381.6		143.0	37.5%

* 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 increased by approximately 37.5% to approximately 0.5 million tons for the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to an increase in demand for met and steam coal tons from this region.

Coal revenues increased by approximately \$16.0 million, or 57.4%, to approximately \$43.9 million for the three months ended September 30, 2018 from approximately \$27.9 million for the three months ended September 30, 2017. This increase was primarily due to the increase in demand for met and steam coal tons sold from this region. Coal revenues per ton for our Central Appalachia segment increased by \$10.57, or 14.5%, to \$83.59 per ton for the three months ended September 30, 2018 as compared to \$73.02 for the three months ended September 30, 2017. This increase was primarily due to the increase in contract prices for our met coal from this region.

Cost of operations increased by \$11.0 million, or 52.6%, to \$31.9 million for the three months ended September 30, 2018 from \$20.9 million for the three months ended September 30, 2017. Our cost of operations per ton of \$60.75 for the three months ended September 30, 2018 increased 11.0% compared to \$54.73 per ton for the three months ended September 30, 2017. Total cost of operations increased period over period as we increased sales in this region during the third quarter of 2018 compared to the same period in 2017. Cost of operations per ton increased as we experienced an increase in diesel fuel, contract services and equipment maintenance during the three months ended September 30, 2018.

Total freight and handling cost increased to \$5.8 million for the three months ended September 30, 2018 from approximately \$1.2 million for the three months ended September 30, 2017. The increase in freight and handling costs was primarily the result of rail transportation costs at our Central Appalachia operations as we executed more export coal sales in the period that required us to pay for railroad transportation to the port of export. We also incurred \$0.9 million in demurrage charges due to rail transportation constraints that caused shipments to be delayed to the port of export.

For our Central Appalachia segment, net income was approximately \$3.6 million for the three months ended September 30, 2018, a decrease of \$0.2 million in net income as compared to the three months ended September 30, 2017. Net income was impacted by an increase in the cost of operations discussed above.

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

(In thousands, except per ton data and %)	Three months ended September 30, 2018	Three months ended September 30, 2017	Increase (Decrease) %*
Met coal tons sold	264.0	196.8	34.2%
Steam coal tons sold	260.6	184.8	41.0%
Total tons sold	524.6	381.6	37.5%
Met coal revenue	\$ 29,875	\$ 18,285	63.4%
Steam coal revenue	\$ 13,979	\$ 9,580	45.9%
Total coal revenue	\$ 43,854	\$ 27,865	57.4%
Met coal revenues per ton	\$ 113.17	\$ 92.93	21.8%
Steam coal revenues per ton	\$ 53.64	\$ 51.82	3.5%
Total coal revenues per ton	\$ 83.59	\$ 73.02	14.5%
Met coal tons produced	141.7	151.9	(6.7%)
Steam coal tons produced	302.7	253.8	19.2%
Total tons produced	444.4	405.7	9.5%

Northern Appalachia	Three months ended September 30, 2018	Three months ended September 30, 2017	Increase/(Decrease) \$	% *
	(in millions, except per ton data and %)			
Coal revenues	\$ 5.2	\$ 4.4	\$ 0.8	19.9%
Freight and handling revenues	-	-	-	n/a
Other revenues	0.7	0.4	0.3	59.7%
Total revenues	5.9	4.8	1.1	23.1%
Coal revenues per ton	\$ 44.05	\$ 41.38	\$ 2.67	6.5%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	6.3	4.9	1.4	28.5%
Freight and handling costs	-	-	-	n/a
Depreciation, depletion and amortization	0.3	0.3	-	53.2%
Selling, general and administrative costs	-	0.1	(0.1)	(55.9%)
Cost of operations per ton	\$ 53.33	\$ 46.73	\$ 6.60	14.1%
Net loss from continuing operations	(0.8)	(0.5)	(0.3)	96.3%
Adjusted EBITDA from continuing operations	(0.5)	(0.2)	(0.3)	150.9%
Tons sold	118.7	105.5	13.2	12.6%

* 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 12.6% for the three months ended September 30, 2018 compared to the three months ended September 30, 2017 as we experienced increased demand for coal from this region.

Coal revenues were approximately \$5.2 million for the three months ended September 30, 2018, an increase of approximately \$0.8 million, or 19.9%, from approximately \$4.4 million for the three months ended September 30, 2017. Coal revenues per ton increased by \$2.67 or 6.5% to \$44.05 per ton for the three months ended September 30, 2018, as compared to \$41.38 for the three months ended September 30, 2017, which was primarily due to higher contracted prices for tons sold from our Hopedale complex compared to the prior year.

Cost of operations increased by \$1.4 million, or 28.5%, to \$6.3 million for the three months ended September 30, 2018 from \$4.9 million for the three months ended September 30, 2017. Our cost of operations per ton was \$53.33 for the three months ended September 30, 2018, an increase of \$6.60, or 14.1%, compared to \$46.73 for the three months ended September 30, 2017. The increase in total cost of operations was primarily the result of an increase in maintenance costs and costs for outside services. The cost of operations per ton increased in Northern Appalachia as poor rail service led to fewer tons produced and sold from this region resulting in fixed costs being allocated to fewer tons during the three months ended September 30, 2018.

Net loss in our Northern Appalachia segment was \$0.8 million for the three months ended September 30, 2018 compared to net loss of \$0.5 million for the three months ended September 30, 2017. The increase in net loss for the three months ended September 30, 2018 was primarily due to the increase in the cost of operations partially offset by the increase in contracted prices of tons sold compared to the same period in 2017.

<i>Rhino Western</i>	Three months ended September 30, 2018	Three months ended September 30, 2017	Increase/(Decrease)	
			\$	% *
	(in millions, except per ton data and %)			
Coal revenues	\$ 10.3	\$ 9.1	\$ 1.2	12.9%
Freight and handling revenues	-	-	-	n/a
Other revenues	-	-	-	n/a
Total revenues	10.3	9.1	1.2	12.9%
Coal revenues per ton	\$ 35.06	\$ 37.53	\$ (2.47)	(6.6%)
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	9.2	6.6	2.6	37.9%
Freight and handling costs	-	-	-	n/a
Depreciation, depletion and amortization	1.0	1.1	(0.1)	(9.4%)
Selling, general and administrative costs	0.1	-	0.1	49.1%
Cost of operations per ton	\$ 31.35	\$ 27.48	\$ 3.87	14.1%
Net income/(loss) from continuing operations	-	1.4	(1.4)	(96.0%)
Adjusted EBITDA from continuing operations	1.0	2.5	(1.5)	(58.6%)
Tons sold	292.5	241.9	50.6	20.9%

* 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 increased by approximately 20.9% for the three months ended September 30, 2018 compared to the same period in 2017 primarily due to an increase in demand for coal from this region.

Coal revenues increased by approximately \$1.2 million, or 12.9%, to approximately \$10.3 million for the three months ended September 30, 2018 from approximately \$9.1 million for the three months ended September 30, 2017 primarily due to an increase in demand for tons sold from the Castle Valley mine compared to the three months ended September 30, 2017. Coal revenues per ton for our Rhino Western segment decreased by \$2.47 or 6.6% to \$35.06 per ton for the three months ended September 30, 2018 as compared to \$37.53 per ton for the three months ended September 30, 2017 due to lower contracted prices.

Cost of operations increased by \$2.6 million, or 37.9%, to \$9.2 million for the three months ended September 30, 2018 from \$6.6 million for the three months ended September 30, 2017. Our cost of operations per ton was \$31.35 for the three months ended September 30, 2018, an increase of \$3.87, or 14.1%, compared to \$27.48 for the three months ended September 30, 2017. Total cost of operations and cost of operations per ton increased for the three months ended September 30, 2018 compared to the same period in 2017 as we began to transition our coal mining operation at Castle Valley to an adjacent coal seam at this operation.

Net income in our Rhino Western segment was \$56,000 for the three months ended September 30, 2018, compared to net income of \$1.4 million for the three months ended September 30, 2017. This decrease in net income was primarily the result of higher operating costs at our Castle Valley operation.

<i>Illinois Basin</i>	Three months ended		Three months ended		Increase/(Decrease)	
	September 30, 2018		September 30, 2017		\$	% *
	(in millions, except per ton data and %)					
Coal revenues	\$	12.5	\$	14.9	\$	(2.4) (16.3%)
Freight and handling revenues		-		-		- n/a
Other revenues		-		-		- n/a
Total revenues		12.5		14.9		(2.4) (16.3%)
Coal revenues per ton	\$	39.22	\$	47.37	\$	(8.15) (17.2%)
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)		13.7		13.1		0.6 5.1%
Freight and handling costs		-		-		- n/a
Depreciation, depletion and amortization		2.0		1.8		0.2 12.5%
Selling, general and administrative costs		-		-		- n/a
Cost of operations per ton	\$	43.00	\$	41.40	\$	1.60 3.9%
Net (loss)/income from continuing operations		(3.2)		0.1		(3.3) (3107.7%)
Adjusted EBITDA from continuing operations		(1.3)		1.9		(3.2) (167.6%)
Tons sold		319.4		315.8		3.6 1.2%

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

For our Illinois Basin segment, tons of coal sold increased by approximately 1.2% for the three months ended September 30, 2018 compared to the three months ended September 30, 2017.

Coal revenues of approximately \$12.5 million for the three months ended September 30, 2018 decreased by approximately \$2.4 million, or 16.3%, compared to \$14.9 million for the three months ended September 30, 2017. Coal revenues per ton for our Illinois Basin segment were \$39.22 for the three months ended September 30, 2018, a decrease of \$8.15, or 17.2%, from \$47.37 for the three months ended September 30, 2017. The decrease in coal revenues and coal revenues per ton were primarily due to lower contracted prices for tons sold from our Pennyrite mine in western Kentucky.

Cost of operations was \$13.7 million while cost of operations per ton was \$43.00 for the three months ended September 30, 2018, both of which related to our Pennyrite mining complex in western Kentucky. For the three months ended September 30, 2017, cost of operations in our Illinois Basin segment was \$13.1 million and cost of operations per ton was \$41.40. The increase in cost of operations and cost of operations per ton for the three months ended September 30, 2018 was primarily the result of adverse geological conditions encountered at our Pennyrite mining complex during the three months ended September 30, 2018.

For our Illinois Basin segment, we generated a net loss of \$3.2 million for the three months ended September 30, 2018 compared to net income of \$0.1 million for the three months ended September 30, 2017. The net loss was primarily the result of a decrease in the contract price for tons sold during the third quarter of 2018 compared to the same period in 2017.

<i>Other</i>	Three months ended		Increase/(Decrease)	
	September 30, 2018	September 30, 2017	\$	% *
	(in millions, except per ton data and %)			
Coal revenues	n/a	n/a	n/a	n/a
Freight and handling revenues	n/a	n/a	n/a	n/a
Other revenues	\$ -	\$ -	\$ -	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)	(0.3)	(0.7)	0.4	(59.1%)
Freight and handling costs	-	-	-	n/a
Depreciation, depletion and amortization	0.1	-	0.1	8.9%
Selling, general and administrative costs	2.3	2.6	(0.3)	(7.9%)
Cost of operations per ton**	n/a	n/a	n/a	n/a
Net loss from continuing operations	(4.1)	(2.7)	(1.4)	50.1%
Adjusted EBITDA from continuing operations	(1.1)	(1.7)	0.6	(28.3%)
Tons sold	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.

Other revenues for our Other category were flat for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017.

For the Other category, we had net loss from continuing operations of \$4.1 million for the three months ended September 30, 2018 as compared to net loss from continuing operations of \$2.7 million for the three months ended September 30, 2017. The increase in net loss for the three months ended September 30, 2018 was primarily due to an increase of approximately \$1.8 million in interest expense for the three months ended September 30, 2018 compared to the same period in 2017.

Summary. (The following discussions of financial and operational data for the nine months ended September 30, 2018 and 2017 pertain to continuing operations unless otherwise specified.)

The following table sets forth certain information regarding our revenues, operating expenses, other income and expenses, and operational data for the nine months ended September 30, 2018 and 2017:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017	Increase/(Decrease)	
			\$	% *
(in millions, except per ton data and %)				
Statement of Operations Data:				
Coal revenues	\$ 180.4	\$ 161.8	\$ 18.6	11.5%
Other revenues	1.9	1.1	0.8	73.5%
Total revenues	182.3	162.9	19.4	11.9%
Costs and expenses:				
Cost of operations (exclusive of DD&A shown separately below)	160.0	132.9	27.1	20.4%
Freight and handling costs	8.3	1.8	6.5	349.0%
Depreciation, depletion and amortization	16.7	16.0	0.7	4.3%
Selling, general and administrative (exclusive of DD&A shown separately above)	8.3	8.5	(0.2)	(1.6%)
(Gain) on sale/disposal of assets	(7.2)	-	(7.2)	n/a
(Loss)/income from operations	(3.8)	3.7	(7.5)	(200.9%)
Interest and other (income) expense:				
Interest expense and other	6.6	3.1	3.5	111.7%
Interest income and other	-	(0.1)	0.1	(92.3%)
Total interest and other (income) expense	6.6	3.0	3.6	120.1%
Net (loss)/income from continuing operations	(10.4)	0.7	(11.1)	(1541.6%)
Net (loss) from discontinued operations	-	(0.8)	0.8	(100.0%)
Net (loss)	\$ (10.4)	\$ (0.1)	\$ (10.3)	15455.4%
Total tons sold	3,430.6	3,017.3	413.3	13.7%
Coal revenues per ton	\$ 52.58	\$ 53.63	\$ (1.05)	(2.0%)
Cost of operations per ton	\$ 46.65	\$ 44.06	\$ 2.59	5.9%
Other Financial Data				
Adjusted EBITDA from continuing operations	\$ 13.2	\$ 19.9	\$ (6.7)	(33.4%)
Adjusted EBITDA from discontinued operations	-	(0.3)	0.3	(100.0%)
Adjusted EBITDA	\$ 13.2	\$ 19.6	\$ (6.4)	(32.2%)

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

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Revenues. Our coal revenues for the nine months ended September 30, 2018 increased by approximately \$18.6 million, or 11.5%, to approximately \$180.4 million from approximately \$161.8 million for the nine months ended September 30, 2017. The increase in coal revenues was primarily due to an increase in met and steam coal tons sold in Central Appalachia as we saw increased demand for met and steam coal from this region during the period. Coal revenues per ton was \$52.58 for the nine months ended September 30, 2018, a decrease of \$1.05, or 2.0%, from \$53.63 per ton for the nine months ended September 30, 2017. This decrease in coal revenues per ton was primarily the result of lower contracted prices for tons sold from our Pennyryle operation in the Illinois Basin during the nine months ended September 30, 2018 compared to the same period in 2017.

Cost of Operations. Total cost of operations increased by \$27.1 million or 20.4% to \$160.0 million for the nine months ended September 30, 2018 as compared to \$132.9 million for the nine months ended September 30, 2017. Our cost of operations per ton was \$46.65 for the nine months ended September 30, 2018, an increase of \$2.59, or 5.9%, from the nine months ended September 30, 2017. The increase in cost of operations was primarily due to the \$22.4 million increase in cost of operations at our Central Appalachia operations as demand for met and steam coal increased in this region. We also experienced an increase in the cost for diesel fuel, contract services and equipment maintenance in our Central Appalachia segment which resulted in the cost of operations per ton increasing during the period.

Freight and Handling. Total freight and handling cost increased to \$8.3 million for the nine months ended September 30, 2018 as compared to \$1.8 million for the nine months ended September 30, 2017. The increase in freight and handling costs was primarily the result of rail transportation costs in our Central Appalachia operations as we executed more export coal sales in the period that required us to pay for railroad transportation to the port of export. We also incurred \$1.1 in demurrage charges due to rail transportation constraints that caused shipments to be delayed to the port of export.

Depreciation, Depletion and Amortization. Total DD&A expense for the nine months ended September 30, 2018 was \$16.7 million as compared to \$16.0 million for the nine months ended September 30, 2017.

For the nine months ended September 30, 2018, our depreciation expense increased to \$12.6 million compared to \$12.3 million for the nine months ended September 30, 2017. This increase was the result of adding new equipment to meet the increased demand for coal.

For the nine months ended September 30, 2018, our depletion expense increased to \$1.4 million compared to \$1.2 million for the nine months ended September 30, 2017. This increase is primarily due to increased production and sales tons for 2018 compared to 2017.

For the nine months ended September 30, 2018, our amortization expense increased slightly to \$2.7 million as compared to \$2.5 million for the nine months ended September 30, 2017.

Selling, General and Administrative. SG&A expense for the nine months ended September 30, 2018 decreased to \$8.3 million as compared to \$8.5 million for the nine months ended September 30, 2017 primarily due to lower corporate overhead expenses.

Interest Expense. Interest expense for the nine months ended September 30, 2018 increased to \$6.6 million as compared to \$3.1 million for the nine months ended September 30, 2017. This increase was primarily due to the higher outstanding debt balance and effective interest rate on our new Financing Agreement.

Net Loss. Net loss was \$10.4 million for the nine months ended September 30, 2018 compared to net income of \$0.7 million for the nine months ended September 30, 2017. The net loss during the nine months ended September 30, 2018 was primarily due to a decrease in contract prices for tons sold from our Pennyrile mine and an increase in freight and handling costs at our Central Appalachia operations as discussed above. Interest expense also increased by \$3.5 million during the nine months ended September 30, 2018 compared to the same period in 2017 as discussed above. Net loss was positively impacted by the \$6.5 million gain recognized on the sale of Mammoth Inc. shares during the first half of 2018.

Adjusted EBITDA. Adjusted EBITDA for the nine months ended September 30, 2018 decreased by \$6.7 million to \$13.2 million from \$19.9 million for the nine months ended September 30, 2017. Adjusted EBITDA decreased period over period primarily due to the decrease in net income at our Pennyrile and Central Appalachia mining operations as discussed below. Adjusted EBITDA for the nine months ended September 30, 2017 was \$19.6 million once the results from discontinued operations were included. We did not incur a gain or loss from discontinued operations for the nine months ended September 30, 2018. Please read “—Reconciliations of Adjusted EBITDA” for reconciliations of Adjusted EBITDA from continuing operations to net income/(loss) from continuing operations on a segment basis.

Segment Results

The following tables set forth certain information regarding our revenues, operating expenses, other income and expenses, and operational data by reportable segment for the nine months ended September 30, 2018 and 2017:

<i>Central Appalachia</i>	Nine months ended		Increase/(Decrease)	
	September 30, 2018	September 30, 2017	\$	% *
	(in millions, except per ton data and %)			
Coal revenues	\$ 102.8	\$ 76.8	\$ 26.0	34.0%
Freight and handling revenues	-	-	-	n/a
Other revenues	0.1	0.1	-	34.6%
Total revenues	102.9	76.9	26.0	34.0%
Coal revenues per ton	\$ 73.37	\$ 70.38	\$ 2.99	4.2%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	82.1	59.7	22.4	37.4%
Freight and handling costs	8.3	1.8	6.5	349.0%
Depreciation, depletion and amortization	6.7	5.8	0.9	14.6%
Selling, general and administrative costs	0.4	0.2	0.2	195.4%
Cost of operations per ton	\$ 58.56	\$ 54.76	\$ 3.80	6.9%
Net income from continuing operations	5.5	9.4	(3.9)	(41.1%)
Adjusted EBITDA from continuing operations	12.5	15.2	(2.7)	(17.9%)
Tons sold	1,401.8	1,090.7	311.1	28.5%

* 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 increased by approximately 28.5% to approximately 1.4 million tons for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to an increase in demand for met and steam coal tons from this region.

Coal revenues increased by approximately \$26.0 million, or 34.0%, to approximately \$102.8 million for the nine months ended September 30, 2018 from approximately \$76.8 million for the nine months ended September 30, 2017. This increase was primarily due to the increase in demand for met and steam coal sold from this region. Coal revenues per ton for our Central Appalachia segment increased by \$2.99, or 4.2%, to \$73.37 per ton for the nine months ended September 30, 2018 as compared to \$70.38 for the nine months ended September 30, 2017, which was primarily due to an increase of higher priced met coal sold in Central Appalachia compared to the prior period.

Cost of operations increased by \$22.4 million, or 37.4%, to \$82.1 million for the nine months ended September 30, 2018 from \$59.7 million for the nine months ended September 30, 2017. This increase was primarily due to the increase in production and sales from our Central Appalachia operations and an increase in operating costs during the nine months ended September 30, 2018 as compared to the same period in 2017. Our cost of operations per ton of \$58.56 for the nine months ended September 30, 2018 increased 6.9% compared to \$54.76 per ton for the nine months ended September 30, 2017 due to an increase in operating costs including diesel fuel, contract services and equipment maintenance.

For our Central Appalachia segment, net income was approximately \$5.5 million for the nine months ended September 30, 2018, a decrease of \$3.9 million in net income as compared to the nine months ended September 30, 2017. The decrease in net income was primarily due to higher cost of operations as discussed above.

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

(In thousands, except per ton data and %)	Nine months ended September 30, 2018	Nine months ended September 30, 2017	Increase (Decrease) %*
Met coal tons sold	628.2	575.2	9.2%
Steam coal tons sold	773.6	515.5	50.1%
Total tons sold	1,401.8	1,090.7	28.5%
Met coal revenue	\$ 64,004	\$ 50,131	27.7%
Steam coal revenue	\$ 38,840	\$ 26,634	45.8%
Total coal revenue	\$ 102,844	\$ 76,765	34.0%
Met coal revenues per ton	\$ 101.89	\$ 87.16	16.9%
Steam coal revenues per ton	\$ 50.20	\$ 51.66	(2.8%)
Total coal revenues per ton	\$ 73.37	\$ 70.38	4.2%
Met coal tons produced	392.2	504.6	(22.3%)
Steam coal tons produced	941.8	631.8	49.1%
Total tons produced	1,334.0	1,136.4	17.4%

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

Northern Appalachia	Nine months ended September 30, 2018	Nine months ended September 30, 2017	Increase/(Decrease) \$	% *
	(in millions, except per ton data and %)			
Coal revenues	\$ 12.8	\$ 10.5	\$ 2.3	21.6%
Freight and handling revenues	-	-	-	n/a
Other revenues	1.6	1.0	0.6	65.0%
Total revenues	14.4	11.5	2.9	25.2%
Coal revenues per ton	\$ 42.17	\$ 41.96	\$ 0.21	0.5%
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	17.0	13.0	4.0	30.2%
Freight and handling costs	-	-	-	n/a
Depreciation, depletion and amortization	0.8	0.8	-	(1.3%)
Selling, general and administrative costs	-	0.1	(0.1)	(85.9%)
Cost of operations per ton	\$ 56.07	\$ 52.11	\$ 3.96	7.6%
Net loss from continuing operations	(3.5)	(2.5)	(1.0)	40.1%
Adjusted EBITDA from continuing operations	(2.7)	(1.6)	(1.1)	62.1%
Tons sold	304.0	251.3	52.7	21.0%

* 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 21.0% for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 due to increase in demand for coal from this region.

Coal revenues were approximately \$12.8 million for the nine months ended September 30, 2018, an increase of approximately \$2.3 million, or 21.6%, from approximately \$10.5 million for the nine months ended September 30, 2017. Coal revenues per ton increased by \$0.21 or 0.5% to \$42.17 per ton for the nine months ended September 30, 2018, as compared to \$41.96 for the nine months ended September 30, 2017, which was primarily due to higher contracted prices for tons sold during the period.

Cost of operations increased by \$4.0 million, or 30.2%, to \$17.0 million for the nine months ended September 30, 2018 from \$13.0 million for the nine months ended September 30, 2017. Our cost of operations per ton was \$56.07 for the nine months ended September 30, 2018, an increase of \$3.96, or 7.6%, compared to \$52.11 for the nine months ended September 30, 2017. Total cost of operations increased period over period as we increased sales in the region and we incurred increases in operating costs. The increase in cost of operations per ton in Northern Appalachia was primarily due to the increase in maintenance costs and costs for outside services during the nine months ended September 30, 2018. We also experienced adverse geological conditions during the third quarter of 2018.

Net loss in our Northern Appalachia segment was \$3.5 million for the nine months ended September 30, 2018 compared to net loss of \$2.5 million for the nine months ended September 30, 2017. The increase in net loss for the nine months ended September 30, 2018 was primarily due to the increase in operating expenses as discussed above compared to the same period in 2017.

<i>Rhino Western</i>	Nine months ended		Nine months ended		Increase/(Decrease)	
	September 30, 2018		September 30, 2017		\$	% *
	(in millions, except per ton data and %)					
Coal revenues	\$	27.0	\$	25.1	\$	7.3%
Freight and handling revenues		-		-		n/a
Other revenues		-		-		218.2%
Total revenues		27.0		25.1		7.3%
Coal revenues per ton	\$	35.58	\$	37.99	\$	(6.4%)
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)		22.8		20.1		13.7%
Freight and handling costs		-		-		n/a
Depreciation, depletion and amortization		3.1		3.4		(9.3%)
Selling, general and administrative costs		0.1		0.1		37.0%
Cost of operations per ton	\$	30.06	\$	30.30	\$	(0.8%)
Net income/(loss) from continuing operations		1.0		1.6		(39.1%)
Adjusted EBITDA from continuing operations		4.0		5.0		(18.7%)
Tons sold		758.1		661.7		14.6%

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

Coal sales from our Rhino Western segment increased by approximately 14.6% for the nine months ended September 30, 2018 compared to the same period in 2017 primarily due to increased customer demand.

Coal revenues increased by approximately \$1.9 million, or 7.3%, to approximately \$27.0 million for the nine months ended September 30, 2018 from approximately \$25.1 million for the nine months ended September 30, 2017 primarily due to an increase in tons sold from the Castle Valley mine for the nine months ended September 30, 2018. Coal revenues per ton for our Rhino Western segment decreased by \$2.41 or 6.4% to \$35.58 per ton for the nine months ended September 30, 2018 as compared to \$37.99 per ton for the nine months ended September 30, 2017 due to lower contracted sale prices.

Cost of operations increased by \$2.7 million, or 13.7%, to \$22.8 million for the nine months ended September 30, 2018 from \$20.1 million for the nine months ended September 30, 2017. Total cost of operations increased period over period as we increased sales in the region and we incurred higher operating costs. The cost of operations per ton was \$30.06 for the nine months ended September 30, 2018, a decrease of \$0.24, or 0.8%, compared to \$30.30 for the nine months ended September 30, 2017. The decrease in the cost of operations per ton was primarily due to fixed operating costs being allocated to higher tons of coal sold during the nine months ended September 30, 2018.

Net income in our Rhino Western segment was \$1.0 million for the nine months ended September 30, 2018, compared to net income of \$1.6 million for the nine months ended September 30, 2017. This decrease in net income was primarily the result of lower contracted sale prices for tons sold at our Castle Valley operation.

<i>Illinois Basin</i>	Nine months ended		Increase/(Decrease)	
	September 30, 2018	September 30, 2017	\$	% *
	(in millions, except per ton data and %)			
Coal revenues	\$ 37.8	\$ 49.4	\$ (11.6)	(23.5%)
Freight and handling revenues	-	-	-	n/a
Other revenues	-	-	-	n/a
Total revenues	37.8	49.4	(11.6)	(23.6%)
Coal revenues per ton	\$ 39.05	\$ 48.71	\$ (9.66)	(19.8%)
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	39.2	41.8	(2.6)	(6.2%)
Freight and handling costs	-	-	-	n/a
Depreciation, depletion and amortization	5.9	5.7	0.2	3.2%
Selling, general and administrative costs	0.2	0.1	0.1	12.9%
Cost of operations per ton	\$ 40.59	\$ 41.26	\$ (0.67)	(1.6%)
Net (loss)/income from continuing operations	(7.4)	1.7	(9.1)	(528.7%)
Adjusted EBITDA from continuing operations	(1.5)	7.4	(8.9)	(120.8%)
Tons sold	966.7	1,013.6	(46.9)	(4.6%)

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

For our Illinois Basin segment, tons of coal sold decreased by approximately 4.6% for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 due to timing of shipments.

Coal revenues of approximately \$37.8 million for the nine months ended September 30, 2018 decreased by approximately \$11.6 million, or 23.5%, compared to \$49.4 million for the nine months ended September 30, 2017. Coal revenues per ton for our Illinois Basin segment were \$39.05 for the nine months ended September 30, 2018, a decrease of \$9.66, or 19.8%, from \$48.71 for the nine months ended September 30, 2017. The decrease in coal revenues and coal revenues per ton was primarily due to lower contracted prices for tons sold from our Pennyryle mine in western Kentucky during the nine months ended September 30, 2018.

Cost of operations was \$39.2 million while cost of operations per ton was \$40.59 for the nine months ended September 30, 2018, both of which related to our Pennyryle mining complex in western Kentucky. For the nine months ended September 30, 2017, cost of operations in our Illinois Basin segment was \$41.8 million and cost of operations per ton was \$41.26. The decrease in cost of operations for the nine months ended September 30, 2018 was primarily the result of a decrease in production and sales during the period.

For our Illinois Basin segment, we generated a net loss of \$7.4 million for the nine months ended September 30, 2018, which was a decrease in net income of \$9.1 million compared to the nine months ended September 30, 2017. This decrease in net income was primarily the result of a decrease in the contracted sale prices for tons sold and fewer tons shipped during the period.

<i>Other</i>	Nine months ended		Increase/(Decrease)	
	September 30, 2018	September 30, 2017	\$	% *
	(in millions, except per ton data and %)			
Coal revenues	n/a	n/a	n/a	n/a
Freight and handling revenues	n/a	n/a	n/a	n/a
Other revenues	\$ 0.2	\$ -	\$ 0.2	704.4%
Total revenues	0.2	-	0.2	704.4%
Coal revenues per ton**	n/a	n/a	n/a	n/a
Cost of operations (exclusive of depreciation, depletion and amortization shown separately below)	(1.1)	(1.7)	0.6	(35.8%)
Freight and handling costs	-	-	-	n/a
Depreciation, depletion and amortization	0.2	0.3	(0.1)	(2.6%)
Selling, general and administrative costs	7.6	8.0	(0.4)	(5.6%)
Cost of operations per ton**	n/a	n/a	n/a	n/a
Net loss from continuing operations	(6.0)	(9.5)	3.5	(37.3%)
Adjusted EBITDA from continuing operations	0.9	(6.1)	7.0	(115.2%)
Tons sold	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.

Other revenues for our Other category were \$0.2 million for the nine months ended September 30, 2018 as compared to \$21,000 for the nine months ended September 30, 2017.

For the Other category, we had net loss of \$6.0 million for the nine months ended September 30, 2018 as compared to net loss of \$9.5 million for the nine months ended September 30, 2017. The decrease in net loss for the nine months ended September 30, 2018 was primarily due to a gain of \$6.5 million recognized on the sale of Mammoth Inc. shares during the first half of 2018 offset by an increase in interest expense of \$3.5 million.

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 September 30, 2018	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total
	(in millions)					
Net income/(loss) from continuing operations	\$ 3.6	\$ (0.8)	\$ -	\$ (3.2)	\$ (4.1)	\$ (4.5)
Plus:						
DD&A	2.2	0.3	1.0	2.0	0.1	5.6
Interest expense	-	-	-	-	2.8	2.8
EBITDA from continuing operations†	\$ 5.8	\$ (0.5)	\$ 1.0	\$ (1.2)	\$ (1.2)	\$ 3.9
Plus: Provision for doubtful accounts	0.3	-	-	-	-	0.3
Adjusted EBITDA from continuing operations†	6.1	(0.5)	1.0	(1.2)	(1.2)	4.2
EBITDA from discontinued operations	-	-	-	-	-	-
Adjusted EBITDA †	\$ 6.1	\$ (0.5)	\$ 1.0	\$ (1.2)	\$ (1.2)	\$ 4.2

Three months ended September 30, 2017	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total
	(in millions)					
Net income/(loss) from continuing operations	\$ 3.8	\$ (0.5)	\$ 1.4	\$ 0.1	\$ (2.7)	\$ 2.1
Plus:						
DD&A	1.9	0.3	1.1	1.8	-	5.1
Interest expense	-	-	-	-	1.0	1.0
EBITDA from continuing operations†	\$ 5.7	\$ (0.2)	\$ 2.5	\$ 1.9	\$ (1.7)	\$ 8.2
Adjusted EBITDA from continuing operations†	5.7	(0.2)	2.5	1.9	(1.7)	8.2
EBITDA from discontinued operations	-	(0.3)	-	-	-	(0.3)
Adjusted EBITDA	\$ 5.7	\$ (0.5)	\$ 2.5	\$ 1.9	\$ (1.7)	\$ 7.9

Nine months ended September 30, 2018	Central Appalachia	Northern Appalachia	Rhino Western	Illinois Basin	Other	Total
	(in millions)					
Net income/(loss) from continuing operations	\$ 5.5	\$ (3.5)	\$ 1.0	\$ (7.4)	\$ (6.0)	\$ (10.4)
Plus:						
DD&A	6.7	0.8	3.1	5.9	0.2	16.7
Interest expense	-	-	-	-	6.6	6.6
EBITDA from continuing operations†	\$ 12.2	\$ (2.7)	\$ 4.1	\$ (1.5)	\$ 0.8	\$ 12.9
Plus: Provision for doubtful accounts	0.3	-	-	-	-	0.3
Adjusted EBITDA from continuing operations†	12.5	(2.7)	4.1	(1.5)	0.8	13.2
EBITDA from discontinued operations	-	-	-	-	-	-
Adjusted EBITDA †	\$ 12.5	\$ (2.7)	\$ 4.1	\$ (1.5)	\$ 0.8	\$ 13.2

Nine months ended September 30, 2017	Central	Northern	Rhino	Illinois	Other	Total*
	Appalachia	Appalachia	Western	Basin		
	(in millions)					
Net income/(loss) from continuing operations	\$ 9.4	\$ (2.5)	\$ 1.6	\$ 1.7	\$ (9.5)	\$ 0.7
Plus:						
DD&A	5.8	0.8	3.4	5.7	0.3	16.0
Interest expense	-	-	-	-	3.1	3.1
EBITDA from continuing operations†*	\$ 15.2	\$ (1.7)	\$ 5.0	\$ 7.4	\$ (6.1)	\$ 19.9
Adjusted EBITDA from continuing operations†*	15.2	(1.7)	5.0	7.4	(6.1)	19.9
EBITDA from discontinued operations	-	(0.3)	-	-	-	(0.3)
Adjusted EBITDA †*	\$ 15.2	\$ (2.0)	\$ 5.0	\$ 7.4	\$ (6.1)	\$ 19.6

* Totals may not foot due to rounding.

† EBITDA is calculated based on actual amounts and not the rounded amounts presented in this table.

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	(in millions)			
Net cash provided by operating activities	\$ 0.9	\$ 5.9	\$ 7.5	\$ 13.2
Plus:				
Increase in net operating assets	-	2.0	-	6.9
Gain on sale of assets	0.8	0.1	7.2	0.1
Interest expense	2.8	1.0	6.6	3.1
Decrease in deferred revenue	0.9	-	-	-
Equity in net income of unconsolidated affiliate	-	-	-	0.1
Less:				
Decrease in net operating assets	0.1	-	4.6	-
Amortization of advance royalties	0.1	0.3	0.5	0.9
Amortization of debt issuance costs	0.6	0.4	1.4	1.1
Amortization of debt discount	0.1	-	0.3	-
Loss on retirement of advanced royalties	-	-	0.1	0.1
Increase in provision for doubtful accounts	0.3	-	0.3	-
Equity-based compensation	-	-	0.2	0.3
Accretion on asset retirement obligations	0.3	0.4	1.0	1.4
EBITDA†	\$ 3.9	\$ 7.9	\$ 12.9	\$ 19.6
Plus: Non-cash bad debt expense	0.3	-	0.3	-
Adjusted EBITDA†	4.2	7.9	13.2	19.6
Less: EBITDA from discontinued operations	-	(0.3)	-	(0.3)
Adjusted EBITDA from continuing operations †	\$ 4.2	\$ 8.2	\$ 13.2	\$ 19.9

† EBITDA is calculated based on actual amounts and not the rounded amounts presented in this table.

Liquidity and Capital Resources

Liquidity

As of September 30, 2018, our available liquidity was \$5.6 million. We also have a delayed draw term loan commitment in the amount of \$40 million (under which we have drawn approximately \$5 million) contingent upon the satisfaction of certain conditions precedent specified in the Financing Agreement discussed below.

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

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

We continue to take measures, including the suspension of cash distributions on our common and subordinated units and 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.

Cash Flows

Net cash provided by operating activities was \$7.5 million for the nine months ended September 30, 2018 as compared to \$13.2 million for the nine months ended September 30, 2017. This decrease in cash provided by operating activities was primarily the result of lower net income as discussed above.

Net cash used in investing activities was \$3.8 million for the nine months ended September 30, 2018 as compared to net cash used in investing activities of \$12.9 million for the nine months ended September 30, 2017. The decrease in cash used in investing activities was primarily due to the proceeds received from the sale of Mammoth Inc. shares partially offset by an increase in capital expenditures for the nine months ended September 30, 2018.

Net cash used in financing activities was \$19.3 million for the nine months ended September 30, 2018, which was primarily attributable to repayments on our Financing Agreement and payment of the distribution on the Series A preferred units. Net cash used in financing activities was \$0.3 million for the nine months ended September 30, 2017, which was primarily due to payments of debt issuance costs.

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 nine months ended September 30, 2018 were approximately \$11.2 million. These amounts were primarily used to rebuild, repair or replace older mining equipment. Expansion capital expenditures for the nine months ended September 30, 2018 were approximately \$9.3 million, which were primarily related to the purchase of additional equipment to expand production at one of our Central Appalachia mines.

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”), an entity wholly owned by certain investment partnerships managed by Yorktown, 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.

The Preferred Unit Agreement contains customary representations, warrants and covenants, which include among other things, that, for as long as the Series A preferred units are outstanding, we will cause CAM Mining, one of our subsidiaries, to conduct its business in the ordinary course consistent with past practice and use reasonable best efforts to maintain and preserve intact its current organization, business and franchise and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having business relationships with CAM Mining.

The Preferred Unit Agreement stipulates that upon the request of the holder of the majority of our common units following their conversion from Series A preferred units, as outlined in our partnership agreement, we will enter into a registration rights agreement with such holder. Such majority holder has the right to demand two shelf registration statements and registration statements on Form S-1, as well as piggyback registration rights.

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 Series A preferred units rank senior to all classes or series of our equity securities 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 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. 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 to 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 we are 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 us or our 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 our Central Appalachia business segment, subject to certain exceptions.

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 2018, we paid \$6.0 million in distributions earned for the year ended December 31, 2017 to holders of the Series A preferred units. We have accrued approximately \$1.8 million for distributions to holders of the Series A preferred units for the nine months ended September 30, 2018.

Financing Agreement

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

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

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

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

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

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

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

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

At September 30, 2018, we had \$29.8 million of borrowings outstanding at a variable interest rate of Libor plus 10.00% (12.25%) and \$5.0 million of borrowings outstanding at a fixed interest rate of 12.34%.

Letter of Credit Facility-PNC Bank

On December 27, 2017, we entered into a master letter of credit facility, security agreement and reimbursement agreement (the “LoC Facility Agreement”) with PNC Bank, National Association (“PNC”), pursuant to which PNC agreed to provide us with a facility for the issuance of standby letters of credit used in the ordinary course of our business (the “LoC Facility”). The LoC Facility Agreement provided that we pay a quarterly fee at a rate equal to 5% per annum calculated based on the daily average of letters of credit outstanding under the LoC Facility, as well as administrative costs incurred by PNC and a \$100,000 closing fee. The LoC Facility Agreement provided that we reimburse PNC for any drawing under a letter of credit by a specified beneficiary as soon as possible after payment was made. Our obligations under the LoC Facility Agreement were secured by a first lien security interest on a cash collateral account that is required to contain no less than 105% of the face value of the outstanding letters of credit. In the event the amount in such cash collateral account was insufficient to satisfy our reimbursement obligations, the amount outstanding would bear interest at a rate per annum equal to the Base Rate (as that term was defined in the LoC Facility Agreement) plus 2.0%. We would indemnify PNC for any losses which PNC may incur as a result of the issuance of a letter of credit or PNC’s failure to honor any drawing under a letter of credit, subject in each case to certain exceptions. We provided cash collateral to our counterparties during the third quarter of 2018 and as of September 30, 2018, the LoC Facility was terminated. We had no outstanding letters of credit at September 30, 2018.

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to certain off-balance sheet arrangements. These arrangements include guarantees and financial instruments with off-balance sheet risk, such as bank letters of credit and surety bonds. No liabilities related to these arrangements are reflected in our consolidated 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, either of which would require a greater use of our liquidity. We then have historically used bank letters of credit to secure our surety bonding obligations as a lower cost alternative than securing those bonds with a committed bonding facility pursuant to which we are required to provide bank letters of credit as a percentage of our aggregate bond liability. We recently terminated our letter of credit facility and have provided cash collateral as a percentage of our aggregate bond liability to secure our surety bonding obligations. 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 discussed above, we had no letters of credit outstanding as of September 30, 2018.

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, 2017. We adopted ASU 2014-09, Topic 606 on January 1, 2018, using the modified retrospective method. The adoption of Topic 606 has no impact on revenue amounts recorded in our financial statements. There have been no other significant changes in these policies and estimates as of September 30, 2018.

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 September 30, 2018 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 September 30, 2018 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.

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, 2017, which risks could materially affect our business, financial condition or future results. 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, 2017. 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.

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 September 30, 2018 is included in Exhibit 95.1 to this report.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description
3.1	<u>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</u>
3.2	<u>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</u>
3.3	<u>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</u>
4.1	<u>Registration Rights Agreement, dated as of October 5, 2010, by and between Rhino Resource Partners LP and Rhino Energy Holdings LLC, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-34892) filed on October 8, 2010</u>
4.2	<u>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</u>
10.1	<u>Consent to Financing Agreement dated as of July 27, 2018, 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. 001-34982) filed on July 31, 2018.</u>
10.2*	<u>First amendment to Financing Agreement dated as of November 8, 2018, 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</u>
31.1*	<u>Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241)</u>

- 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 September 30, 2018](#)

- 101.INS* XBRL Instance Document
- 101.SCH* XBRL Taxonomy Extension Schema Document
- 101.CAL* XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF* XBRL Taxonomy Definition Linkbase Document
- 101.LAB* XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE* XBRL Taxonomy Extension Presentation Linkbase Document

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RHINO RESOURCE PARTNERS LP

By: Rhino GP LLC, its General Partner

Date: November 9, 2018

By: /s/ Richard A. Boone

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

Date: November 9, 2018

By: /s/ W. Scott Morris

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

**FIRST AMENDMENT
TO FINANCING AGREEMENT**

FIRST AMENDMENT, dated as of November 8, 2018 (this "Amendment"), to the Financing Agreement, dated as of December 27, 2017 (as amended, supplemented, replaced or otherwise modified from time to time, the "Financing Agreement"), by and among Rhino Resource Partners LP, a Delaware limited partnership (the "Parent"), Rhino Energy LLC, a Delaware limited liability company ("Rhino"), each subsidiary of Rhino listed as a "Borrower" on the signature pages thereto (together with Rhino, each a "Borrower" and collectively, the "Borrowers"), each subsidiary of the Parent listed as a "Guarantor" on the signature pages thereto (together with the Parent and each other Person that executes a joinder agreement and becomes a "Guarantor" thereunder, each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders"), Cortland Capital Market Services LLC ("Cortland"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent"), Cortland, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent") and CB Agent Services LLC, as origination agent for the Lenders (in such capacity, together with its successors and permitted assigns in such capacity, the "Origination Agent" and together with the Collateral Agent and the Administrative Agent, each an "Agent" and collectively, the "Agents").

WHEREAS, the Borrowers, the Guarantors, the Agents and the Lenders wish to amend certain terms and provisions of the Financing Agreement as hereinafter set forth.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. All terms used herein that are defined in the Financing Agreement and not otherwise defined herein shall have the meanings assigned to them in the Financing Agreement.

2. Amendments.

(a) New Definitions. Section 1.01 of the Financing Agreement is hereby amended by adding the following definitions in appropriate alphabetical order:

“First Amendment” means the First Amendment to Financing Agreement, dated as of November 8, 2018, by and among the Agents, the Lenders party thereto and the Loan Parties.”

“First Amendment Effective Date” means the date on which each of the conditions precedent set forth in Section 5 of the First Amendment have been either satisfied or waived.”

(b) Existing Definitions.

(i) The definition of “Applicable Premium” in Section 1.01 of the Financing Agreement is hereby amended and restated its entirety to read as follows:

““Applicable Premium” means, as of the date of the occurrence of an Applicable Premium Trigger Event:

(a) during the period of time from and after the Effective Date up to and including the date that is the eighteen (18) month anniversary of the Effective Date, an amount equal to the Make-Whole Amount; and

(b) thereafter, zero.”

(ii) The definition of “Applicable Premium Trigger Event” in Section 1.01 of the Financing Agreement is hereby amended by amending and restating clause (a) therein its entirety to read as follows:

“(a) any payment by any Loan Party of all, or any part, of the principal balance of any Term Loan for any reason (including, without limitation, any optional prepayment or mandatory prepayment but excluding any regularly scheduled amortization payment made pursuant to Section 2.03(a) (other than, for the avoidance of doubt, any payment made pursuant to clause (ii) of the last sentence of Section 2.03(a))) whether before or after (i) the occurrence of an Event of Default, or (ii) the commencement of any Insolvency Proceeding, and notwithstanding any acceleration (for any reason) of the Obligations;”

(iii) The definition of “Make-Whole Amount” in Section 1.01 of the Financing Agreement is hereby amended and restated its entirety to read as follows:

““Make-Whole Amount” means, as of any date of determination, an amount equal to the aggregate amount of interest (including, without limitation, interest payable in cash, in kind or deferred) which would have otherwise been payable on the aggregate principal amount of the Term Loan paid on such date (or in the case of an Applicable Premium Trigger Event specified in clauses (b), (c), (d) or (e) of the definition thereof, the principal amount of the Term Loan outstanding on such date and the aggregate amount of the Unused Line Fee (assuming for purposes of calculating the Unused Line Fee that the Total Delayed Draw Term Loan Commitment is equal to the amount of the Total Delayed Draw Term Loan Commitment immediately prior to the occurrence of the Applicable Premium Trigger Event) which would have otherwise accrued) from the date of the occurrence of the Applicable Premium Trigger Event until the eighteenth month anniversary of the Effective Date.”

3. Waiver.

(a) Pursuant to the request by the Loan Parties, but subject to satisfaction of the conditions set forth in Section 5 hereof, and in reliance upon (A) the representations and warranties of Loan Parties set forth herein and in the Financing Agreement and (B) the agreements of the Loan Parties set forth herein, the Required Lenders hereby (i) waive any Event of Default that has or would otherwise arise under Section 9.01(c) of the Financing Agreement solely by reason of the Loan Parties failing to comply with the Fixed Charge Coverage Ratio covenant in Section 7.03(b) of the Financing Agreement for the period ending September 30, 2018.

(b) The waiver in this Section 3 shall be effective only in this specific instance and for the specific purpose set forth herein and does not allow for any other or further departure from the terms and conditions of the Financing Agreement or any other Loan Document, which terms and conditions shall continue in full force and effect.

4. Representations and Warranties. Each Loan Party hereby represents and warrants to the Agents and the Lenders as follows :

(a) Representations and Warranties: No Event of Default. The representations and warranties herein, in Article VI of the Financing Agreement and in each other Loan Document, certificate or other writing delivered by or on behalf of the Loan Parties to any Agent or any Lender pursuant to the Financing Agreement or any other Loan Document on or prior to the First Amendment Effective Date are true and correct in all material respects (except that such materiality qualifier shall not be applied to any representations or warranties that already are qualified or modified as to “materiality” or “Material Adverse Effect” in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of the First Amendment Effective Date, after giving effect to this Amendment (including the waiver set forth in Section 3 hereof), as though made on and as of such date (unless such representations or warranties are stated to relate to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applied to any representations or warranties that already are qualified or modified as to “materiality” or “Material Adverse Effect” in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date), and no Default or Event of Default has occurred and is continuing as of the First Amendment Effective Date, after giving effect to this Amendment (including the waiver set forth in Section 3 hereof), or would result from this Amendment becoming effective in accordance with its terms.

(b) Organization, Good Standing, Etc. Each Loan Party (i) is a corporation, limited liability company or limited partnership duly organized, validly existing and in good standing under the laws of the state or jurisdiction of its organization, (ii) has all requisite power and authority to conduct its business as now conducted and as presently contemplated and to execute this Amendment and deliver each Loan Document to which it is a party, and to consummate the transactions contemplated hereby and by the Financing Agreement, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary, except (solely for the purposes of this subclause (iii)) where the failure to be so qualified and in good standing could reasonably be expected to have a Material Adverse Effect.

(c) Authorization: Etc. The execution, delivery and performance of this Amendment by the Loan Parties, and the performance of the Financing Agreement, (i) have been duly authorized by all necessary action, (ii) do not and will not contravene (A) any of its Governing Documents, (B) any applicable material Requirement of Law or (C) any material Contractual Obligation binding on or otherwise affecting it or any of its properties, (iii) do not and will not result in or require the creation of any Lien (other than pursuant to any Loan Document or any other Permitted Lien) upon or with respect to any of its properties, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties, except in the case of clause (iv), to the extent where such contravention, default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal could not reasonably be expected to have a Material Adverse Effect.

(d) Governmental Approvals. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required in connection with the due execution, delivery and performance by any Loan Party of this Amendment or any other Loan Document to which it is or will be a party other than filings and recordings with respect to Collateral that were made, or otherwise delivered to the Collateral Agent for filing or recordation, on the Effective Date.

5 . Conditions to Effectiveness. This Amendment shall become effective only upon satisfaction in full, in a manner reasonably satisfactory to the Origination Agent, of the following conditions precedent (the first date upon which all such conditions shall have been satisfied or waived being herein called the "First Amendment Effective Date"):

(a) The Agents shall have received this Amendment, duly executed by the Loan Parties, each Agent and the Required Lenders.

(b) The representations and warranties contained in this Amendment and in Article VI of the Financing Agreement and in each other Loan Document shall be true and correct in all material respects (except that such materiality qualifier shall not be applied to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of the First Amendment Effective Date, after giving effect to this Amendment (including the waiver set forth in Section 3 hereof), as though made on and as of such date (unless such representations or warranties are stated to relate to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applied to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date).

(c) No Default or Event of Default shall have occurred and be continuing on the First Amendment Effective Date, after giving effect to this Amendment (including the waiver set forth in Section 3 hereof), or result from this Amendment becoming effective in accordance with its terms.

(d) The Borrowers shall have paid on or before the First Amendment Effective Date all fees, costs and expenses then payable pursuant to Section 2.06 and Section 12.04, including, without limitation, the reasonable fees and expenses of Schulte Roth & Zabel LLP, counsel to the Origination Agent.

6 . Continued Effectiveness of the Financing Agreement and Other Loan Documents. Each Loan Party hereby (i) acknowledges and consents to this Amendment, (ii) confirms and agrees that the Financing Agreement and each other Loan Document to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that on and after the First Amendment Effective Date all references in any such Loan Document to “the Financing Agreement”, the “Agreement”, “thereto”, “thereof”, “thereunder” or words of like import referring to the Financing Agreement shall mean the Financing Agreement as amended or modified by this Amendment, and (iii) confirms and agrees that to the extent that any such Loan Document purports to assign or pledge to the Collateral Agent for the benefit of the Agents and the Lenders, or to grant to the Collateral Agent for the benefit of the Agents and the Lenders a security interest in or Lien on, any Collateral as security for the Obligations of the Loan Parties from time to time existing in respect of the Financing Agreement (as amended hereby) and the other Loan Documents, such pledge, assignment and/or grant of the security interest or Lien is hereby ratified and confirmed in all respects. This Amendment does not and shall not affect any of the obligations of the Loan Parties, other than as expressly provided herein, including, without limitation, the Loan Parties’ obligations to repay the Loans in accordance with the terms of Financing Agreement, or the obligations of the Loan Parties under any Loan Document to which they are a party, all of which obligations shall remain in full force and effect. Except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Agents or any Lender under the Financing Agreement or any other Loan Document, nor constitute a waiver of any provision of the Financing Agreement or any other Loan Document.

7. Release. Each Loan Party hereby acknowledges and agrees that, on the First Amendment Effective Date: (a) neither it nor any of its Affiliates has any claim or cause of action arising on or prior to the First Amendment Effective Date against any Agent or any Lender (or any of their respective Affiliates, officers, directors, employees, attorneys, consultants or agents) under the Financing Agreement and the other Loan Documents and (b) each Agent and each Lender has, prior to the First Amendment Effective Date, properly performed and satisfied in a timely manner all of its obligations prior to the First Amendment Effective Date to such Loan Party and its Affiliates under the Financing Agreement and the other Loan Documents. Notwithstanding the foregoing, the Agents and the Lenders wish (and each Loan Party agrees) to eliminate, to the fullest extent permitted under applicable law, any possibility that any past conditions, acts, omissions, events or circumstances which occurred prior to the First Amendment Effective Date would impair or otherwise adversely affect any of the Agents' and the Lenders' rights, interests, security and/or remedies under the Financing Agreement and the other Loan Documents. Accordingly, for and in consideration of the agreements contained in this Amendment and other good and valuable consideration, each Loan Party (for itself and its Affiliates and the successors, assigns, heirs and representatives of each of the foregoing) (collectively, the "Releasers") does hereby fully, finally, unconditionally and irrevocably release and forever discharge each Agent, each Lender and each of their respective Affiliates, officers, directors, employees, attorneys, consultants and agents (collectively, the "Released Parties") from any and all debts, claims, obligations, damages, costs, attorneys' fees, suits, demands, liabilities, actions, proceedings and causes of action, in each case, arising on or prior to the First Amendment Effective Date, whether known or unknown, contingent or fixed, direct or indirect, and of whatever nature or description, and whether in law or in equity, under contract, tort, statute or otherwise, which any Releaser has heretofore had or now or hereafter can, shall or may have against any Released Party by reason of any act, omission or thing whatsoever done or omitted to be done on or prior to the First Amendment Effective Date and arising out of, connected with or related in any way to this Amendment, the Financing Agreement or any other Loan Document, or any act, event or transaction on or prior to the First Amendment Effective Date related or attendant thereto, or the agreements of any Agent or any Lender contained therein, or the possession, use, operation or control of any of the assets of each Loan Party, or the making of any Loans, or the management of such Loans or the Collateral, in each case, on or prior to the First Amendment Effective Date.

As to each and every claim released hereunder, each Loan Party hereby represents that it has received the advice of legal counsel with regard to the releases contained herein, and having been so advised, specifically waives the benefit of the provisions of Section 1542 of the Civil Code of California which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH A CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM, MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

As to each and every claim released hereunder, each Loan Party also waives the benefit of each other similar provision of applicable federal or state law (including without limitation the laws of the state of New York), if any, pertaining to general releases after having been advised by its legal counsel with respect thereto.

Each Loan Party acknowledges that it may hereafter discover facts different from or in addition to those now known or believed to be true with respect to such claims, demands, or causes of action arising on or prior to the First Amendment Effective Date and agrees that this instrument shall be and remain effective in all respects notwithstanding any such differences or additional facts. Each Loan Party understands, acknowledges and agrees that to the extent permitted under applicable law, the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

Each Loan Party, for itself and on behalf of its successors, assigns, and officers, directors, employees and agents, and any Person acting for or on behalf of, or claiming through it, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of the Released Parties above that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) the Released Parties on the basis of any claim released, remised and discharged by such Person pursuant to this Section 7. Each Loan Party further agrees that it shall not dispute the validity or enforceability of the Financing Agreement or any of the other Loan Documents or any of its obligations thereunder, or the validity, priority, enforceability or the extent of Collateral Agent's Lien on any item of Collateral under the Financing Agreement or the other Loan Documents. If any Loan Party or any of its respective successors, assigns, or officers, directors, employees and agents, or any Person acting for or on behalf of, or claiming through it violate the foregoing covenant, such Person, for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as the Released Parties may sustain as a result of such violation, all reasonable attorneys' fees and costs incurred by the Released Parties as a result of such violation.

Each Lender hereby acknowledges and agrees that, on the First Amendment Effective Date: (a) neither it nor any of its Affiliates has any claim or cause of action arising on or prior to the First Amendment Effective Date against Cortland Capital Market Services LLC, Colbeck Capital Management, LLC or CB Agent Services LLC (or any of their respective Affiliates, officers, directors, employees, attorneys, consultants or agents) under the Financing Agreement and the other Loan Documents and (b) each of Cortland Capital Market Services LLC, Colbeck Capital Management, LLC, CB Agent Services LLC and their respective Affiliates has, prior to the First Amendment Effective Date, properly performed and satisfied in a timely manner all of its obligations prior to the First Amendment Effective Date to such Lender and its Affiliates under the Financing Agreement and the other Loan Documents. Notwithstanding the foregoing, Cortland Capital Market Services LLC, Colbeck Capital Management, LLC, CB Agent Services LLC and their respective Affiliates wish (and each Lender agrees) to eliminate, to the fullest extent permitted under applicable law, any possibility that any past conditions, acts, omissions, events or circumstances which occurred prior to the First Amendment Effective Date would give rise to any claim by any Lender against Cortland Capital Market Services LLC, Colbeck Capital Management, LLC, CB Agent Services LLC and their respective Affiliates under the Financing Agreement and the other Loan Documents. Accordingly, for and in consideration of the agreements contained in this Amendment and other good and valuable consideration, each Lender (for itself and its Affiliates and the successors, assigns, heirs and representatives of each of the foregoing) (collectively, the "Lender Releasors") does hereby fully, finally, unconditionally and irrevocably release and forever discharge Cortland Capital Market Services LLC, Colbeck Capital Management, LLC, CB Agent Services LLC and each of their respective Affiliates, officers, directors, employees, attorneys, consultants and agents (collectively, the "Colbeck/Cortland Released Parties") from any and all debts, claims, obligations, damages, costs, attorneys' fees, suits, demands, liabilities, actions, proceedings and causes of action, in each case, arising on or prior to the First Amendment Effective Date, whether known or unknown, contingent or fixed, direct or indirect, and of whatever nature or description, and whether in law or in equity, under contract, tort, statute or otherwise, which any Lender Releasor has heretofore had or now or hereafter can, shall or may have against any Colbeck/Cortland Released Party by reason of any act, omission or thing whatsoever done or omitted to be done on or prior to the First Amendment Effective Date and arising out of, connected with or related in any way to this Amendment, the Financing Agreement or any other Loan Document, or any act, event or transaction on or prior to the First Amendment Effective Date related or attendant thereto, or the agreements of Cortland Capital Market Services LLC, Colbeck Capital Management, LLC, CB Agent Services LLC or any of their respective Affiliates contained therein, or the possession, use, operation or control of any of the assets of each Loan Party, or the making of any Loans, or the management of such Loans or the Collateral, in each case, on or prior to the First Amendment Effective Date.

As to each and every claim released hereunder, each Lender hereby represents that it has received the advice of legal counsel with regard to the releases contained herein, and having been so advised, specifically waives the benefit of the provisions of Section 1542 of the Civil Code of California which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH A CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM, MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

As to each and every claim released hereunder, each Lender also waives the benefit of each other similar provision of applicable federal or state law (including without limitation the laws of the state of New York), if any, pertaining to general releases after having been advised by its legal counsel with respect thereto.

8. Miscellaneous.

(a) This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Amendment by facsimile or electronic mail shall be equally effective as delivery of an original executed counterpart of this Amendment.

(b) Section and paragraph headings herein are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

(c) This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

(d) Each Loan Party hereby acknowledges and agrees that this Amendment constitutes a “Loan Document” under the Financing Agreement. Accordingly, it shall be an Event of Default under the Financing Agreement if (i) any representation or warranty made by a Loan Party under or in connection with this Amendment shall have been untrue, false or misleading in any material respect when made, or (ii) any Loan Party shall fail to perform or observe any term, covenant or agreement contained in this Amendment.

(e) Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(f) The Borrowers will pay on demand all reasonable fees, costs and expenses of the Agents and the Lenders party to this Amendment in connection with the preparation, execution and delivery of this Amendment or otherwise payable under the Financing Agreement, including, without limitation, reasonable fees, disbursements and other charges of counsel to the Agents and the Lenders party to this Amendment.

[remainder of page intentionally left blank]

page hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered as of the date set forth on the first

BORROWERS:

RHINO ENERGY LLC

By: /s/ Richard A. Boone

Name: Richard A. Boone

Title: President and CEO

RHINO EXPLORATION LLC

RHINO TECHNOLOGIES LLC

SPRINGDALE LAND LLC

CAM MINING LLC

MCCLANE CANYON MINING LLC

HOPEDALE MINING LLC

CAM-OHIO REAL ESTATE LLC

CAM-KENTUCKY REAL ESTATE LLC

CAM-COLORADO LLC

TAYLORVILLE MINING LLC

LEESVILLE LAND LLC

CAM AIRCRAFT LLC

CASTLE VALLEY MINING LLC

PENNYRILE ENERGY LLC

By: /s/ Richard A. Boone

Name: Richard A. Boone

Title: President and CEO

GUARANTORS:

RHINO RESOURCE PARTNERS LP

By: Rhino GP LLC, its general partner

By: /s/ Richard A. Boone

Name: Richard A. Boone

Title: President and CEO

RHINO TRUCKING LLC

RHINO SERVICES LLC

RHINO OILFIELD SERVICES LLC

TRIAD ROOF SUPPORT SYSTEMS LLC

RHINO COALFIELD SERVICES LLC

RHINO NORTHERN HOLDINGS LLC

CAM-BB LLC

CAM COAL TRADING LLC

By: /s/ Richard A. Boone

Name: Richard A. Boone

Title: President and CEO

COLLATERAL AGENT AND ADMINISTRATIVE AGENT:

CORTLAND CAPITAL MARKET SERVICES LLC

By: /s/ Matthew Trybula

Name: Matthew Trybula

Title: Associate Counsel

ORINATION AGENT:

CB AGENT SERVICES LLC

By: /s/ Morris Beyda

Name: Morris Beyda

Title: Partner & COO

LENDER:

COLBECK STRATEGIC LENDING MASTER, L.P.

By: Colbeck Capital Management, LLC, its investment manager

By: /s/ Baabur Khondker

Name: Baabur Khondker

Title: Chief Financial Officer

LENDER:

CION INVESTMENT CORPORATION

By: /s/ Gregg Bresner

Name: Gregg Bresner

Title: Chief Investment Officer

LENDER:

33RD STREET FUNDING, LLC

By: /s/ Gregg Bresner

Name: Gregg Bresner

Title: Chief Investment Officer

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: November 9, 2018

/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: November 9, 2018

/s/ W. Scott Morris

W. Scott Morris

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 September 30, 2018 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: November 9, 2018

/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 September 30, 2018 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: November 9, 2018

/s/ W. Scott Morris

W. Scott Morris

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 September 30, 2018, none of our subsidiaries received written notice from MSHA of (a) a violation under section 110(b)(2) of the Mine Act for failure to make reasonable efforts to eliminate a known violation of a mandatory safety or health standard that substantially proximately caused, or reasonably could have been expected to cause, death or serious bodily injury, (b) a pattern of violations of mandatory health or safety standards under section 104(e) of the Mine Act, or (c) a violation under section 107(a) of the Mine Act for alleged conditions or practices that could reasonably be expected to cause death or serious physical harm. In addition, none of our subsidiaries suffered any mining related fatalities during the three months ended September 30, 2018.

The following table sets out information required by the Dodd-Frank Act for the three months ended September 30, 2018. 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 September 30, 2018 as well as total pending legal actions that were pending before the Commission as of September 30, 2018, 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 September 30, 2018

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	5	0	0	0	0	\$ 858	0	0	0
	Nelms Plant	33-04187	2	0	0	0	0	\$ 309	0	0	0
CAM/Deane Mining LLC											
	Mine #28	15-18911	6	0	0	0	0	\$ 11,597	0	0	0
	Three Mile Mine #1	15-17659	0	0	0	0	0	\$ 0	0	0	0
	Right Fork-Rob Fork Contour	15-18977	2	0	0	0	0	\$ 721	0	0	0
	Grapevine South	46-08930	2	0	0	0	0	\$ 7,490	0	0	0
	Remining No. 3	46-09345	0	0	0	0	0	\$ 1,560	1	0	1
	Rob Fork Processing	15-14468	1	0	0	0	0	\$ 1,051	0	0	2
	Jamboree Loadout	15-12896	2	0	0	0	0	\$ 831	0	0	0
	CAM Highwall Miner	46-09545	0								
	Mill Creek Prep Plant	15-16577	0	0	0	0	0	\$ -	0	0	0
	Tug Fork Plant	46-08626	2	0	0	0	0	\$ 2,419	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
Pennyrite Energy LLC											
	Riveredge Mine	15-19424	18	0	0	0	0	\$ 36,710	0	0	2
	Riveredge Surface Ops	15-19749	0	0	0	0	0	\$ 236	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	\$ 236	0	0	0
	Castle Valley Mine #4	42-02335	3	0	0	0	0	\$ 4,482	0	0	0
	Bear Canyon Loading Facility	42-02395	2	0	0	0	0	\$ 2,531	0	0	0
Total			<u>45</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ 71,031</u>	<u>1</u>	<u>0</u>	<u>5</u>

¹The 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 September 30, 2018.

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 September 30, 2018 that fall into each of the following categories is as follows:

- (a) Contests of citations and orders: 1
 - (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: 0
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