

**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

Commission file number: 001-34815

Westmoreland Resource Partners, LP

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

9540 South Maroon Circle, Suite 300 Englewood, CO

(Address of principal executive offices)

77-0695453

(I.R.S. Employer Identification No.)

80112

(Zip Code)

Registrant's telephone number, including area code: (855) 922-6463

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an 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

Smaller reporting company

Emerging growth company

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

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

As of October 30, 2018, 1,284,840 common units were outstanding. The common units trade on the OTC Pink Marketplace under the ticker symbol "WMLPQ."

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PART I - FINANCIAL INFORMATION
ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
Consolidated Balance Sheets (Unaudited)

	September 30, 2018	December 31, 2017
(In thousands)		
Assets		
Current assets:		
Cash and cash equivalents	\$ 25,805	\$ 36,739
Receivables	21,440	27,409
Inventories	12,831	14,927
Other current assets	7,396	1,891
Total current assets	67,472	80,966
Property, plant and equipment:		
Land, mineral rights, property, plant and equipment	210,627	358,375
Less accumulated depreciation, depletion and amortization	(88,850)	(164,711)
Net property, plant and equipment	121,777	193,664
Advanced coal royalties	3,586	10,143
Restricted investments	35,952	37,239
Intangible assets, net of accumulated amortization of \$6.2 million at December 31, 2017	—	24,800
Deposits and other assets	821	592
Total Assets	\$ 229,608	\$ 347,404
Liabilities and Partners' Capital (Deficit)		
Current liabilities:		
Current installments of long-term debt	\$ 327,622	\$ 314,228
Accounts payable and accrued expenses:		
Trade	17,820	15,565
Deferred revenue	1,328	3,141
Production taxes	17,867	16,670
Asset retirement obligations	9,507	15,187
Other current liabilities	2,535	2,091
Total current liabilities	376,679	366,882
Long-term debt, less current installments	6,392	9,605
Asset retirement obligations, less current portion	30,845	30,609
Other liabilities	1,498	1,942
Total liabilities	415,414	409,038
Partners' capital (deficit):		
Limited partners (1,284,840 units outstanding as of September 30, 2018 and December 31, 2017)	19,053	25,959
Series A convertible units (17,050,680 units outstanding as of September 30, 2018 and December 31, 2017)	(161,965)	(69,605)
Series B convertible units (4,512,500 units outstanding as of September 30, 2018 and December 31, 2017)	(74,197)	(49,755)
General partner units (35,291 units outstanding as of September 30, 2018 and December 31, 2017)	31,502	31,687
Liquidation units (856,698 units outstanding as of September 30, 2018 and December 31, 2017)	—	—
Accumulated other comprehensive (loss) income	(199)	80
Total Westmoreland Resource Partners, LP deficit	(185,806)	(61,634)
Total Liabilities and Partners' Deficit	\$ 229,608	\$ 347,404

See accompanying Notes to Consolidated Financial Statements (Unaudited).

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
Consolidated Statements of Operations and Comprehensive Loss (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(In thousands, except per unit data)			
Revenues	\$ 62,785	\$ 85,606	\$ 194,887	\$ 241,462
Costs and expenses:				
Cost of sales (exclusive of depreciation, depletion and amortization, shown separately)	57,419	61,952	167,110	181,225
Depreciation, depletion and amortization	6,470	9,692	23,824	30,153
Selling and administrative	5,553	4,484	18,472	12,095
(Gain) loss on sales of assets	(958)	27	(2,026)	(335)
Loss on impairment	—	—	77,675	—
Total cost and expenses	68,484	76,155	285,055	223,138
Operating (loss) income	(5,699)	9,451	(90,168)	18,324
Other (expense) income:				
Interest expense	(12,140)	(10,989)	(35,099)	(32,121)
Interest income	245	221	743	660
Other income (loss)	286	(43)	579	609
Total other expenses	(11,609)	(10,811)	(33,777)	(30,852)
Net loss	(17,308)	(1,360)	(123,945)	(12,528)
Less net loss allocated to general partner	(27)	(3)	(185)	(22)
Net loss allocated to limited partners	\$ (17,281)	\$ (1,357)	\$ (123,760)	\$ (12,506)
Net loss	\$ (17,308)	\$ (1,360)	\$ (123,945)	\$ (12,528)
Unrealized and realized (loss) gain on available-for-sale debt securities	(115)	102	(279)	353
Comprehensive loss attributable to the Partnership	\$ (17,423)	\$ (1,258)	\$ (124,224)	\$ (12,175)
Net loss per limited partner common unit, basic and diluted:	\$ (0.76)	\$ (0.04)	\$ (5.42)	\$ (0.49)
Weighted average number of limited partner common units outstanding, basic and diluted:	1,285	1,285	1,285	1,271
Cash distribution paid per limited partner common unit	\$ —	\$ 0.1333	\$ —	\$ 0.3999
Cash distribution paid per general partner unit	—	0.1333	—	0.3999

See accompanying Notes to Consolidated Financial Statements (Unaudited).

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
Consolidated Statements of Partners' Capital (Deficit) (Unaudited)

	Limited Partners										General Partner		Accumulated Other Comprehensive Income (Loss)	Total Partners' Capital (Deficit)
	Common		Series A Convertible		Series B Convertible		Liquidation		Total					
	Units	Capital (Deficit)	Units	Capital (Deficit)	Units	Capital (Deficit)	Units	Capital (Deficit)	Units	Capital (Deficit)	Units	Capital (Deficit)		
	(In thousands, except units data)													
Balance at December 31, 2017	1,284,840	\$ 25,959	17,050,680	\$ (69,605)	4,512,500	\$ (49,755)	856,698	\$ —	23,704,718	\$ (93,401)	35,291	\$ 31,687	\$ 80	\$ (61,634)
Net loss	—	(6,958)	—	(92,360)	—	(24,442)	—	—	—	(123,760)	—	(185)	—	(123,945)
Equity-based compensation	—	52	—	—	—	—	—	—	—	52	—	—	—	52
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	(279)	(279)
Balance at September 30, 2018	1,284,840	\$ 19,053	17,050,680	\$ (161,965)	4,512,500	\$ (74,197)	856,698	\$ —	23,704,718	\$ (217,109)	35,291	\$ 31,502	\$ (199)	\$ (185,806)

See accompanying Notes to Consolidated Financial Statements (Unaudited).

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)

	Nine Months Ended September 30,	
	2018	2017
(In thousands)		
Cash flows from operating activities:		
Net loss	\$ (123,945)	\$ (12,528)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation, depletion and amortization	23,824	30,153
Accretion of asset retirement obligations	5,367	4,008
Equity-based compensation	52	164
Loss on impairment	77,675	—
Non-cash interest expense	13,028	6,981
Amortization of deferred financing costs	2,058	2,145
Other	(1,608)	(231)
Changes in operating assets and liabilities:		
Receivables, net	4,315	(3,707)
Inventories	1,859	3,458
Accounts payable and accrued expenses	3,574	(233)
Interest payable	444	(250)
Deferred revenue	(1,813)	(1,769)
Other assets and liabilities	1,318	3,570
Asset retirement obligations	(7,693)	(8,906)
Net cash (used in) provided by operating activities	(1,545)	22,855
Cash flows from investing activities:		
Additions to property, plant, equipment and other	(5,642)	(8,725)
Advance royalties payments	(134)	(493)
Proceeds from sales of restricted investments	7,630	6,129
Purchases of restricted investments	(8,049)	(7,934)
Net proceeds from sales of assets	1,664	592
Net cash used in investing activities	(4,531)	(10,431)
Cash flows from financing activities:		
Repayments of long-term debt	(5,867)	(3,645)
Cash distributions to unitholders	—	(586)
Acquisition under common control of Johnson Run	—	(1,526)
Net cash used in financing activities	(5,867)	(5,757)
Net (decrease) increase in cash and cash equivalents, including restricted cash	(11,943)	6,667
Cash and cash equivalents, including restricted cash, beginning of period	44,493	23,675
Cash and cash equivalents, including restricted cash, end of period	\$ 32,550	\$ 30,342
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 20,268	\$ 23,244
Non-cash transactions:		
Accrued purchases of property and equipment	\$ 1,106	\$ 411
Cash and cash equivalents, including restricted cash, end of period		
Cash and cash equivalents	\$ 25,805	\$ 22,348
Restricted cash in <i>Restricted investments</i>	6,745	7,994
	\$ 32,550	\$ 30,342

See accompanying Notes to Consolidated Financial Statements (Unaudited).

**WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements (unaudited) include the accounts and operations of Westmoreland Resource Partners, LP (the "Partnership") and its consolidated subsidiaries and have been prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP") and require the use of management's estimates. All intercompany transactions and accounts have been eliminated in consolidation. The financial information contained in this Quarterly Report on Form 10-Q ("Quarterly Report") is unaudited, but reflects all adjustments which, in the opinion of management, are necessary for a fair presentation of the financial information for the periods shown. Such adjustments are of a normal recurring nature. Certain prior-period amounts have been reclassified to conform with the financial statement line items used by Westmoreland Coal Company ("WCC"), the parent of our general partner Westmoreland Resources GP, LLC (the "GP"). The results of operations for the nine months ended September 30, 2018 are not necessarily indicative of results to be expected for the year ending December 31, 2018.

These unaudited quarterly consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes to the consolidated financial statements included in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2017 ("2017 Form 10-K"). There were no changes to our significant accounting policies from those disclosed in the audited consolidated financial statements and notes to the consolidated financial statements thereto contained in our 2017 Form 10-K, except as described below in the section titled "Recently Issued Accounting Pronouncements."

Filing Under Chapter 11 of the United States Bankruptcy Code

On October 9, 2018 (the "Petition Date"), WCC, certain of its subsidiaries, including the Partnership, the Partnership's general partner and the Partnership's wholly owned subsidiaries (collectively, the "Debtors"), filed voluntary petitions (the "Bankruptcy Petitions") for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court") (case number 18-35672). The Debtors have filed a motion with the Bankruptcy Court seeking to jointly administer all of the Debtors' Chapter 11 cases (the "Chapter 11 Cases") under the caption "In re Westmoreland Coal Company, et al." The Debtors will continue to operate their businesses as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court.

For the duration of the Chapter 11 Cases, the Partnership's operations and its ability to develop and execute its business plan are subject to risks and uncertainties associated with the Chapter 11 Cases. As a result of these risks and uncertainties, the Partnership's assets, liabilities, officers and/or directors could be significantly different following the outcome of the Chapter 11 Cases, and the description of its operations, properties and capital plans included in these financial statements may not accurately reflect its operations, properties and capital plans following the Chapter 11 Cases.

The Debtors have filed a series of first day motions with the Court that seek authorization to continue to conduct their business without interruption, and the Bankruptcy Court has entered orders approving these motions on an interim basis. The Bankruptcy Court hearing to consider approval of these motions on a final basis is currently scheduled for November 13, 2018. These motions are designed primarily to minimize the effect of bankruptcy on the Debtors' operations, customers and employees. The Partnership expects ordinary-course operations to continue substantially uninterrupted during and after the consummation of the Chapter 11 Cases. Employees should expect no change in their daily responsibilities and to be paid in the ordinary course of business.

The filing of the Chapter 11 Cases described above constitutes an event of default that accelerated the Debtors' respective obligations under the 2014 Financing Agreement, dated as of December 31, 2014, by and among Oxford Mining Company, LLC and the other borrowers thereto, the Partnership and certain of its subsidiaries as guarantors thereto, and the lenders, collateral agent and administrative agent thereto, as amended (the "2014 Financing Agreement"). The Financing Agreement provides that as a result of the Chapter 11 Cases the principal and interest due thereunder shall be immediately due and payable. Any efforts to enforce such payment obligations under the 2014 Financing Agreement are automatically stayed as a result of the Chapter 11 Cases, and the creditors' rights of enforcement in respect of the 2014 Financing Agreement are subject to the applicable provisions of the Bankruptcy Code.

Additionally, on the Petition Date, the New York Stock Exchange (the "NYSE") suspended trading in the common units of the Partnership at the market opening and notified the Partnership that its common units are no longer suitable for listing pursuant to Section 802.01D of the NYSE continued listing standards. As a result of the delisting notice, the Partnership's common units are currently trading on the OTC Pink Marketplace under the symbol "WMLPQ."

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

For periods subsequent to filing the Bankruptcy Petitions, the Partnership will apply the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 852, *Reorganizations*, in preparing its consolidated financial statements. ASC 852 requires that the financial statements distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Accordingly, certain revenues, expenses, realized gains and losses and provisions for losses that are realized or incurred in the bankruptcy proceedings will be recorded in a reorganization line item on the consolidated statements of operations. In addition, the pre-petition obligations that may be impacted by the bankruptcy reorganization process will be classified on the consolidated balance sheet as liabilities subject to compromise. These liabilities are reported at the amounts expected to be allowed by the Bankruptcy Court, which may differ from the ultimate settlement amounts.

Ability to Continue as a Going Concern & Covenant Violations

As of November 1, 2018, the Partnership was in default under certain of its debt instruments. The Partnership's filing of the Chapter 11 Cases described above constitutes an event of default that accelerated the Partnership's obligations under its Term Loan and 2014 Financing Agreement. Additionally, other events of default, including cross-defaults, are present, including the receipt of a going concern explanatory paragraph from the Partnership's independent registered public accounting firm on the Partnership's consolidated financial statements. Under the Bankruptcy Code, the creditors under these debt agreements are stayed from taking any action against the Partnership as a result of an event of default.

The significant risks and uncertainties related to the Partnership's liquidity and Chapter 11 Cases described above raise substantial doubt about the Partnership's ability to continue as a going concern. As such, the accompanying consolidated financial statements (unaudited) are prepared on a going concern basis and do not include any adjustments that might result from uncertainty about our ability to continue as a going concern, other than the reclassification of certain long-term debt to current debt and the related debt issuance costs to current liabilities and current assets, respectively. If the Partnership cannot continue as a going concern, adjustments to the carrying values and classification of its assets and liabilities and the reported amounts of income and expenses could be required and could be material.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("new revenue standard"), which supersedes all previously existing revenue recognition guidance. Under this guidance, an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard allows for initial application to be performed retrospectively to each period presented or as a cumulative effect adjustment as of the date of adoption. During 2016, the FASB clarified the implementation guidance on principal versus agent, identifying performance obligations and licensing, practical expedients, and made technical corrections on various topics.

The Partnership adopted the new revenue standard effective January 1, 2018 using the full retrospective method. The adoption of this standard did not have a material impact to the Partnership's consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* ("new cash flows standard"), which requires all entities that have restricted cash or restricted cash equivalents to explain the changes during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents in the Consolidated Statements of Cash Flows. As a result, amounts generally described as restricted cash and restricted cash equivalents that are included in other financial statement captions of the Consolidated Balance Sheets should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the Consolidated Statements of Cash Flows. The ASU should be adopted using a retrospective transition method to each period presented. The Partnership adopted the new cash flows standard effective January 1, 2018 and applied the ASU retrospectively to the periods presented in the Partnership's Consolidated Statements of Cash Flows (unaudited). As a result, net cash used in investing activities for the nine months ended September 30, 2017 was adjusted to exclude the change in restricted cash as follows:

	Nine Months Ended September 30, 2017	
	(In thousands)	
Cash used in investing activities, as previously reported	\$	(9,844)
Less: Purchases of restricted investments		(587)
Cash used in investing activities, as adjusted	\$	(10,431)

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires companies leasing assets to recognize on their balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term on contracts longer than one year. The new guidance is effective for fiscal years beginning after December 15, 2018, using a modified retrospective approach, with early adoption permitted.

In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which includes two main provisions. The first is an additional optional transition method to adopt the new leasing standard at the adoption date through recognition of a cumulative-effect adjustment to the opening balance of retaining earnings in the period of adoption. The second provides lessors with a practical expedient, by class of underlying asset, to not separate non-lease components from the associated lease component and, instead, to account for those components as a single component, if certain criteria are met.

The Partnership has established an implementation team to execute a multi-phase plan to adopt the requirements of the new standard. The team is in the process of finalizing the quantitative and qualitative analysis in accordance with the plan. The team is also reviewing system capabilities, processes and internal controls over financial reporting to ensure the implementation in the first quarter of 2019.

In August 2018, the FASB issued ASC 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which eliminates certain disclosure requirements for fair value measurements for all entities, and requires public entities to disclose certain new information while modifying certain disclosure requirements. The new guidance is effective for all entities for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years, with early adoption permitted. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. We will adopt the new guidance in the first quarter of 2020 and the adoption of this guidance will not have a material impact on the consolidated financial statements.

2. REVENUE

We produce and sell thermal coal primarily to large electric utility customers with coal-fired power plants, typically under long-term contracts. Our customers are generally in close proximity through mine-mouth power plants and strategically located rail and barge transportation. Lesser amounts of revenue are generated from royalties from oil and gas leases and sales of various mining byproducts.

Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration we expect to receive in exchange for those goods or services. We measure revenue based on the consideration specified in the contract, and revenue is recognized when the performance obligations in the contract are satisfied. A performance obligation is a promise in a contract to transfer a distinct service to the customer. The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when or as the customer receives the benefit of the performance obligation.

For all of our coal sales contracts, performance obligations consist of the delivery of each ton of coal to the customer as our promise is to sell multiple distinct units of a commodity at a point in time. The transaction price principally consists of fixed consideration in the form of a base price per ton of coal with additional variable consideration comprised of adjustments to the base price based on quality measurements. Certain long-term contracts contain additional variable consideration comprised of various index-based adjustments, adjustments based on changes in underlying production costs and reimbursements of various costs such as royalties and taxes.

Disaggregated Revenues

The following table presents our revenues for the three and nine months ended September 30, 2018 and 2017 disaggregated by type of revenue (in thousands):

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

Type of Revenue	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Coal sales	\$ 62,731	\$ 84,888	\$ 189,472	\$ 237,812
Other revenues	54	718	5,415	3,650
Total	\$ 62,785	\$ 85,606	\$ 194,887	\$ 241,462

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. We recognize contract assets in those instances where billing occurs subsequent to revenue recognition and our right to invoice the customer is conditioned on something other than the passage of time. There were no contract assets included in the Consolidated Balance Sheets (unaudited) as of September 30, 2018 and December 31, 2017, respectively. We recognize contract liabilities in those instances where billing occurs prior to revenue recognition, which occurs for certain contracts with tiered pricing in which the per ton contract price has exceeded per ton revenue to date, or when we have received consideration prior to satisfaction of performance obligations.

The following table presents the activity in our contract liabilities for the nine months ended September 30, 2018 (in thousands):

Contract Liabilities⁽¹⁾:

Balance as of December 31, 2017	\$ 3,141
Additions	1,441
Transfers to Revenues	(3,254)
Balance as of September 30, 2018	<u>\$ 1,328</u>

(1) Comprised entirely of current balances of \$1.3 million and \$3.1 million reported within *Deferred revenue* in the Consolidated Balance Sheets (unaudited) as of September 30, 2018 and December 31, 2017, respectively.

Remaining Performance Obligations

The following table presents our estimated revenues allocated to remaining performance obligations for contracted revenue that has not yet been recognized, representing our “contractually committed” revenues as of September 30, 2018 that we will invoice or transfer from contract liabilities and be recognized in future periods (in thousands):

	Estimated Revenues
Three months ended December 31, 2018	\$ 40,963
2019	73,340
2020	69,680
2021	51,727
2022	—
Thereafter	—
Total	<u>\$ 235,710</u>

Our contractually committed revenue, for purposes of the table above, is limited to the transaction price for long-term coal sales contracts which have minimum tonnage commitments. Our contractually committed revenue amounts generally exclude, based on the following practical expedients that we elected to apply, (i) variable consideration within contracts in which such variable consideration is allocated entirely to wholly unsatisfied performance obligations; and (ii) remaining performance obligations for contracts with an original expected duration of one year or less. Additional revenues are expected to be recognized based on our short-term coal sales contracts, long-term coal sales contracts with no minimum tonnage commitments and long-term coal sales contracts with customer options in addition to minimum tonnage commitments.

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

3. INVENTORIES

Inventories consisted of the following:

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
	(In thousands)	
Coal stockpiles	\$ 3,076	\$ 4,642
Materials and supplies	10,039	10,569
Reserve for obsolete inventory	(284)	(284)
Total	<u>\$ 12,831</u>	<u>\$ 14,927</u>

4. RESTRICTED INVESTMENTS

For all of its restricted investments accounts, the Partnership can select from limited fixed-income investment options for the funds and receive the investment returns on these investments. Funds in the restricted investments accounts are not available to meet the Partnership’s general cash needs. These investments include available-for-sale debt securities, which are reported at fair value with unrealized gains and losses excluded from earnings and reported in *Accumulated other comprehensive (loss) income* in the Consolidated Balance Sheets.

The carrying value and estimated fair value of restricted investments were as follows:

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
	(In thousands)	
Cash and cash equivalents	\$ 6,745	\$ 7,754
Available-for-sale debt securities	29,207	29,485
	<u>\$ 35,952</u>	<u>\$ 37,239</u>

Available-for-Sale Debt Securities

The cost basis, gross unrealized holding gains and losses and fair value of available-for-sale debt securities were as follows:

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
	(In thousands)	
Cost basis	\$ 29,406	\$ 29,405
Gross unrealized holding gains	250	409
Gross unrealized holding losses	(449)	(329)
Fair value	<u>\$ 29,207</u>	<u>\$ 29,485</u>

5. LOSS ON IMPAIRMENT

During the second quarter of 2018, the Partnership recorded asset impairment charges to various assets in the amount of \$77.7 million in *Loss on impairment* in the Consolidated Statements of Operations (unaudited). Indicators of impairment existed as during the second quarter of 2018 AEP Generation Resources Inc. (“AEP”) declined the Partnership’s bid to supply coal to AEP’s Conesville Power Plant Units 5 and 6 for periods subsequent to the expiration of the parties' current contract which expires on December 31, 2018. Coal sales under Oxford’s current coal supply contract to AEP’s Conesville Power Plant Units 5 and 6 represented a substantial portion of the Partnership's revenues generated from the Ohio mines for the year ended December 31, 2017.

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

The Partnership performed a recoverability analysis as of June 30, 2018 and determined that the net undiscounted cash flows were less than the carrying values for the Ohio mines' long-lived assets groups. As a result, the Partnership estimated the fair value of the long-lived asset groups using a discounted cash flow analysis using marketplace participant assumptions which constituted Level 3 fair value inputs. The discounted cash flow analysis is dependent on a number of significant management estimates about future performance including sales volumes and prices, which are based on projected revenues based on expected economic conditions, costs to produce, capital spending, working capital changes and the weighted average cost of capital. The estimates of costs to produce include labor, fuel, explosives, supplies and other major components of mining. The Partnership estimated the fair value of certain property, plant and equipment and intangible assets using the market approach. To the extent that the carrying values of the long-lived asset groups exceeded the respective fair values, the Partnership recorded an asset impairment charge, as can be seen by asset type in the table below for the nine months ended September 30, 2018.

	Asset Impairment Charges	
	(In thousands)	
Land, mineral rights, property, plant and equipment, net	\$	50,717
Advanced coal royalties		3,145
Intangible assets, net of accumulated amortization of \$7.2 million at June 30, 2018		23,767
Other assets ⁽¹⁾		46
	\$	77,675

(1) Consists of the current portion of Advanced coal royalties.

6. DEBT AND LINES OF CREDIT

Debt consisted of the following:

	September 30, 2018	December 31, 2017
	(In thousands)	
Term Loan	\$ 323,394	\$ 312,734
Capital lease obligations	10,463	13,478
Other	852	375
Total debt outstanding	334,709	326,587
Less debt issuance costs	(695)	(2,754)
Less current installments, net of debt issuance costs	(327,622)	(314,228)
Total debt outstanding, less current installments	\$ 6,392	\$ 9,605

The following table presents remaining aggregate contractual debt maturities of all debt:

	September 30, 2018
	(In thousands)
2018	\$ 324,781
2019	4,499
2020	1,766
2021	1,664
2022	1,999
Thereafter	—
Total debt	\$ 334,709

Covenant Compliance

See Note 1. Basis Of Presentation “Ability to Continue as a Going Concern” for matters regarding covenant compliance.

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

Term Loan

Pursuant to the amended 2014 Financing Agreement, dated as of December 31, 2014, by and among Oxford Mining Company, LLC, the Partnership and each of its subsidiaries, lenders from time to time party thereto, and U.S. Bank National Association, as administrative agent, we entered into a term loan ("Term Loan") which matures on December 31, 2018 and pays interest on a quarterly basis at a variable rate equal to the 3-month London Interbank Offered Rate ("LIBOR") at each period end (2.39% as of September 30, 2018), subject to a floor of 0.75%, plus 8.50% or the reference rate, as defined in the 2014 Financing Agreement. As of September 30, 2018, the Term Loan had a cash interest rate of 10.89%. The Term Loan is a primary obligation of Oxford Mining Company, LLC, a wholly owned subsidiary of the Partnership, is guaranteed by the Partnership and its subsidiaries, and is secured by substantially all of the Partnership's and its subsidiaries' assets.

The 2014 Financing Agreement also provides for Paid-In-Kind Interest ("PIK Interest") at a variable rate between 1.00% and 3.00% based on our consolidated total net leverage ratio, as defined in the 2014 Financing Agreement. As of September 30, 2018 and December 31, 2017, the Term Loan had a PIK Interest rate of 3.00%. The rate of PIK Interest is recalculated on a quarterly basis with the PIK Interest added quarterly to the then-outstanding principal amount of the Term Loan. PIK Interest under the 2014 Financing Agreement was \$7.4 million and \$12.2 million for the three and nine months ended September 30, 2018, respectively, and \$2.3 million and \$7.0 million for the three and nine months ended September 30, 2017, respectively. The outstanding Term Loan amount as of September 30, 2018 represents the principal balance of \$285.8 million, plus PIK Interest of \$37.6 million.

The 2014 Financing Agreement requires mandatory prepayment of principal with proceeds from the receipt of oil and gas royalties and asset sales. During the nine months ended September 30, 2018, we paid down \$1.5 million of the Term Loan with such proceeds, however, no principal prepayments occurred during the three months ended September 30, 2018.

The 2014 Financing Agreement limits cumulative cash distributions to an aggregate amount not to exceed \$15.0 million ("Restricted Distributions"), if we have: (i) a consolidated total net leverage ratio of greater than 3.75, or a fixed charge coverage ratio of less than 1.00 (as such ratios are defined in the 2014 Financing Agreement), or (ii) liquidity of less than \$7.5 million, after giving effect to such cash distribution and applying our availability under the Revolver. As of September 30, 2018, our consolidated total net leverage ratio is in excess of 3.75, our fixed charge coverage ratio is less than 1.00 and we have utilized the full \$15.0 million limit on Restricted Distributions.

The filing of the Chapter 11 Cases constitutes an event of default under the 2014 Financing Agreement and the Term Loan that accelerated the Partnership's obligations thereunder. However, under the Bankruptcy Code, the lenders under the Term Loan are stayed from taking any action against the Partnership as a result of the default. See also *Note 1. Basis Of Presentation* included above.

Revolver

On October 23, 2015, the Partnership and its subsidiaries entered into a Loan and Security Agreement (the "Revolver") with the lenders party thereto and Canadian Imperial Bank of Commerce (formerly known as The PrivateBank and Trust Company). The Revolver expired on its December 31, 2017 maturity date and management elected not to replace or extend it.

Capital Lease Obligations

The Partnership engages in leasing transactions for office equipment and equipment utilized in its mining operations. The Partnership did not enter into any new capital leases during the nine months ended September 30, 2018.

7. DISTRIBUTIONS OF AVAILABLE CASH

Currently, the terms of the Interim Cash Collateral Order [Docket No. 95] of the Chapter 11 Cases ("Interim Cash Collateral Order"), in accordance with the approved budget under such order, does not permit cash distributions to our unitholders. Prior to our Petition Date, our 2014 Financing Agreement restricted us from making cash distributions in excess of \$15.0 million in the aggregate when certain ratios and liquidity requirements are not met. As of September 30, 2018, both of these ratios were not met, and we do not foresee them being met in the near future. As of September 30, 2018, we had made \$15.0 million in Restricted Distributions and, accordingly, we would not have been able to make a cash distribution to unitholders had we not filed the Chapter 11 Cases. Additionally, any such future cash distribution would need to comply with the terms of the Interim Cash Collateral Order or any such future cash collateral order governing cash distributions.

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

Pursuant to the Partnership’s Fourth Amended and Restated Agreement of Limited Partnership, as amended (the “Partnership Agreement”), we distribute 100% of our available cash within 45 days after the end of each quarter to unitholders of record and to our GP, subject to the conditions and limitations within the 2014 Financing Agreement. Available cash is determined at the end of each quarter and is generally defined in the Partnership Agreement, as all cash and cash equivalents on hand at the end of each quarter less reserves established by our GP in its reasonable discretion for future cash requirements. These reserves are retained to provide for the conduct of our business, the payment of debt principal and interest, to provide funds for future distributions for any one or more of the next four quarters, and to comply with applicable law or any loan agreement to which the Partnership or any of its subsidiaries are a party. Our available cash may also include, if our GP so determines, all or any portion of the cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made subsequent to the end of such quarter.

We made cash distributions as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Limited partner common units	\$ —	\$ 171	\$ —	\$ 505
General partner units	—	5	—	15
Warrants	—	22	—	66

8. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy, as defined below, gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1, defined as observable inputs such as quoted prices in active markets for identical assets. Level 1 assets include available-for-sale debt securities generally valued based on independent third-party market prices.
- Level 2, defined as observable inputs other than Level 1 prices. These include quoted prices for similar assets or liabilities in an active market, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The book values of cash and cash equivalents, receivables and accounts payable reflected in the Consolidated Balance Sheets (unaudited) approximate the fair value of these instruments due to the short duration to their maturities.

See *Note 4. Restricted Investments* for further disclosures related to the Partnership’s fair value estimates.

In connection with our refinancing in June 2013, certain of the second lien lenders and lender affiliates received warrants entitling them to purchase common units. Prior to the expiration of all outstanding warrants in June 2018, the warrants had been measured at fair value at each balance sheet date.

Long-term debt fair value estimates are based on observed prices for securities with an active trading market when available (Level 2) and otherwise using discount rate estimates based on interest rates (Level 3). As of September 30, 2018, the Partnership valued the Term Loan with Level 3 fair values. The estimated fair values of the Partnership’s debt with fixed and variable interest rates are as follows:

	Fixed Interest Rate		Variable Interest Rate	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
September 30, 2018	\$ 11,316	\$ 11,316	\$ 322,698	\$ 89,808
December 31, 2017	13,853	13,853	309,980	144,536

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

9. UNIT-BASED COMPENSATION

Historically, we have granted employees and non-employee directors restricted common units under our Long-Term Incentive Plan (“LTIP”). However, we do not anticipate granting any units during the year ended December 31, 2018. We recognized compensation expense from unit-based arrangements as shown in the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(In thousands)			
Recognition of fair value of restricted common units over the vesting period	\$ —	\$ 83	\$ 52	\$ 164

The unvested restricted common unit awards had an initial vesting date of March 2, 2018. However, on March 1, 2018 the grant was modified and the vesting date for all awards was extended to December 15, 2018. As all related compensation expense was recognized as of the modification date and the modification did not result in an increase in fair value of the awards, no additional expense was recognized. A summary of restricted common unit award activity for the nine months ended September 30, 2018 is as follows:

	Units	Weighted Average Grant-Date Fair Value	Unamortized Compensation Expense (In thousands)
Unvested balance at December 31, 2017	82,240	\$ 3.04	
Forfeited	(16,448)	3.04	
Unvested balance at September 30, 2018	65,792	\$ 3.04	\$ —

10. COMMITMENTS AND CONTINGENCIES

Coal Sales Contracts

We are committed under long-term contracts to sell coal that meets certain quality requirements at specified prices. Many of these prices are subject to cost pass-through or cost adjustment provisions that mitigate some risk from rising costs. Quantities sold under some of these contracts may vary from year to year within certain limits at the option of the customer or us. As of September 30, 2018, the remaining terms of our long-term contracts range from one to eight years.

Litigation

There have been no material changes in our litigation since December 31, 2017. For additional information, refer to *Note 18. Commitments and Contingencies* to the consolidated financial statements of our 2017 Form 10-K.

Guarantees

Our GP and the Partnership guarantee certain obligations of our subsidiaries. We believe that these guarantees may result in a material liability to the guarantors, and, consequentially, have a material adverse effect on our financial position, liquidity or operations.

11. PARTNERS' CAPITAL AND CONVERTIBLE UNITS

Our capital accounts are comprised of approximately 0.15% beneficial general partner interests and 99.85% limited partner interests as of September 30, 2018. Our limited partners have limited rights of ownership as provided for under our Partnership Agreement and the right to participate in our distributions. Our GP manages our operations and participates in our distributions, including certain incentive distributions pursuant to the incentive distribution rights, which are nonvoting limited partner interests held by our GP. Pursuant to our Partnership Agreement, our GP participates in losses and distributions based on its interest. The GP’s participation in the allocation of losses and distributions is not limited and therefore, such participation can result in a deficit to its capital account. Allocation of losses and distributions, including distributions for previous transactions between entities under common control, has resulted in a deficit to certain limited partners’ capital accounts included in our Consolidated Balance Sheets (unaudited).

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

Series A Convertible Units

In connection with the Kemmerer Drop (as defined and described in *Note 2. Acquisitions* to the consolidated financial statements for our 2017 Form 10-K) and the issuance of the Series A Convertible Units (the "Series A Units"), the Partnership entered into an amendment (the "Amendment") to our Partnership Agreement. The Amendment established the terms of the Series A Units and any additional Series A Units that may be issued in kind as a distribution (the "Series A PIK Units"), and provided that each Series A Unit will have the right to share in distributions from us on a pro-rata basis with the common units. All or any portion of each distribution payable in respect of the Series A Units (the "Series A Convertible Unit Distribution") may, at our election, be paid in Series A PIK Units. To the extent any portion of the Series A Convertible Unit Distribution is paid in Series A PIK Units for any quarter, the distribution to the holders of incentive distribution rights shall be reduced by that portion of the distribution that is attributable to the payment of those Series A PIK Units, as further described in the Amendment. The Series A Units and the Series A PIK Units will convert on a one-for-one basis, at the earlier of the date on which we first make a regular quarterly cash distribution with respect to any quarter to holders of common units in an amount at least equal to \$0.22 per common unit or upon a change of control. The Series A Units have the same voting rights as if they were outstanding common units and will vote together with the common units as a single class. In addition, the Series A Units are entitled to vote as a separate class on any matters that materially adversely affect the rights or preferences of the Series A Units in relation to other classes of partnership interests or as required by law.

Series B Convertible Units

On October 28, 2016, we issued 4,512,500 Series B Convertible Units (the "Series B Units") to WCC in exchange for WCC's 4,512,500 common units (the "Exchange"). Upon issuance of the Series B Units in the Exchange, WCC's common units were canceled. The Series B Units do not share in distributions with the common units and are convertible at the option of the holder on a one-for-one basis into common units on the day after the record date for a cash distribution on the common units in which the Partnership is unable to make such a distribution without exceeding its restricted payment basket under the 2014 Financing Agreement (as defined in *Note 6. Debt And Lines Of Credit*). This date occurred on November 15, 2017 and the holder of the Series B Units has not yet converted these Series B Units into common units. The Series B Units will convert automatically upon a change of control or a dissolution or liquidation of the Partnership. The Series B Units have the same voting rights as if they were outstanding common units and will vote together with the common units as a single class. In addition, the Series B Units are entitled to vote as a separate class on any matters that materially adversely affect the rights or preferences of the Series B Units in relation to other classes of partnership interests or as required by law. Concurrently with the Exchange, we entered into a second amendment to the Partnership Agreement, which established the terms of the Series B Units.

Liquidation Units

The liquidation units have no distribution or voting rights, other than in connection with liquidation. For tax purposes, liquidation units are allocated additional taxable income but no additional taxable loss compared to other unit classes.

Warrants

In June 2013, in connection with a prior credit facility, certain lenders and lender affiliates received warrants entitling them to purchase 166,557 common units at \$0.12 per unit. The warrants participated in distributions whether or not exercised. All outstanding warrants expired without being exercised in June 2018.

Net Income (Loss) Attributable to Limited Partner Common Units

Net income (loss) is allocated to the limited partner units, Series A Units, Series B Units and general partner units in accordance with their respective ownership percentages, after giving effect to distributions and declared distributions on Series A Units, warrants and general partner units, including incentive distribution rights. Basic and diluted limited partners' net income (loss) per limited partner common unit is calculated by dividing limited partners' interest in net income (loss) by the weighted average number of limited partner common units outstanding during the period. We determined basic and diluted limited partners' net loss per limited partner common unit as follows (in thousands, except per unit amounts):

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net loss attributable to the Partnership	\$ (17,308)	\$ (1,360)	\$ (123,945)	\$ (12,528)
Less:				
Paid and declared distributions on Series A convertible units	—	1,940	—	6,302
Series A convertible units share of undistributed loss	(12,897)	(2,573)	(92,360)	(14,311)
Series B convertible units share of undistributed loss	(3,413)	(695)	(24,442)	(3,947)
Paid and declared distributions on general partner units	—	4	—	14
General partner units share of undistributed loss	(27)	(6)	(185)	(31)
Paid and declared distributions on warrants	—	19	—	63
Undistributed net loss attributable to limited partners	<u>\$ (971)</u>	<u>\$ (49)</u>	<u>\$ (6,958)</u>	<u>\$ (618)</u>
Weighted average number of limited partner common units outstanding used in computation of limited partners' net loss per common unit (basic and diluted)	1,285	1,285	1,285	1,271
Net loss per limited partner common unit, basic and diluted	\$ (0.76)	\$ (0.04)	\$ (5.42)	\$ (0.49)

12. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table reflects the changes in accumulated other comprehensive income (loss) by component:

	<u>Accumulated Other Comprehensive Income (Loss)</u>
	(In thousands)
Balance at December 31, 2017	\$ 80
Other comprehensive loss before reclassification	(385)
Amounts reclassified from accumulated other comprehensive income (loss)	106
Balance at September 30, 2018	<u>\$ (199)</u>

The following table reflects the reclassifications out of accumulated other comprehensive income (loss) for the three and nine months ended September 30, 2018:

<u>Details About Accumulated Other Comprehensive Income (Loss) Components</u>	<u>Amount Reclassified From Accumulated Other Comprehensive Income (Loss)</u>		<u>Affected Line Item in the Statement Where Net Loss is Presented</u>
	<u>Three Months Ended September 30, 2018</u>	<u>Nine Months Ended September 30, 2018</u>	
	(In thousands)		
Realized (gain) loss on available-for-sale debt securities	\$ (1)	\$ 106	<i>Other income (loss)</i>

13. RELATED PARTY TRANSACTIONS

The Board of the GP and its Conflicts Committee review our related party transactions that involve a potential conflict of interest between a general partner and WMLP or its subsidiaries or another partner to determine that such transactions reflect market-clearing terms and conditions customary in the coal industry. As a result of these reviews, the Board and the Conflicts Committee approved each of the transactions described below that had such potential conflict of interest as fair and reasonable to us and our limited partners.

WESTMORELAND RESOURCE PARTNERS, LP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONT.)

Effective January 1, 2015, the Partnership and the GP, which is a wholly owned subsidiary of WCC, entered into an administrative and operational services agreement (the "Services Agreement"). The Services Agreement is terminable by either party upon 120 days' written notice. The current term of the Services Agreement expires on June 1, 2019, and automatically renews for successive one-year periods unless terminated earlier upon 120-days' written notice. On January 31, 2018, we received a letter from WCC providing 120 days' written notice that it was reserving its rights with respect to its continued provision of services to the GP under the Services Agreement, noting that WCC would "continue to pursue value-maximizing transactions for all relevant stakeholders" and noting that WCC would be willing to continue to provide services to the GP and us under certain circumstances. On February 22, 2018, we responded to that letter questioning whether a valid notice of termination of the Services Agreement was provided, addressing the continued deployment of the mine-related employees, noting our intention to seek alternative service providers and preserving our options with respect to the ongoing negotiations over WCC's provisions of services to the GP and us under the Services Agreement. As of the date of this filing, WCC continues to provide certain administrative and operational services to us as part of the Services Agreement.

Under the terms of the Services Agreement, the GP provides services through its, or an affiliate's, employees and is reimbursed for all related costs incurred on our behalf. Pursuant to the Services Agreement, the Partnership engaged the GP to continue providing services such as general administrative and management, engineering, operations (including mining operations), geological, corporate development, real property, marketing and other services to the Partnership. Administrative services include without limitation legal, finance and accounting, treasury, insurance administration and claims processing, risk management, health, safety and environmental, information technology, human resources, credit, payroll, internal audit and tax. During the three and nine months ended September 30, 2018, respectively, we paid the GP approximately \$19.6 million and \$54.3 million, respectively, for these services performed under the Services Agreement primarily related to employee costs. Further, under the Services Agreement, the Partnership pays the GP a fixed annual management fee of \$2.2 million for certain executive and administrative services, and reimburses the GP at cost for other expenses and expenditures. This fixed annual management fee has not been prepaid and is currently being expensed as incurred. Expense related to this annual management fee, included in *Selling and administrative* in the Consolidated Statements of Operations (unaudited), was \$0.5 million and \$1.6 million for the three and nine months ended September 30, 2018 and 2017, respectively. Pursuant to the Services Agreement, the primary reimbursements to our GP were for costs related to payroll. Reimbursable costs under the Services Agreement totaling \$1.0 million and \$1.3 million were included in accounts payable as of September 30, 2018 and December 31, 2017, respectively.

On January 9, 2017, the Partnership acquired surface coal reserves ("Johnson Run") through conveyance of leases and recoupable advance royalty payments from Buckingham Coal Company, LLC, ("BCC") a wholly owned subsidiary of WCC, for \$1.7 million, of which \$1.5 million was deemed a distribution as the transaction was between entities under common control.

Finally, we sold coal to a subsidiary of WCC, which generated \$2.6 million and \$2.6 million in revenues during the three and nine months ended September 30, 2018, respectively, and \$3.2 million and \$15.3 million in revenues for the three and nine months ended September 30, 2017, respectively. Further, as of September 30, 2018 and December 31, 2017, accounts receivable related to the coal sales to the subsidiary of WCC totaled \$1.4 million and \$3.8 million, respectively, and were included in *Receivables* in the Consolidated Balance Sheet (unaudited).

14. SEGMENT INFORMATION

We operate in one business segment. We operate surface coal mines in Ohio and Wyoming, selling thermal coal to utilities, industrial customers, municipalities and other coal-related entities primarily in the Midwest and Wyoming. All of our operations have similar economic characteristics including but not limited to coal quality, geology, coal marketing opportunities, mining and transportation methods and regulatory issues. Our operating and executive management makes its decisions based on consolidated reports. Our Ohio operating subsidiaries share customers and a particular customer may receive coal from any one of such Ohio operating subsidiaries. We also lease or sublease coal reserves to others through our Ohio Operations in exchange for a per ton royalty rate.

15. SUBSEQUENT EVENTS

For information regarding the Partnership's filing under Chapter 11 of the United States Bankruptcy Code, see *Note 1. Basis Of Presentation*.

The Partnership has evaluated subsequent events in accordance with ASC 855, *Subsequent Events*, through the filing date of this Quarterly Report, and determined that no other events have occurred that have not been disclosed elsewhere in the notes to the consolidated financial statements (unaudited) that would require adjustments to disclosures in the consolidated financial statements (unaudited).

Item 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements (unaudited) and notes to the consolidated financial statements (unaudited) thereto included elsewhere in this Quarterly Report and the audited consolidated financial statements and notes to the consolidated financial statements thereto and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2017 included in our 2017 Form 10-K filed with the United States Securities and Exchange Commission (the "SEC"). This discussion contains forward-looking statements that reflect management's current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements or as a result of certain factors such as those set forth below under "Cautionary Note Regarding Forward-Looking Statements."

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report and other materials we have filed or will file with the Securities and Exchange Commission ("SEC") (as well as information included in our other written or oral statements) contain or will contain certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on our expectations and assumptions at the time they are made and are not guarantees of future performance. Because forward looking statements relate to the future, they involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from those expressed in, or implied by, our forward-looking statements. Words such as "expects," "intends," "anticipates," "believes," "estimates," "guides," "provides guidance," "provides outlook" and other similar expressions or future or conditional verbs such as "may," "will," "should," "would," "could," and "might" are intended to identify such forward-looking statements. Readers of this Quarterly Report should not rely solely on the forward-looking statements and should consider all uncertainties and risks discussed in *Item 1A - Risk Factors* and throughout this Quarterly Report. The statements are only as of the date they are made, and the Partnership undertakes no obligation to update any forward-looking statement. Possible events or factors that could cause results or performance to differ materially from those expressed in our forward-looking statements include but are not limited to the following:

- Risks associated with our October 9, 2018 voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code, including risks associated with court proceedings, potential changes in capital structure, impacts to our business from operating under bankruptcy court protection, impacts to our common units, impacts to our financial results, impacts to our ability to retain employees, and our ability to achieve our goals for the sale of assets or reorganization under Chapter 11;
- Our ability to confirm and consummate a Chapter 11 plan;
- Risks associated with third party motions in the Chapter 11 cases;
- Increased costs related to the bankruptcy filing and other litigation;
- Our ability to manage contracts that are critical to our operations, to obtain and maintain appropriate terms with our customers, suppliers and service providers;
- Our substantial indebtedness and ability to maintain adequate liquidity;
- Our exposure to fluctuations in commodity prices;
- Risks associated with our common units being traded on the over-the-counter market;
- Risks associated with our general partner, including our dependence on our general partner and its affiliates, including Westmoreland Coal Company ("WCC"), which has also filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code, to manage and provide resources for our operations;
- Our ability to secure customer contracts to replace revenue from expiring contracts;
- Existing and future environmental legislation and regulation affecting both our coal mining operations and our customers' coal usage, governmental policies and taxes, including those aimed at reducing emissions of elements such as mercury, sulfur dioxides, nitrogen oxides, particulate matter or greenhouse gases;
- The effects of limited protections during adverse economic conditions within certain provisions in our long-term supply contracts;
- The concentration of revenues derived from a small number of customers, and the creditworthiness of those customers;
- Changes in the demand or pricing for coal;
- Our relationships with, and other conditions affecting, our customers, including how power prices and consumption patterns affect our customers' decisions to run their plants;
- Our ability to fund necessary capital expenditures for the maintenance and continued productivity of our mines;
- Inaccuracies in our estimates of our coal reserves and/or an inability to secure adequate replacement reserves;
- Potential title defects or loss of leasehold interests in our properties, which could result in unanticipated costs or an inability to mine the properties;

- Risks associated with cybersecurity and data leakage;
- The impacts of climate change concerns;
- Business interruptions, including unplanned equipment failures, geological, hydrological or other conditions, and competition and/or conflicts with other resource extraction activities, caused by external factors;
- Natural disasters and events, including blizzards, earthquakes, drought, floods, fire and storms, not all of which are covered by insurance;
- Extensive government regulations, including existing and potential future legislation, treaties and regulatory requirements, particularly in Northern Appalachia and the Illinois Basin;
- Inaccuracies in our estimates of reclamation and/or mine closure obligations;
- Potential limitations in obtaining bonding capacity and/or increases in our mining costs as a result of increased bonding expenses;
- The availability and costs of key supplies or commodities, such as transportation, key equipment and materials;
- Competition within our industry and with producers of competing energy sources;
- Our ability to pay our quarterly distributions, which substantially depends upon our future operating performance (which may be affected by prevailing economic conditions in the coal industry), debt covenants, and financial, business and other factors, some of which are beyond our control;
- Changes in our tax position as a result of changes in tax law, certain tax positions we have taken, or our status as a publicly traded partnership; and
- Other factors that are described under the heading “Risk Factors” found in our reports filed with the SEC, including our Annual Reports on Form 10-K and our Quarterly Reports on Form 10-Q.

Unless otherwise specified, the forward-looking statements in this report speak as of the filing date of this Quarterly Report on Form 10-Q. Factors or events that could cause our actual results to differ may emerge from time to time and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statements whether because of new information, future developments, or otherwise, except as may be required by law.

Overview

We sell the majority of our coal under multi-year agreements to electric generation companies. These contracts often contain price escalation and adjustment provisions, pursuant to which the price for our coal may be periodically revised in line with broad economic indicators such as the consumer price index, commodity-specific indices such as the PPI-light fuel oils index, and/or changes in our actual costs. For our contracts that are not cost-protected in nature, we have exposure to inflation and price risk for supplies used in the normal course of production, such as diesel fuel and explosives. We manage these items through strategic sourcing contracts in normal quantities with our suppliers and may use derivatives from time to time.

Recent Trends and Activities

One of the major factors affecting the volume of coal that we sell in any given period is the demand for coal-generated electric power, as well as the specific demand for coal by our customers. Numerous factors affect the demand for electric power and the specific demands of customers, including weather patterns, the presence of hydro- or wind-generated energy in our particular energy grids, environmental and legal challenges, political influences, energy policies, domestic economic conditions, power plant outages and other factors discussed herein. During the nine months ended September 30, 2018, our financial results were impacted by several more specific trends and activities, which are described below.

- **Restructuring.** On October 9, 2018, we filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas, Houston Division. We have agreed to terms with our secured creditors on the use of cash collateral to fund our operations in the normal course and to allow us to serve our customers during the course of our Chapter 11 Cases. In addition, our parent affiliate, WCC, which, through our general partner, provides us with all of our executives, officers and employees through our Services Agreement, also filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code on the same date.

Prior to the Chapter 11 filing, we and WCC proactively engaged separate financial advisors to assess the capital structures of our respective companies. Costs associated with this process were \$2.7 million and \$7.3 million during the three and nine months ended September 30, 2018, respectively. We intend to continue working constructively with our advisors and secured lenders in connection with a value-maximizing sale and marketing process for our assets, including both Kemmerer and Ohio operations, which began in August 2018. There can be no guarantee that we will be successful in these efforts.

The objectives and intent of WCC may not be consistent with ours. Any action we choose to pursue will be evaluated by management, our Board and our advisors or an independent committee, as required under our Partnership Agreement. See "Liquidity and Capital Resources," the notes to our consolidated financial statements (unaudited) and *Part II, Item 1A - Risk Factors* for additional information.

- Ohio Market.** Our operations in Ohio are exposed to changes in the price of coal sold on the open market. The price of coal has been, and continues to be, volatile and, in the last few years, has generally been adversely influenced by reduced demand, political pressures, and the price of competing products, including natural gas, that are used in energy production. While approximately 69% of our coal tons are sold under supply contracts that are more than one year in duration, terms can vary significantly and may have pricing provisions that may increase or decrease the price of our coal based on broad economic indicators. Demand and pricing pressure has resulted in depressed revenues, net income and Adjusted EBITDA in our Ohio market. Whether softness in this region persists in future periods is dependent upon fluctuations in market demand and pricing in those regions.
- Contract Expiration.** On June 14, 2018, we were notified by our primary customer at the Oxford mine that such customer would not renew its coal supply contract related to the Conesville Power Plant Units 5 and 6 after the current contract ends on December 31, 2018. During the third quarter of 2018, volumes from this customer declined in anticipation of the contract expiration. While we endeavor to secure additional coal supply contracts to replace volumes lost at the end of this contract, there can be no guarantee we will be successful. Coal sales under Oxford's current coal supply contract to AEP's Conesville Power Plant Units 5 and 6 represented a substantial portion of the Partnership's revenues generated from the Ohio mines for the year ended December 31, 2017.
- Impairment Charges.** During the nine months ended September 30, 2018, we recognized impairment charges of \$77.7 million related to the write-down of certain assets, as described in *Note 5. Loss On Impairment*. As a result of these charges, the remaining depreciable value of our assets is lower, which has and will continue to result in lower depreciation, depletion and amortization expense in future periods.
- Weather.** Weather conditions are inherently unpredictable and could have positive or negative impacts on operating conditions. During the first quarter of 2017, our operations in Wyoming experienced unusually high amounts of precipitation, which restricted our ability to supply coal and lowered our coal tons sold and our revenues. These unfavorable weather patterns did not recur in any of the 2018 periods.

Results of Operations

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

Summary Financial Data	Three Months Ended September 30,		Increase / (Decrease)	
	2018	2017	\$	%
	(In millions)			
Revenues	\$ 62.8	\$ 85.6	\$ (22.8)	(26.6)%
Operating (loss) income	\$ (5.7)	\$ 9.5	\$ (15.2)	*
Net loss	\$ (17.3)	\$ (1.4)	\$ (15.9)	(1,135.7)%
Adjusted EBITDA ¹	\$ 4.3	\$ 21.2	\$ (16.9)	(79.7)%
Tons sold	1.5	2.0	(0.5)	(25.0)%

¹ Adjusted EBITDA, a non-GAAP measure, is defined and reconciled to net loss at the end of this "Results of Operations" section.

* Not meaningful.

Revenues

Revenues decreased 26.6% on 25.0% fewer coal tons sold during the third quarter of 2018 compared with the third quarter of 2017 driven primarily by pressured volumes and pricing across our Ohio market, particularly ahead of the December 2018 contract expiration at the Oxford mine. This was partially offset by stronger pricing at the Kemmerer mine in Wyoming.

Operating (loss) income and net loss

During the third quarter of 2018, we generated an operating loss of \$5.7 million. This compares to operating income of \$9.5 million in the third quarter of 2017. This \$15.2 million decline was driven by a decline in revenues and volumes, an increase in selling, general and administrative expense related to advisory fees as discussed previously in "Recent Trends and Activities," and higher per-ton direct costs at our mines. The higher per-ton direct costs were the result of mining in a more difficult area at Kemmerer, an increase in wages and benefits, and increases in fuel costs.

Net loss was \$17.3 million in the third quarter of 2018 compared to \$1.4 million in the third quarter of 2017. In addition to the decreases in operating (loss) income noted above, net loss during the quarter was impacted by higher interest expense of \$1.2 million resulting from a higher effective interest rate and outstanding balance on our Term Loan.

Adjusted EBITDA

Adjusted EBITDA decreased to \$4.3 million compared to \$21.2 million in the three months ended September 30, 2018 and 2017, respectively. This decrease was driven by declines in revenues and increased per-ton costs, as discussed previously, partially offset by decreases in cost of sales (excluding DD&A) resulting from lower sales volumes. Adjusted EBITDA excludes DD&A expense and the advisory fees discussed above.

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

Summary Financial Data	Nine Months Ended September 30,		Increase / (Decrease)	
	2018	2017	\$	%
	(In millions)			
Revenues	\$ 194.9	\$ 241.5	\$ (46.6)	(19.3)%
Operating (loss) income	\$ (90.2)	\$ 18.3	\$ (108.5)	*
Net loss	\$ (123.9)	\$ (12.5)	\$ (111.4)	(891.2)%
Adjusted EBITDA ¹	\$ 22.0	\$ 52.9	\$ (30.9)	(58.4)%
Tons sold	4.4	5.6	(1.2)	(21.4)%

¹ Adjusted EBITDA, a non-GAAP measure, is defined and reconciled to net loss at the end of this "Results of Operations" section.

* Not meaningful.

Revenues

Revenues decreased 19.3% on 21.4% fewer coal tons sold during the nine months ended September 30, 2018 compared with the nine months ended September 30, 2017. This decline was primarily driven by pressured volumes in our Ohio market and, to a lesser extent, by volume declines from the Kemmerer mine. These declines were partially offset by stronger pricing at the Kemmerer mine in Wyoming and revenue related to an advanced bonus payment from an oil and gas lease received in the second quarter of 2018.

Operating (loss) income and net loss

During the nine months ended September 30, 2018, we generated an operating loss of \$90.2 million. This compares to operating income of \$18.3 million in the nine months ended September 30, 2017. This \$108.5 million decline period-over-period was driven primarily by an impairment charge of \$77.7 million related to our Ohio Operations (see *Note 5. Loss On Impairment*). The period-over-period decline was also impacted by a decrease in revenues described above, an increase in selling, general and administrative expense related to advisory fees discussed above in "Recent Trends and Activities," and increased per-ton costs related to mining in a more difficult area at the Kemmerer mine, increased wages and higher fuel costs.

Net loss was \$123.9 million during the nine months ended September 30, 2018 compared to \$12.5 million during the nine months ended September 30, 2017. In addition to the decreases in operating (loss) income noted above, net loss during the period was impacted by higher interest expense of \$3.0 million resulting from a higher effective interest rate and outstanding balance on our Term Loan.

Adjusted EBITDA

Adjusted EBITDA decreased to \$22.0 million compared to \$52.9 million for the nine months ended September 30, 2018 and 2017, respectively. This decrease was driven by declines in revenues and increased per-ton costs, as discussed previously,

partially offset by decreases in cost of sales (excluding DD&A) resulting from lower sales volume. Adjusted EBITDA excludes the impact of loss on impairment, DD&A expense and the advisory fees discussed above.

Non-GAAP Financial Measures

Adjusted EBITDA

EBITDA is defined as earnings before interest expense, interest income, income taxes, depreciation, depletion, amortization, and accretion expense. Adjusted EBITDA is defined as EBITDA before certain charges to income such as advisory fees, loss on impairment, gains and/or losses on sales of assets, unit-based compensation and other non-cash and non-recurring costs which are not considered part of earnings from operations for comparison purposes to other companies' normalized income. Adjusted EBITDA is a supplemental measure of financial performance that is not required by, or presented in accordance with, GAAP. Adjusted EBITDA is a key metric used by us to assess our operating performance and as a basis for strategic planning and forecasting and we believe that Adjusted EBITDA is useful to an investor in evaluating our operating performance because this measure:

- is used widely by investors to measure a company's operating performance without regard to items excluded from the calculation of such term, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired, among other factors;
- is used by rating agencies, lenders and other parties to evaluate our creditworthiness; and
- helps investors to more meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our capital structure and asset base from our operating results.

Adjusted EBITDA is not a measure calculated in accordance with GAAP. The items excluded from Adjusted EBITDA are significant in assessing our operating results. Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for, analysis of our results as reported under GAAP. For example, Adjusted EBITDA:

- does not reflect our cash expenditures or future requirements for capital and major maintenance expenditures or contractual commitments;
- does not reflect income tax expenses or the cash requirements necessary to pay income taxes;
- does not reflect changes in, or cash requirements for, our working capital needs; and
- does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on certain of our debt obligations.

In addition, although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements. Other companies in our industry and in other industries may calculate Adjusted EBITDA differently from the way that we do, limiting its usefulness as a comparative measure. Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only as supplemental data. The table below shows how we calculated Adjusted EBITDA, including a breakdown by segment, and reconcile Adjusted EBITDA to net loss, the most directly comparable GAAP financial measure.

Distributable Cash Flow

Distributable Cash Flow represents Adjusted EBITDA less cash changes in deferred revenue, cash reclamation and mine closure expenditures, reserve replacement and maintenance capital expenditures and cash interest expense (net of interest income). Cash interest expense represents the portion of our interest expense accrued and paid in cash during the reporting periods presented or that we will pay in cash in future periods as the obligations become due. Other maintenance capital expenditures represent expenditures for coal reserve replacement and for plant, equipment, and mine development. Cash reclamation expenditures represent the reduction to our reclamation and mine closure costs resulting from cash payments. Earnings attributable to the noncontrolling interest are not available for distribution to our unitholders and accordingly are deducted.

Distributable cash flow should not be considered as an alternative to net loss attributable to our unitholders, income or loss from operations, cash flows from operating activities or any other measure of performance presented in accordance with GAAP. Although distributable cash flow is not a measure of performance calculated in accordance with GAAP, we believe

distributable cash flow is useful to investors because this measurement is used by many analysts and others in the industry as a performance measurement tool to evaluate our operating and financial performance, facilitating comparison with the performance of other publicly traded limited partnerships.

Our 2014 Financing Agreement restricts us from making cash distributions in excess of \$15.0 million in the aggregate when certain ratios and liquidity requirements are not met. As of September 30, 2018, both of these ratios were not met, and we do not foresee them being met in the near future. As of September 30, 2018, we have made \$15.0 million in Restricted Distributions and, accordingly, cannot make further distributions unless we either refinance or modify our Term Loan or meet the required ratios noted in Note 6. Debt And Lines Of Credit.

The table below shows how we calculated distributable cash flow and reconcile distributable cash flow to net loss, the most directly comparable GAAP financial measure.

Reconciliation of Adjusted EBITDA and Distributable Cash Flow to Net Loss

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(In thousands)			
Reconciliation of Adjusted EBITDA and Distributable Cash Flow to Net Loss				
Net loss	\$ (17,308)	\$ (1,360)	\$ (123,945)	\$ (12,528)
Interest expense, net of interest income	11,895	10,768	34,356	31,461
Depreciation, depletion and amortization	6,470	9,692	23,824	30,153
Accretion of asset retirement obligations	1,816	1,336	5,367	4,008
EBITDA	2,873	20,436	(60,398)	53,094
Advisory fees ¹	2,658	589	7,309	589
Loss on impairment	—	—	77,675	—
(Gain) loss on sale of assets	(958)	27	(2,026)	(335)
Unit-based compensation	—	83	52	164
Other non-cash and non-recurring costs ²	(286)	43	(579)	(609)
Adjusted EBITDA	4,287	21,178	22,033	52,903
Deferred revenue	(709)	(394)	(1,813)	(1,769)
Reclamation and mine closure costs	(2,433)	(4,478)	(7,693)	(9,685)
Maintenance capital expenditures and other	(2,491)	(1,671)	(5,642)	(8,725)
Cash interest expense, net of interest income	(3,528)	(7,849)	(19,525)	(22,584)
Distributable Cash Flow	\$ (4,874)	\$ 6,786	\$ (12,640)	\$ 10,140

¹ Amount represents fees paid to financial and legal advisors related to the assessment of the Partnership's capital structure. These advisors, together with the Partnership's management and the board of directors of the GP ("Board"), are developing and evaluating options to restructure the Partnership's overall capital structure.

² Includes non-cash activity from the change in fair value of investments and warrants.

Liquidity and Capital Resources

Liquidity

As of September 30, 2018 and December 31, 2017, we had cash and cash equivalents of \$25.8 million and \$36.7 million respectively. Our business is capital intensive and requires substantial capital expenditures for, among other things, purchasing, maintaining and upgrading equipment used in developing and mining our coal, and acquiring reserves. Our principal liquidity needs are to finance current operations, replace reserves, fund capital expenditures, including costs of acquisitions from time to time, and service our debt. Historically, our primary sources of liquidity to meet these needs have been cash generated by our operations and borrowings under the 2014 Financing Agreement. (See Note 6. Debt And Lines Of Credit for a description of our debt facilities.)

On October 9, 2018, we filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code. We have agreed to terms with our secured creditors on the use of cash collateral to fund our operations in the normal course and to allow us to serve our customers during the course of our Chapter 11 Cases. We have filed a series of first day motions with the Bankruptcy Court that seek authorization to continue to conduct our business without interruption. These motions are designed primarily to minimize the effect of bankruptcy on our operations, customers and employees. We expect ordinary course operations to continue substantially uninterrupted during and after the consummation of the Chapter 11 reorganization process.

Debt Obligations and Covenant Compliance

The October 9, 2018 petitions under Chapter 11 of the U.S. Bankruptcy Code constitute an event of default that accelerated our obligations under our Term Loan, making the principal and interest due thereunder immediately due and payable. However, as a result of the Chapter 11 filing, these payment obligations are automatically stayed, and the creditors' rights of enforcement are subject to the applicable provisions of the U.S. Bankruptcy Code. See *Note 6. Debt And Lines Of Credit* for a description of our debt facilities and *Note 1. Basis Of Presentation* "Ability to Continue as a Going Concern" for matters regarding covenant compliance.

Cash Distributions

Our 2014 Financing Agreement restricts us from making cash distributions in excess of \$15.0 million in the aggregate when certain ratios and liquidity requirements are not met. As of September 30, 2018, both of these ratios were not met, and we do not foresee them being met in the near future. As of September 30, 2018, we have made \$15.0 million in Restricted Distributions and, accordingly, cannot make further distributions unless we either refinance or modify our Term Loan or meet the required ratios. See *Note 6. Debt And Lines Of Credit* and *Note 7. Distributions Of Available Cash* for further information regarding cash distributions.

Historical Sources and Uses of Cash

The following table summarizes net cash provided by (used in) operating, investing and financing activities for the nine months ended September 30, 2018 and 2017:

	Nine Months Ended September 30,	
	2018	2017
	(In thousands)	
Net cash provided by (used in):		
Operating activities	\$ (1,545)	\$ 22,855
Investing activities	(4,531)	(10,431)
Financing activities	(5,867)	(5,757)

Cash and cash equivalents including restricted cash decreased by \$11.9 million during the nine months ended September 30, 2018. Contributing to this decline was operating losses resulting from lower revenues and increased mine-level and selling, general and administrative expenses, investments in capital expenditures of \$5.6 million and repayments of long-term debt of \$5.9 million. These declines were offset by collections on trade receivables, and tighter management of inventories and accounts payable and accrued expenses.

Critical Accounting Policies and Estimates

Please refer to the corresponding section in *Part II - Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations* of our 2017 Form 10-K for a discussion of our critical accounting policies and estimates.

Recent Accounting Pronouncements

See *Note 1. Basis Of Presentation*.

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 letters of credit and surety, performance and road bonds. Federal and state laws require us to secure certain long-term obligations, such as ARO, and contractual performance. Historically, we have secured these obligations with surety bonds. No liabilities related to these arrangements are reflected in our Consolidated Balance Sheets (unaudited), 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.

There have been no material changes to our off-balance sheet arrangements since December 31, 2017. Our off-balance sheet arrangements are discussed in *Part II - Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations* of our 2017 Form 10-K.

Item 3 - *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

There have been no material changes in our market risk since December 31, 2017. For additional information, refer to *Part II - Item 7A - Quantitative and Qualitative Disclosures about Market Risk* of our 2017 Form 10-K.

Item 4 - *CONTROLS AND PROCEDURES*

As required by Rules 13a-15(b) and 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), management has evaluated, with the participation of our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures as of September 30, 2018. Disclosure controls and procedures are designed to provide reasonable assurance that material information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures also include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding our required disclosure. Based on that evaluation, our management, including our chief executive officer and chief financial officer, concluded that the disclosure controls and procedures were effective as of such date.

Additionally, there have been no changes in internal control over financial reporting that occurred during the nine months ended September 30, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1 - LEGAL PROCEEDINGS

We are subject, from time-to-time, to various proceedings, lawsuits, disputes, and claims (“Actions”) arising in the ordinary course of our business. Many of these Actions raise complex factual and legal issues and are subject to uncertainties. We cannot predict with certainty the outcome of Actions brought against us. Accordingly, adverse developments, settlements or resolutions may occur and may result in a negative impact on income in the quarter of such development, settlement or resolution. However, we do not believe that the outcome of any current Action would have a material adverse effect on our financial results. See *Note 10. Commitments And Contingencies* for a description of any pending legal proceedings, which information is incorporated herein by reference.

Item 1A - RISK FACTORS

We have disclosed under the heading “Risk Factors” in our 2017 Form 10-K, the risk factors that we believe materially affect our business, financial condition and/or results of operations. Other than the risk factors listed below and except that the current collective bargaining agreement at the Kemmerer mine that had a previous expiration date of May 1, 2018 was extended to August 1, 2018 and subsequently extended a second time through July 31, 2019, there have been no material changes with respect to the risk factors disclosed in our 2017 Form 10-K. You should carefully consider the risk factors set forth below and in the 2017 Form 10-K, as well as the other information set forth elsewhere in this Quarterly Report. You should be aware that these risk factors and other information may not describe every risk 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 and/or operating results.

We are subject to the risks and uncertainties associated with Chapter 11 proceedings.

For the duration of our Chapter 11 Cases, our operations and our ability to develop and execute our business plan, as well as our continuation as a going concern, are subject to the risks and uncertainties associated with bankruptcy. These risks include the following:

- our ability to develop, confirm and consummate a Chapter 11 plan of reorganization;
- our ability to obtain court approval with respect to motions filed in the Chapter 11 Cases from time to time;
- our ability to maintain our relationships with our suppliers, service providers, customers, employees and other third parties;
- our ability to maintain contracts that are critical to our operations;
- our ability to execute our business plan;
- the ability of third parties to seek and obtain court approval to terminate contracts and other agreements with us;
- the ability of third parties to seek and obtain court approval to terminate or shorten the exclusivity period for us to propose and confirm a Chapter 11 plan of reorganization, to appoint a Chapter 11 trustee, or to convert the Chapter 11 Cases to a proceeding under Chapter 7 of the Bankruptcy Code (“Chapter 7”); and
- the actions and decisions of our creditors and other third parties who have interests in our Chapter 11 Cases that may be inconsistent with our plans.

These risks and uncertainties could affect our business and operations in various ways. For example, negative events associated with our Chapter 11 Cases could adversely affect our relationships with our suppliers, service providers, customers, employees, and other third parties, which in turn could adversely affect our operations and financial condition. Also, we need the prior approval of the Bankruptcy Court for transactions outside the ordinary course of business, which may limit our ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with our Chapter 11 Cases, we cannot accurately predict or quantify the ultimate impact of events that will occur during our Chapter 11 Cases that may be inconsistent with our plans.

Any Partnership de-levering transaction or change in the Partnership’s capital structure, including in connection with a plan of reorganization in the Chapter 11 Cases, may involve significant taxable cancellation-of-debt or other income, such that the Partnership’s unitholders may be required to pay taxes on their share of such income even if they do not receive any cash distributions from the Partnership.

Our unitholders, as the owners of the Partnership, are allocated the taxable income (or loss) of the Partnership for income tax purposes. Each unitholder is required to report its share of our taxable income on its federal and applicable state and local income tax returns. Accordingly, depending on their individual tax position, each unitholder may be required to pay income taxes on its share of our taxable income, even if the unitholder receives no cash distributions from the Partnership,

which could happen.

The Partnership's restructuring pursuant to its Chapter 11 cases is likely to result in the allocation of cancellation of debt income ("CODI") to our unitholders without a corresponding cash distribution and possibly without any cash distribution. The generation of CODI will depend on the extent to which claims against us (including the outstanding Senior Notes) exceeds the fair value of the consideration received by our creditors. Because the type and value of any such consideration is unknown at this time, we are currently unable to determine how much CODI will be generated. If CODI is generated, it would be allocated to the unitholders of record as of the opening of the first trading day of the month we emerge from bankruptcy (the "CODI Allocation Date"). No CODI should be allocated to a unitholder with respect to units which are sold prior to the CODI Allocation Date. We are unlikely to make cash distributions with respect to any CODI that is generated in the Partnership's Chapter 11 case. Such CODI, like other items of our income, gain, loss, and deduction that are allocated to our unitholders, will be taken into account in the taxable income of the holders of our units as appropriate. CODI is not itself an additional tax due but is an amount that must be reported as ordinary income by the unitholder, potentially increasing such unitholder's tax liabilities.

Our unitholders may not have sufficient tax attributes (including allocated past and current losses from our activities) available to offset such allocated CODI. Moreover, CODI that is allocated to our unitholders will be ordinary income, and, as a result, it may not be possible for our unitholders to offset such CODI by claiming capital losses with respect to their units, even if such units are cancelled for no consideration in connection with such a restructuring. Importantly, certain exclusions that are available with respect to CODI generally do not apply at the partnership level, and any solvent unitholder that is not in a Chapter 11 proceeding will be unable to rely on such exclusions.

Each unitholder's tax situation is different. The ultimate effect to each unitholder will depend on the unitholder's individual tax position with respect to its units. Additionally, certain of our unitholders may have more losses available than other of our unitholders, and such losses may be available to offset some or all of the CODI that could be generated in a strategic transaction involving our debt. Accordingly, unitholders are highly encouraged to consult, and depend on, their own tax advisors in making such evaluation.

Operating under Bankruptcy Court protection for a long period of time may harm our business.

Our future results are dependent upon the successful confirmation and implementation of a plan of reorganization. A long period of operations under Bankruptcy Court protection could have a material adverse effect on our business, financial condition, results of operations and liquidity. So long as the Chapter 11 Cases continue, our senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on our business operations. A prolonged period of operating under Bankruptcy Court protection also may make it more difficult to retain management and other key personnel necessary to the success and growth of our business. In addition, the longer the Chapter 11 Cases continue, the more likely it is that our customers and suppliers will lose confidence in our ability to reorganize our business successfully and will seek to establish alternative commercial relationships.

Furthermore, so long as the Chapter 11 Cases continue, we will be required to incur substantial costs for professional fees and other expenses associated with the administration of the Chapter 11 Cases. The Chapter 11 Cases could also require us to seek debtor-in-possession financing to fund operations. If we are unable to obtain such financing on favorable terms or at all, our chances of successfully reorganizing our business may be seriously jeopardized, the likelihood that we instead will be required to liquidate our assets may be enhanced, and, as a result, any securities in us could become further devalued or become worthless.

Furthermore, we cannot predict the ultimate amount of all settlement terms for the liabilities that will be subject to a plan of reorganization. Even once a plan of reorganization is approved and implemented, our operating results may be adversely affected by the possible reluctance of prospective lenders and other counterparties to do business with a company that recently emerged from Chapter 11 Cases.

We believe that, as a result of the Chapter 11 Cases, it is likely that our common units will substantially decrease in value or become completely worthless.

We have a significant amount of indebtedness that is senior to our common units in our capital structure. We believe that the existing common units will substantially decrease in value during and after emergence from the Chapter 11 Cases. Accordingly, any trading in our common units during the pendency of our Chapter 11 Cases is highly speculative and poses substantial risks to purchasers of our common units.

We may not be able to obtain confirmation of a Chapter 11 plan of reorganization.

To emerge successfully from Bankruptcy Court protection as a viable entity, we must meet certain statutory requirements with respect to adequacy of disclosure with respect to the Chapter 11 plan of reorganization, solicit and obtain the requisite acceptances of such a plan and fulfill other statutory conditions for confirmation of such plan, which have not occurred to date. The confirmation process is subject to numerous, unanticipated potential delays, including a delay in the Bankruptcy Court's commencement of the confirmation hearing regarding our Chapter 11 plan of reorganization.

We may not receive the requisite acceptances of constituencies in the Chapter 11 Cases to confirm our Chapter 11 plan of reorganization. Even if the requisite acceptances of a Chapter 11 plan of reorganization are received, the Bankruptcy Court may not confirm the plan. The precise requirements and evidentiary showing for confirming a plan, notwithstanding its rejection by one or more impaired classes of claims or equity interests, depends upon a number of factors including, without limitation, the status and seniority of the claims or equity interests in the rejecting class (i.e., secured claims or unsecured claims or subordinated or senior claims).

If our Chapter 11 plan of reorganization is not confirmed by the Bankruptcy Court, it is unclear whether we would be able to reorganize our business and what, if anything, holders of claims against us would ultimately receive with respect to their claims.

Even if a Chapter 11 plan of reorganization is consummated, we may not be able to achieve our stated goals and there is substantial doubt regarding our ability to continue as a going concern.

Even if a Chapter 11 plan of reorganization is consummated, we may continue to face a number of risks, such as further deterioration in economic conditions, changes in our industry, changes in demand for our coal and increasing expenses. Some of these risks become more acute when a case under the Bankruptcy Code continues for a protracted period without indication of how or when the case may be completed. As a result of these risks and others, we cannot guarantee that any Chapter 11 plan of reorganization will achieve our stated goals.

In addition, at the outset of the Chapter 11 Cases, the Bankruptcy Code gives the Debtors the exclusive right to propose a plan of reorganization and prohibits creditors, equity security holders and others from proposing a plan. Accordingly, we currently have the exclusive right to propose a plan of reorganization. If that right is terminated, however, or the exclusivity period expires, there could be a material adverse effect on our ability to achieve confirmation of a plan of reorganization in order to achieve our stated goals.

Furthermore, even if our debts are reduced or discharged through a plan of reorganization, we may need to raise additional funds through public or private debt or equity financing or other various means to fund our business after the completion of the Chapter 11 Cases. Our access to additional financing may be limited, if it is available at all. Therefore, adequate funds may not be available when needed or may not be available on favorable terms, if they are available at all.

As a result of the entry into the Chapter 11 Cases, there is substantial doubt regarding our ability to continue as a going concern. As a result, we cannot give any assurance of our ability to continue as a going concern, even if a plan of reorganization is confirmed.

Our long-term liquidity requirements and the adequacy of our capital resources are difficult to predict at this time.

We face uncertainty regarding the adequacy of our liquidity and capital resources and have extremely limited, if any, access to additional financing. In addition to the cash requirements necessary to fund ongoing operations, we have incurred significant professional fees and other costs in connection with preparation for the Chapter 11 Cases and expect that we will continue to incur significant professional fees and costs throughout our Chapter 11 Cases. We cannot assure you that cash on hand and cash flow from operations will be sufficient to continue to fund our operations and allow us to satisfy our obligations related to the Chapter 11 Cases until we are able to emerge from our Chapter 11 Cases.

Our liquidity, including our ability to meet our ongoing operational obligations, is dependent upon, among other things: (i) our ability to comply with the terms and conditions of any cash collateral order that may be entered by the Bankruptcy Court in connection with the Chapter 11 Cases, (ii) our ability to maintain adequate cash on hand, (iii) our ability to generate cash flow from operations, (iv) our ability to develop, confirm and consummate a Chapter 11 plan of reorganization or other alternative restructuring transaction, and (v) the cost, duration and outcome of the Chapter 11 Cases.

As a result of the Chapter 11 Cases, our financial results may be volatile and may not reflect historical trends.

During the Chapter 11 Cases, we expect our financial results to continue to be volatile as restructuring activities and

expenses, contract terminations and rejections, and claims assessments significantly impact our consolidated financial statements. As a result, our historical financial performance is likely not indicative of our financial performance after the date of the bankruptcy filing. In addition, if we emerge from the Chapter 11 Cases, the amounts reported in subsequent consolidated financial statements may materially change relative to historical consolidated financial statements, including as a result of revisions to our operating plans pursuant to a plan of reorganization. We also may be required to adopt fresh start accounting, in which case our assets and liabilities will be recorded at fair value as of the fresh start reporting date, which may differ materially from the recorded values of assets and liabilities on our consolidated balance sheets. Our financial results after the application of fresh start accounting also may be different from historical trends.

We may be subject to claims that will not be discharged in the Chapter 11 proceedings, which could have a material adverse effect on our financial condition and results of operations.

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With few exceptions, all claims that arose prior to October 9, 2018, or before confirmation of a plan of reorganization (i) would be subject to compromise and/or treatment under the plan of reorganization and/or (ii) would be discharged in accordance with the terms of such plan of reorganization. Any claims not ultimately discharged through the plan of reorganization could be asserted against the reorganized entities and may have an adverse effect on our financial condition and results of operations on a post-reorganization basis.

We may experience increased levels of employee attrition as a result of the Chapter 11 Cases.

As a result of the Chapter 11 Cases, we may experience increased levels of employee attrition, and our employees likely will face considerable distraction and uncertainty. A loss of key personnel or material erosion of employee morale could adversely affect our business and results of operations. Our ability to engage, motivate and retain key employees or take other measures intended to motivate and incent key employees to remain with us through the pendency of the Chapter 11 Cases is limited by restrictions on implementation of incentive programs under the Bankruptcy Code. The loss of services of members of our senior management team could impair our ability to execute our strategy and implement operational initiatives, which would be likely to have a material adverse effect on our business, financial condition and results of operations.

In certain instances, a Chapter 11 proceeding may be converted to a proceeding under Chapter 7.

There can be no assurance as to whether we will successfully reorganize and emerge from the Chapter 11 Cases or, if we do successfully reorganize, as to when we would emerge from the Chapter 11 Cases.

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the Debtors, the Bankruptcy Court may convert our Chapter 11 Cases to proceedings under Chapter 7. In such event, a Chapter 7 trustee would be appointed or elected to liquidate the Debtors' assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under Chapter 7 would result in significantly smaller distributions being made to the Debtors' creditors than those provided for in a Chapter 11 plan of reorganization because of (i) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time rather than reorganizing or selling in a controlled manner the Debtors' businesses as a going concern, (ii) additional administrative expenses involved in the appointment of a Chapter 7 trustee, and (iii) additional expenses and claims, some of which would be entitled to priority, that would be generated during the liquidation and from the rejection of leases and other executory contracts in connection with a cessation of operations.

Our common units were delisted from trading on the NYSE, are no longer listed on a national securities exchange following the commencement of the Chapter 11 Cases, and is quoted only in the over-the-counter market, which could negatively affect the price and liquidity of our common units.

In connection with filing the Chapter 11 Cases, the NYSE suspended trading our common units at the market opening on October 9, 2018 and notified the Partnership that its common units are no longer suitable for listing pursuant to Section 802.01D of the NYSE continued listing standards. Trading of our common units has been suspended by the NYSE, and a Form 25-NSE will be filed with the SEC, which will remove our securities from listing and registration on the NYSE.

Following delisting from the NYSE, the Partnership's common units commenced trading on the OTC Pink Marketplace under the symbol "WMLPQ". We can provide no assurance that our common units will continue to trade on this market, whether broker-dealers will continue to provide public quotes of our common units on this market, whether the trading volume of the common units will be sufficient to provide for an efficient trading market or whether quotes for the common units will continue on this market in the future.

The OTC Pink is a significantly more limited market than the NYSE, and the quotation of our common units on the

OTC Pink Marketplace may result in a less liquid market available for existing and potential shareholders to trade our common units. This could further depress the trading price of our common units and could also have a long-term adverse effect on our ability to raise capital. There can be no assurance that any public market for our common units will exist in the future or that we will be able to relist our common units on a national securities exchange. In connection with the delisting of our common units, there may also be other negative implications, including the potential loss of confidence in us by suppliers, customers and employees and the loss of institutional investor interest in our common units.

Item 4 - *MINE SAFETY DISCLOSURES*

On July 21, 2010, Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). Section 1503(a) of the Dodd-Frank Act contains reporting requirements regarding mine safety. Mine safety violations or other regulatory matters, as required by Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K, are included as Exhibit 95.1 to this Quarterly Report.

Item 6 - EXHIBITS

EXHIBIT INDEX

Those exhibits marked with a (*) refer to management contracts or compensatory plans or arrangements. Portions of the exhibits marked with a (†) are the subject of a Confidential Treatment Request under 5 U.S. § 552(b)(4) and 17 C.F.R. §§ 200.80(b)(4), 200.83 and 240.24b-2. Omitted material for which confidential treatment has been requested has been filed separately with the SEC.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
10.1	Waiver and Amendment No. 6 to Financing Agreement by and among Westmoreland Resource Partners, LP and each of its subsidiaries, the lenders party there to and U.S. Bank National Association, dated as of July 31, 2018					X
10.2	Waiver and Amendment No. 7 to Financing Agreement by and among Westmoreland Resource Partners, LP and each of its subsidiaries, the lenders party there to and U.S. Bank National Association, dated as of September 7, 2018					X
10.3	Waiver and Amendment No. 8 to Financing Agreement by and among Westmoreland Resource Partners, LP and each of its subsidiaries, the lenders party there to and U.S. Bank National Association, dated as of September 28, 2018					X
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)					X
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)					X
32	Certifications of Chief Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350					X
95.1	Mine Safety Disclosure					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Calculation Linkbase Document					X
101.LAB	XBRL Taxonomy Label Linkbase Document					X
101.PRE	XBRL Taxonomy Presentation Linkbase Document					X
101.DEF	XBRL Taxonomy Definition Document					X

Attached as Exhibit 101 to this report are documents formatted in XBRL (Extensible Business Reporting Language). The financial information contained in the XBRL-related document is “unaudited” or “unreviewed.” Exhibits 32 and 101 attached hereto are being furnished and shall not be deemed “filed” for purpose of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

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.

WESTMORELAND RESOURCE PARTNERS, LP

By: WESTMORELAND RESOURCES GP, LLC, its general partner

Date: November 1, 2018

By: */s/ Scott A. Henry*

Scott A. Henry

Controller and Principal Accounting Officer

(Principal Financial Officer and A Duly Authorized Officer)

WAIVER AND AMENDMENT NO. 6 TO FINANCING AGREEMENT

This WAIVER AND AMENDMENT NO. 6 TO FINANCING AGREEMENT (this "Waiver and Amendment" and "Amendment No. 6") is dated as of July 31, 2018 and is entered into by and among Westmoreland Resource Partners, LP, a Delaware limited partnership (the "Parent"), Oxford Mining Company, LLC, an Ohio limited liability company ("Oxford Mining"), each subsidiary of the Parent listed as a "Guarantor" on the signature pages hereto (together with the Parent, each an "Existing Guarantor" and collectively, the "Existing Guarantors"), the Lenders referred to below, U.S. Bank National Association, a California corporation ("U.S. Bank"), as collateral agent for the Lenders referred to below (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent"), and U.S. Bank, as administrative agent for the Lenders referred to below (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent," and together with the Collateral Agent, each an "Agent" and collectively, the "Agents").

WITNESSETH:

WHEREAS, Oxford Mining, each other Person that executes a joinder agreement and becomes a "Borrower" thereunder (each a "Borrower" and collectively the "Borrowers"), the Existing Guarantors (together with each other Person that executes a joinder agreement and becomes a "Guarantor" thereunder or otherwise guarantees all or any part of the Obligations, each a "Guarantor" and collectively, the "Guarantors" and collectively with the Borrowers, the "Loan Parties"), the Agents and the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders") have entered into that certain Financing Agreement dated as of December 31, 2014, as amended by that certain Amendment No. 1 to Financing Agreement dated March 13, 2015, as amended by that certain Amendment No. 2 to Financing Agreement dated July 31, 2015, as amended by that certain Amendment No. 3 to Financing Agreement dated March 1, 2018 ("Amendment No. 3"), as amended by that certain Amendment No. 4 to Financing Agreement dated May 15, 2018 ("Amendment No. 4") and as amended by that certain Amendment No. 5 to Financing Agreement dated June 15, 2018 ("Amendment No. 5") (as amended and as the same may be further amended, restated, supplemented or otherwise modified from time to time, the "Financing Agreement"; capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Financing Agreement); and

WHEREAS, the Agents and the Lenders have agreed to waive any actual or potential Default or Event of Default that arose or may have arisen, in each case, solely as a result of or in connection with the Loan Parties' failure under Section 7.01(a)(iii) of the Financing Agreement to deliver to each Agent and each Lender an unqualified audit opinion in connection with the audited financial statements for the Fiscal Year of the Parent and its Subsidiaries ending December 31, 2017 (the "Subject Defaults");

WHEREAS, the Borrowers requested, and the Agents and the Required Lenders agreed, to waive the Subject Defaults and amend the Financing Agreement in certain respects as set forth in Amendment No. 5;

WHEREAS, the Borrowers now request that the Agents and the Required Lenders extend the waiver of the Subject Defaults set forth in Amendment No. 5 and further amend the Financing Agreement as set forth below.

NOW THEREFORE, in consideration of the mutual conditions and agreements set forth in the Financing Agreement and this Waiver and Amendment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Amendments to Financing Agreement.** Subject to the satisfaction of the conditions set forth in Section 3 below, and in reliance on the representations and warranties contained in Section 4 below, the Financing Agreement is hereby amended as follows:

(a) Section 1.01 of the Financing Agreement is hereby amended by adding the below definitions in the correct alphanumeric order as set forth below:

"Amendment No. 6 Effective Date" means July 31, 2018.

2. **Extension of Waiver.** On the Amendment No. 6 Effective Date, the Agents and the Required Lenders hereby extend the waiver set forth in Section 2 of Amendment No. 3 until the earliest of (i) 11:59 pm New York time on September 8, 2018, (ii) the occurrence of any Event of Default (other than the Subject Defaults or an Event of Default solely arising from the Subject Defaults) or (iii) the commencement of a bankruptcy or insolvency proceeding by or against WCC.

3. **Conditions to Effectiveness.** The effectiveness of this Waiver and Amendment is subject to the concurrent satisfaction of each of the following conditions (the "Amendment No. 6 Effective Date"):

(a) the Agents shall have received a fully executed copy of this Waiver and Amendment executed by each of the Borrowers, each of the Guarantors and the Required Lenders; and

(b) no Default or Event of Default (other than the Subject Defaults prior to the Amendment No. 6 Effective Date) shall have occurred and be continuing.

4. **Representations and Warranties.** To induce the Agents and the Lenders to enter into this Waiver and Amendment, each Loan Party represents and warrants to the Agents and the Lenders that:

(a) the execution, delivery and performance of this Waiver and Amendment has been duly authorized by all requisite corporate, partnership or limited liability company action, as applicable, on the part of such Loan Party and that this Waiver and Amendment has been duly executed and delivered by such Loan Party;

(b) this Waiver and Amendment constitutes a legal, valid and binding obligation of each Loan Party, enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally;

(c) the representations and warranties contained in Article VI of the Financing Agreement (other than clauses (i), (z) and (bb) thereof) and in each other Loan Document, certificate or other writing delivered to any Agent or any Lender pursuant to the Financing Agreement or any other Loan Document on or prior to the date hereof are true and correct in all material respects after giving effect hereto (except that such materiality qualifier shall not be applicable 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 date hereof

as though made on and as of the date hereof, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct on and as of such earlier date); and

(d) no Default or Event of Default (other than the Subject Defaults prior to the Amendment No. 6 Effective Date) has occurred and is continuing.

5. **Release.** In consideration of the agreements of the Agents and the Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Loan Party hereby releases and forever discharges each Agent and the Lenders and their respective directors, officers, employees, agents, attorneys, affiliates, subsidiaries, successors and permitted assigns from any and all liabilities, obligations, actions, contracts, claims, causes of action, damages, demands, costs and expenses whatsoever (collectively "Claims"), of every kind and nature, however evidenced or created, whether known or unknown, arising prior to or on the date of this Waiver and Amendment including, but not limited to, any Claims involving the extension of credit under or administration of this Waiver and Amendment, the Financing Agreement or any other Loan Document, as each may be amended, or the Indebtedness incurred by the Borrowers thereunder or any other transactions evidenced by this Waiver and Amendment, the Financing Agreement or any other Loan Document.

6. **Severability.** Any provision of this Waiver and Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Waiver and Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

7. **References.** Any reference to the Financing Agreement contained in any document, instrument or Loan Document executed in connection with the Financing Agreement shall be deemed to be a reference to the Financing Agreement as modified by this Waiver and Amendment.

8. **Counterparts.** This Waiver and Amendment may be executed in one or more counterparts, each of which shall constitute an original, but all of which taken together shall be one and the same instrument. Receipt by telecopy or electronic mail of any executed signature page to this Waiver and Amendment shall constitute effective delivery of such signature page.

9. **Ratification.** The terms and provisions set forth in this Waiver and Amendment shall modify and supersede all inconsistent terms and provisions of the Financing Agreement and shall not be deemed to be a consent to the modification or waiver of any other term or condition of the Financing Agreement. Except as expressly modified and superseded by this Financing Agreement, the terms and provisions of the Financing Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect.

10. **Governing Law.** THIS WAIVER AND AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF NEW YORK.

11. **Costs and Expenses.** The Borrowers will pay, within five (5) Business Days of receipt of an invoice relating thereto, all reasonable and documented fees, costs and expenses of the Agents and the Lenders in connection with the preparation, execution and delivery of this Waiver and Amendment or

otherwise payable under the Financing Agreement, including, without limitation, reasonable and documented fees, disbursements and other charges of counsel to the Agents and counsel the Lenders.

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

13. **Waiver of Jury Trial.** THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS WAIVER OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

14. **Limited Effect of Waiver and Amendment.** This Waiver and Amendment shall not be deemed (a) other than as set forth in Sections 1 and 2 hereof, to be a waiver of, or consent to, or a modification or amendment of, any other term or condition of the Financing Agreement or any other Loan Document or (b) to prejudice any other right or remedies which the Agents or the Lenders may now have or may have in the future under or in connection with the Financing Agreement or the other Loan Documents or any of the instruments or agreements referred to therein , as the same may be amended, restated or otherwise modified from time to time.

15. **Required Lender Authorization and Direction.** By their execution of this Waiver and Amendment, each of the Lenders party hereto: (i) hereby authorizes and directs each Agent to execute this Waiver and Amendment, and (ii) agrees that each Agent shall incur no liability for executing this Waiver and Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Waiver and Amendment to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

BORROWER:

OXFORD MINING COMPANY, LLC

By: /s/ Jennifer S. Grafton
Name: Jennifer S. Grafton
Title: CLO

GUARANTORS:

WESTMORELAND RESOURCE PARTNERS, LP

By Westmoreland Resources GP, LLC, its general partner

By: /s/ Michael G. Hutchinson
Name: Michael G. Hutchinson
Title: Interim-CEO

OXFORD MINING COMPANY-KENTUCKY, LLC

By: /s/ Jennifer S. Grafton
Name: Jennifer S. Grafton
Title: CLO

DARON COAL COMPANY, LLC

By: /s/ Jennifer S. Grafton
Name: Jennifer S. Grafton
Title: CLO

OXFORD CONESVILLE, LLC

By: /s/ Jennifer S. Grafton
Name: Jennifer S. Grafton
Title: CLO

HARRISON RESOURCES, LLC

By: /s/ Jennifer S. Grafton
Name: Jennifer S. Grafton
Title: CLO

WESTMORELAND KEMMERER FEE COAL
HOLDINGS, LLC

By: /s/ Jennifer S. Grafton
Name: Jennifer S. Grafton
Title: CLO

WESTMORELAND KEMMERER, LLC

By: /s/ Joseph E. Micheletti
Name: Joseph E. Micheletti
Title: COO

COLLATERAL AGENT AND ADMINISTRATIVE
AGENT:

U.S. BANK NATIONAL ASSOCIATION, as
Administrative Agent and Collateral Agent

By: /s/ Prital K. Patel

Name: Prital K. Patel

Title: Vice President

LENDERS:

TENNENBAUM OPPORTUNITIES PARTNERS V, LP
TENNENBAUM OPPORTUNITIES FUND VI, LLC,
each as Lenders

By: Tennenbaum Capital Partners, LLC, its Investment
Manager

By: /s/ Illegible

Name: Illegible

Title: Illegible

LENDERS:

BF OXFORD SPE LLC

By: /s/ Adam L. Gubner

Name: Adam L. Gubner

Title: Authorized Person

GCF OXFORD SPE LLC

By: /s/ Adam L. Gubner

Name: Adam L. Gubner

Title: Authorized Person

TOF OXFORD SPE LLC

By: /s/ Adam L. Gubner

Name: Adam L. Gubner

Title: Authorized Person

LENDER:

MEDLEY CAPITAL CORPORATION

By: /s/ Richard T. Allorto, Jr.

Name: Richard T. Allorto, Jr.

Title: Chief Financial Officer

LENDER:

SIERRA INCOME CORPORATION

By: /s/ Richard T. Allorto, Jr.

Name: Richard T. Allorto, Jr.

Title: Chief Financial Officer

LENDER:

BLACKROCK CAPITAL INVESTMENT
CORPORATION

By: /s/ Michael Pungello

Name: Michael Pungello

Title: CFO

WAIVER AND AMENDMENT NO. 7 TO FINANCING AGREEMENT

This WAIVER AND AMENDMENT NO. 7 TO FINANCING AGREEMENT (this "Waiver and Amendment" and "Amendment No. 7") is dated as of September 7, 2018 and is entered into by and among Westmoreland Resource Partners, LP, a Delaware limited partnership (the "Parent"), Oxford Mining Company, LLC, an Ohio limited liability company ("Oxford Mining"), each subsidiary of the Parent listed as a "Guarantor" on the signature pages hereto (together with the Parent, each an "Existing Guarantor" and collectively, the "Existing Guarantors"), the Lenders referred to below, U.S. Bank National Association, a California corporation ("U.S. Bank"), as collateral agent for the Lenders referred to below (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent"), and U.S. Bank, as administrative agent for the Lenders referred to below (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent," and together with the Collateral Agent, each an "Agent" and collectively, the "Agents").

WITNESSETH:

WHEREAS, Oxford Mining, each other Person that executes a joinder agreement and becomes a "Borrower" thereunder (each a "Borrower" and collectively the "Borrowers"), the Existing Guarantors (together with each other Person that executes a joinder agreement and becomes a "Guarantor" thereunder or otherwise guarantees all or any part of the Obligations, each a "Guarantor" and collectively, the "Guarantors" and collectively with the Borrowers, the "Loan Parties"), the Agents and the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders") have entered into that certain Financing Agreement dated as of December 31, 2014, as amended by that certain Amendment No. 1 to Financing Agreement dated March 13, 2015, as amended by that certain Amendment No. 2 to Financing Agreement dated July 31, 2015, as amended by that certain Amendment No. 3 to Financing Agreement dated March 1, 2018 ("Amendment No. 3"), as amended by that certain Amendment No. 4 to Financing Agreement dated May 15, 2018 ("Amendment No. 4"), as amended by that certain Amendment No. 5 to Financing Agreement dated June 15, 2018 ("Amendment No. 5") and as amended by that certain Amendment No. 6 to Financing Agreement dated July 31, 2018 ("Amendment No. 6") (as amended and as the same may be further amended, restated, supplemented or otherwise modified from time to time, the "Financing Agreement"; capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Financing Agreement); and

WHEREAS, the Agents and the Lenders have agreed to waive any actual or potential Default or Event of Default that arose or may have arisen, in each case, solely as a result of or in connection with the Loan Parties' failure under Section 7.01(a)(iii) of the Financing Agreement to deliver to each Agent and each Lender an unqualified audit opinion in connection with the audited financial statements for the Fiscal Year of the Parent and its Subsidiaries ending December 31, 2017 (the "Subject Defaults");

WHEREAS, the Borrowers requested, and the Agents and the Required Lenders agreed, to waive the Subject Defaults and amend the Financing Agreement in certain respects as set forth in Amendment No. 6;

WHEREAS, the Borrowers now request that the Agents and the Required Lenders extend the waiver of the Subject Defaults set forth in Amendment No. 6 and further amend the Financing Agreement as set forth below.

NOW THEREFORE, in consideration of the mutual conditions and agreements set forth in the Financing Agreement and this Waiver and Amendment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Amendments to Financing Agreement.** Subject to the satisfaction of the conditions set forth in Section 3 below, and in reliance on the representations and warranties contained in Section 4 below, the Financing Agreement is hereby amended as follows:

(a) Section 1.01 of the Financing Agreement is hereby amended by adding the below definitions in the correct alphanumeric order as set forth below:

"Amendment No. 7 Effective Date" means September 7, 2018.

2. **Extension of Waiver.** On the Amendment No. 7 Effective Date, the Agents and the Required Lenders hereby extend the waiver set forth in Section 2 of Amendment No. 3 until the earliest of (i) 11:59 pm New York time on October 5, 2018, (ii) the occurrence of any Event of Default (other than the Subject Defaults or an Event of Default solely arising from the Subject Defaults) or (iii) the commencement of a bankruptcy or insolvency proceeding by or against WCC.

3. **Conditions to Effectiveness.** The effectiveness of this Waiver and Amendment is subject to the concurrent satisfaction of each of the following conditions (the "Amendment No. 7 Effective Date"):

(a) the Agents shall have received a fully executed copy of this Waiver and Amendment executed by each of the Borrowers, each of the Guarantors and the Required Lenders; and

(b) no Default or Event of Default (other than the Subject Defaults prior to the Amendment No. 7 Effective Date) shall have occurred and be continuing.

4. **Representations and Warranties.** To induce the Agents and the Lenders to enter into this Waiver and Amendment, each Loan Party represents and warrants to the Agents and the Lenders that:

(a) the execution, delivery and performance of this Waiver and Amendment has been duly authorized by all requisite corporate, partnership or limited liability company action, as applicable, on the part of such Loan Party and that this Waiver and Amendment has been duly executed and delivered by such Loan Party;

(b) this Waiver and Amendment constitutes a legal, valid and binding obligation of each Loan Party, enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally;

(c) the representations and warranties contained in Article VI of the Financing Agreement (other than clauses (i), (z) and (bb) thereof) and in each other Loan Document, certificate or other writing delivered to any Agent or any Lender pursuant to the Financing Agreement or any other Loan Document on or prior to the date hereof are true and correct in all material respects after giving effect hereto (except that such materiality qualifier shall not be applicable 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 date hereof

as though made on and as of the date hereof, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct on and as of such earlier date); and

(d) no Default or Event of Default (other than the Subject Defaults prior to the Amendment No. 7 Effective Date) has occurred and is continuing.

5. **Release.** In consideration of the agreements of the Agents and the Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Loan Party hereby releases and forever discharges each Agent and the Lenders and their respective directors, officers, employees, agents, attorneys, affiliates, subsidiaries, successors and permitted assigns from any and all liabilities, obligations, actions, contracts, claims, causes of action, damages, demands, costs and expenses whatsoever (collectively "Claims"), of every kind and nature, however evidenced or created, whether known or unknown, arising prior to or on the date of this Waiver and Amendment including, but not limited to, any Claims involving the extension of credit under or administration of this Waiver and Amendment, the Financing Agreement or any other Loan Document, as each may be amended, or the Indebtedness incurred by the Borrowers thereunder or any other transactions evidenced by this Waiver and Amendment, the Financing Agreement or any other Loan Document.

6. **Severability.** Any provision of this Waiver and Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Waiver and Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

7. **References.** Any reference to the Financing Agreement contained in any document, instrument or Loan Document executed in connection with the Financing Agreement shall be deemed to be a reference to the Financing Agreement as modified by this Waiver and Amendment.

8. **Counterparts.** This Waiver and Amendment may be executed in one or more counterparts, each of which shall constitute an original, but all of which taken together shall be one and the same instrument. Receipt by telecopy or electronic mail of any executed signature page to this Waiver and Amendment shall constitute effective delivery of such signature page.

9. **Ratification.** The terms and provisions set forth in this Waiver and Amendment shall modify and supersede all inconsistent terms and provisions of the Financing Agreement and shall not be deemed to be a consent to the modification or waiver of any other term or condition of the Financing Agreement. Except as expressly modified and superseded by this Financing Agreement, the terms and provisions of the Financing Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect.

10. **Governing Law.** THIS WAIVER AND AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF NEW YORK.

11. **Costs and Expenses.** The Borrowers will pay, within five (5) Business Days of receipt of an invoice relating thereto, all reasonable and documented fees, costs and expenses of the Agents and the Lenders in connection with the preparation, execution and delivery of this Waiver and Amendment or

otherwise payable under the Financing Agreement, including, without limitation, reasonable and documented fees, disbursements and other charges of counsel to the Agents and counsel the Lenders.

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

13. **Waiver of Jury Trial.** THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS WAIVER OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

14. **Limited Effect of Waiver and Amendment.** This Waiver and Amendment shall not be deemed (a) other than as set forth in Sections 1 and 2 hereof, to be a waiver of, or consent to, or a modification or amendment of, any other term or condition of the Financing Agreement or any other Loan Document or (b) to prejudice any other right or remedies which the Agents or the Lenders may now have or may have in the future under or in connection with the Financing Agreement or the other Loan Documents or any of the instruments or agreements referred to therein , as the same may be amended, restated or otherwise modified from time to time.

15. **Required Lender Authorization and Direction.** By their execution of this Waiver and Amendment, each of the Lenders party hereto: (i) hereby authorizes and directs each Agent to execute this Waiver and Amendment, and (ii) agrees that each Agent shall incur no liability for executing this Waiver and Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Waiver and Amendment to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

BORROWER:

OXFORD MINING COMPANY, LLC

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

GUARANTORS:

WESTMORELAND RESOURCE PARTNERS, LP

By Westmoreland Resources GP, LLC, its general partner

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

OXFORD MINING COMPANY-KENTUCKY, LLC

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

DARON COAL COMPANY, LLC

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

OXFORD CONESVILLE, LLC

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

HARRISON RESOURCES, LLC

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

WESTMORELAND KEMMERER FEE COAL HOLDINGS, LLC

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

WESTMORELAND KEMMERER, LLC

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

COLLATERAL AGENT AND ADMINISTRATIVE
AGENT:

U.S. BANK NATIONAL ASSOCIATION, as
Administrative Agent and Collateral Agent

By: /s/ Prital K. Patel

Name: Prital K. Patel

Title: Vice President

LENDERS:

TENNENBAUM OPPORTUNITIES PARTNERS V, LP
TENNENBAUM OPPORTUNITIES FUND VI, LLC,
each as Lenders

By: Tennenbaum Capital Partners, LLC, its Investment
Manager

By: /s/ Illegible

Name: Illegible

Title: Illegible

LENDERS:

BF OXFORD SPE LLC

By: /s/ Adam L. Gubner

Name: Adam L. Gubner

Title: Authorized Person

GCF OXFORD SPE LLC

By: /s/ Adam L. Gubner

Name: Adam L. Gubner

Title: Authorized Person

TOF OXFORD SPE LLC

By: /s/ Adam L. Gubner

Name: Adam L. Gubner

Title: Authorized Person

LENDER:

MEDLEY CAPITAL CORPORATION
a Delaware corporation

By: MCC Advisors LLC,
a Delaware limited liability company
its investment manager

By: /s/ Richard T. Allorto, Jr.
Name: Richard T. Allorto, Jr.
Title: Chief Financial Officer

LENDER:

SIERRA INCOME CORPORATION
a Maryland corporation

By: SIC Advisors LLC,
a Delaware limited liability company,
its investment manager

By: /s/ Richard T. Allorto, Jr.
Name: Richard T. Allorto, Jr.
Title: Chief Financial Officer

LENDER:

BLACKROCK CAPITAL INVESTMENT
CORPORATION

By: /s/ Michael Pungello _____
Name: Michael Pungello
Title: CFO

WAIVER AND AMENDMENT NO. 8 TO FINANCING AGREEMENT

This WAIVER AND AMENDMENT NO. 8 TO FINANCING AGREEMENT (this "Waiver and Amendment" and "Amendment No. 8") is dated as of September 28, 2018 and is entered into by and among Westmoreland Resource Partners, LP, a Delaware limited partnership (the "Parent"), Oxford Mining Company, LLC, an Ohio limited liability company ("Oxford Mining"), each subsidiary of the Parent listed as a "Guarantor" on the signature pages hereto (together with the Parent, each an "Existing Guarantor" and collectively, the "Existing Guarantors"), the Lenders referred to below, U.S. Bank National Association, a California corporation ("U.S. Bank"), as collateral agent for the Lenders referred to below (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent"), and U.S. Bank, as administrative agent for the Lenders referred to below (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent," and together with the Collateral Agent, each an "Agent" and collectively, the "Agents").

W I T N E S S E T H:

WHEREAS, Oxford Mining, each other Person that executes a joinder agreement and becomes a "Borrower" thereunder (each a "Borrower" and collectively the "Borrowers"), the Existing Guarantors (together with each other Person that executes a joinder agreement and becomes a "Guarantor" thereunder or otherwise guarantees all or any part of the Obligations, each a "Guarantor" and collectively, the "Guarantors" and collectively with the Borrowers, the "Loan Parties"), the Agents and the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders") have entered into that certain Financing Agreement dated as of December 31, 2014, as amended by that certain Amendment No. 1 to Financing Agreement dated March 13, 2015, as amended by that certain Amendment No. 2 to Financing Agreement dated July 31, 2015, as amended by that certain Amendment No. 3 to Financing Agreement dated March 1, 2018 ("Amendment No. 3"), as amended by that certain Amendment No. 4 to Financing Agreement dated May 15, 2018 ("Amendment No. 4"), as amended by that certain Amendment No. 5 to Financing Agreement dated June 15, 2018 ("Amendment No. 5"), as amended by that certain Amendment No. 6 to Financing Agreement dated July 31, 2018 ("Amendment No. 6") and as amended by that certain Amendment No. 7 to Financing Agreement dated September 7, 2018 ("Amendment No. 7") (as amended and as the same may be further amended, restated, supplemented or otherwise modified from time to time, the "Financing Agreement"; capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Financing Agreement); and

WHEREAS, the Agents and the Lenders have agreed to waive any actual or potential Default or Event of Default that arose or may have arisen, in each case, solely as a result of or in connection with the Loan Parties' failure under Section 7.01(a)(iii) of the Financing Agreement to deliver to each Agent and each Lender an unqualified audit opinion in connection with the audited financial statements for the Fiscal Year of the Parent and its Subsidiaries ending December 31, 2017 (the "Subject Defaults");

WHEREAS, the Borrowers requested, and the Agents and the Required Lenders agreed, to waive the Subject Defaults and amend the Financing Agreement in certain respects as set forth in Amendment No. 7;

WHEREAS, the Borrowers now request that the Agents and the Required Lenders extend the waiver of the Subject Defaults set forth in Amendment No. 7 and further amend the Financing Agreement as set forth below.

NOW THEREFORE, in consideration of the mutual conditions and agreements set forth in the Financing Agreement and this Waiver and Amendment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Amendments to Financing Agreement.** Subject to the satisfaction of the conditions set forth in Section 3 below, and in reliance on the representations and warranties contained in Section 4 below, the Financing Agreement is hereby amended as follows:

(a) Section 1.01 of the Financing Agreement is hereby amended by adding the below definitions in the correct alphanumeric order as set forth below:

"Amendment No. 8 Effective Date" means September 28, 2018.

(b) Section 2.04(d) of the Financing Agreement is hereby amended by adding the following additional sentence at the end thereof to read as follows:

"Notwithstanding the foregoing, the Agents, the Lenders and the Borrowers hereby acknowledge and agree that any interest payment that is due and payable in cash on or after September 28, 2018 through and including December 14, 2018 shall not be required to be paid in cash on such interest payment date and instead shall be paid in kind, capitalized and added to the then-outstanding principal amount of the Term Loan as additional principal obligations hereunder on and as of such interest payment date and shall automatically constitute a part of the outstanding principal amount of the Term Loan for all purposes hereof (including the accrual of interest thereon at the rates applicable to the Term Loan generally). Any determination of the principal amount outstanding under the Term Loan after giving effect to any payment of such paid in kind hereunder or otherwise that is reasonably made by the Administrative Agent or the Lenders in good faith shall be prima facie evidence of the correctness of such determination in the absence of manifest error."

2. **Extension of Waiver.** On the Amendment No. 8 Effective Date, the Agents and the Required Lenders hereby extend the waiver set forth in Section 2 of Amendment No. 3 until the earliest of (i) 11:59 pm New York time on November 5, 2018, (ii) the occurrence of any Event of Default (other than the Subject Defaults or an Event of Default solely arising from the Subject Defaults) or (iii) the commencement of a bankruptcy or insolvency proceeding by or against WCC.

3. **Conditions to Effectiveness.** The effectiveness of this Waiver and Amendment is subject to the concurrent satisfaction of each of the following conditions (the "Amendment No. 8 Effective Date"):

(a) the Agents shall have received a fully executed copy of this Waiver and Amendment executed by each of the Borrowers, each of the Guarantors and the Lenders;

(b) no Default or Event of Default (other than the Subject Defaults prior to the Amendment No. 8 Effective Date) shall have occurred and be continuing; and

(c) the Lenders shall have received a fully executed copy of the fee reimbursement extension letter executed by Oxford Mining.

4. **Representations and Warranties.** To induce the Agents and the Lenders to enter into this Waiver and Amendment, each Loan Party represents and warrants to the Agents and the Lenders that:

(a) the execution, delivery and performance of this Waiver and Amendment has been duly authorized by all requisite corporate, partnership or limited liability company action, as applicable, on the part of such Loan Party and that this Waiver and Amendment has been duly executed and delivered by such Loan Party;

(b) this Waiver and Amendment constitutes a legal, valid and binding obligation of each Loan Party, enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally;

(c) the representations and warranties contained in Article VI of the Financing Agreement (other than clauses (i), (z) and (bb) thereof) and in each other Loan Document, certificate or other writing delivered to any Agent or any Lender pursuant to the Financing Agreement or any other Loan Document on or prior to the date hereof are true and correct in all material respects after giving effect hereto (except that such materiality qualifier shall not be applicable 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 date hereof as though made on and as of the date hereof, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct on and as of such earlier date); and

(d) no Default or Event of Default (other than the Subject Defaults prior to the Amendment No. 8 Effective Date) has occurred and is continuing.

5. **Release.** In consideration of the agreements of the Agents and the Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Loan Party hereby releases and forever discharges each Agent and the Lenders and their respective directors, officers, employees, agents, attorneys, affiliates, subsidiaries, successors and permitted assigns from any and all liabilities, obligations, actions, contracts, claims, causes of action, damages, demands, costs and expenses whatsoever (collectively "Claims"), of every kind and nature, however evidenced or created, whether known or unknown, arising prior to or on the date of this Waiver and Amendment including, but not limited to, any Claims involving the extension of credit under or administration of this Waiver and Amendment, the Financing Agreement or any other Loan Document, as each may be amended, or the Indebtedness incurred by the Borrowers thereunder or any other transactions evidenced by this Waiver and Amendment, the Financing Agreement or any other Loan Document.

6. **Severability.** Any provision of this Waiver and Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Waiver and Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

7. **References.** Any reference to the Financing Agreement contained in any document, instrument or Loan Document executed in connection with the Financing Agreement shall be deemed to be a reference to the Financing Agreement as modified by this Waiver and Amendment.

8. **Counterparts.** This Waiver and Amendment may be executed in one or more counterparts, each of which shall constitute an original, but all of which taken together shall be one and the same instrument. Receipt by telecopy or electronic mail of any executed signature page to this Waiver and Amendment shall constitute effective delivery of such signature page.

9. **Ratification.** The terms and provisions set forth in this Waiver and Amendment shall modify and supersede all inconsistent terms and provisions of the Financing Agreement and shall not be deemed to be a consent to the modification or waiver of any other term or condition of the Financing Agreement. Except as expressly modified and superseded by this Financing Agreement, the terms and provisions of the Financing Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect.

10. **Governing Law.** THIS WAIVER AND AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF NEW YORK.

11. **Costs and Expenses.** The Borrowers will pay, within five (5) Business Days of receipt of an invoice relating thereto, all reasonable and documented fees, costs and expenses of the Agents and the Lenders in connection with the preparation, execution and delivery of this Waiver and Amendment or otherwise payable under the Financing Agreement, including, without limitation, reasonable and documented fees, disbursements and other charges of counsel to the Agents and counsel the Lenders.

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

13. **Waiver of Jury Trial.** THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS WAIVER OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

14. **Limited Effect of Waiver and Amendment.** This Waiver and Amendment shall not be deemed (a) other than as set forth in Sections 1 and 2 hereof, to be a waiver of, or consent to, or a modification or amendment of, any other term or condition of the Financing Agreement or any other Loan Document or (b) to prejudice any other right or remedies which the Agents or the Lenders may now have or may have in the future under or in connection with the Financing Agreement or the other Loan Documents or any of the instruments or agreements referred to therein, as the same may be amended, restated or otherwise modified from time to time.

15. **Required Lender Authorization and Direction.** By their execution of this Waiver and Amendment, each of the Lenders party hereto: (i) hereby authorizes and directs each Agent to execute this

Waiver and Amendment, and (ii) agrees that each Agent shall incur no liability for executing this Waiver and Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Waiver and Amendment to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

BORROWER:

OXFORD MINING COMPANY, LLC

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

GUARANTORS:

WESTMORELAND RESOURCE PARTNERS, LP

By Westmoreland Resources GP, LLC, its general partner

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

OXFORD MINING COMPANY-KENTUCKY, LLC

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

DARON COAL COMPANY, LLC

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

OXFORD CONESVILLE, LLC

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

HARRISON RESOURCES, LLC

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

WESTMORELAND KEMMERER FEE COAL HOLDINGS,
LLC

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

WESTMORELAND KEMMERER, LLC

By: /s/ Samuel N. Hagreen
Name: Samuel N. Hagreen
Title: Secretary

COLLATERAL AGENT AND ADMINISTRATIVE AGENT:

U.S. BANK NATIONAL ASSOCIATION, as Administrative
Agent and Collateral Agent

By: /s/ Prital K. Patel _____

Name: Prital K. Patel

Title: Vice President

LENDERS:

TENNENBAUM OPPORTUNITIES PARTNERS V, LP
TENNENBAUM OPPORTUNITIES FUND VI, LLC, each
as Lenders

By: Tennenbaum Capital Partners, LLC, its Investment
Manager

By: /s/ Illegible _____

Name: Illegible

Title: Illegible

LENDERS:

BF OXFORD SPE LLC

By: /s/ Adam L. Gubner

Name: Adam L. Gubner

Title: Authorized Person

GCF OXFORD SPE LLC

By: /s/ Adam L. Gubner

Name: Adam L. Gubner

Title: Authorized Person

TOF OXFORD SPE LLC

By: /s/ Adam L. Gubner

Name: Adam L. Gubner

Title: Authorized Person

LENDER:

MEDLEY CAPITAL CORPORATION
a Delaware corporation

By: MCC Advisors LLC,
a Delaware limited liability company
its investment manager

By: /s/ Richard T. Allorto, Jr. _____
Name: Richard T. Allorto, Jr.
Title: Chief Financial Officer

LENDER:

SIERRA INCOME CORPORATION
a Maryland corporation

By: SIC Advisors LLC,
a Delaware limited liability company,
its investment manager

By: /s/ Richard T. Allorto, Jr. _____
Name: Richard T. Allorto, Jr.
Title: Chief Financial Officer

LENDER:

BLACKROCK CAPITAL INVESTMENT CORPORATION

By: /s/ Michael Pungello

Name: Michael Pungello

Title: CFO

Certification

I, Michael G. Hutchinson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Westmoreland 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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;
 - 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 fiscal 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; and
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 1, 2018

/s/ Michael G. Hutchinson

Name: Michael G. Hutchinson

Title: Interim Chief Executive Officer
(Principal Executive Officer)

Certification

I, Scott A. Henry, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Westmoreland 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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;
 - 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 fiscal 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; and
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 1, 2018

/s/ Scott A. Henry

Name: Scott A. Henry
Title: Controller and Principal Accounting Officer
(Principal Financial Officer and A Duly
Authorized Officer)

Statement Pursuant to 18 U.S.C. § 1350

Pursuant to 18 U.S.C. § 1350, each of the undersigned certifies that this Quarterly Report on Form 10-Q for the period ended September 30, 2018, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of Westmoreland Resource Partners, LP.

Date: November 1, 2018

/s/ Michael G. Hutchinson

Name: Michael G. Hutchinson
Title: Interim Chief Executive Officer
(Principal Executive Officer)

Date: November 1, 2018

/s/ Scott A. Henry

Name: Scott A. Henry
Title: Controller and Principal Accounting Officer
(Principal Financial Officer and A Duly
Authorized Officer)

A signed original of this written statement required by Section 906 has been provided to Westmoreland Resource Partners, LP and will be retained by Westmoreland Resource Partners, LP and furnished to the Securities and Exchange Commission or its staff upon request.

Mine Safety Disclosure

The following disclosures are provided pursuant to Securities and Exchange Commission (SEC) regulations, which require certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate coal mines regulated under the Federal Mine Safety and Health Act of 1977 (the Mine Act).

Mine Safety Information. Whenever the Mine Safety and Health Administration (MSHA) believes that a violation of the Mine Act, any health or safety standard, or any regulation has occurred, it may issue a violation which describes the associated condition or practice and designates a timeframe within which the operator must abate the violation. In some situations, such as when MSHA believes that conditions pose a hazard to miners, MSHA may issue an order removing miners from the area of the mine affected by the condition until hazards are corrected. Whenever MSHA issues a citation or order, it generally proposes a civil penalty, or fine, as a result of the violation that the operator is ordered to pay. Citations and orders can be contested and appealed and, as part of that process, are often reduced in severity and amount, and are sometimes vacated. The number of citations, orders and proposed assessments vary depending on the size and type (underground or surface) of the company and mine.

The table that follows reflects citations and orders issued to us by MSHA during the quarter ended September 30, 2018. The table includes only those mines that were issued orders or citations during the period presented and, commensurate with SEC regulations, does not reflect orders or citations issued to independent contractors working at our mines. Due to timing and other factors, our data may not agree with the mine data retrieval system maintained by MSHA. The proposed assessments for the quarter ended September 30, 2018 were taken from the MSHA system as of October 29, 2018.

Westmoreland Resources Partners, LP
10-Q Safety Statistics
Quarter Ended September 30, 2018

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)(1)	Section 104(b) Orders (#)(2)	Section 104(d) Citations and Orders (#)(3)	Section 110(b)(2) Violations (#)(4)	Section 107(a) Orders (#)(5)	Total Dollar Value of MSHA Assessments Proposed (\$)(6)	Total Number of Mining Related Fatalities (#)(7)	Received Notice of Pattern of Violations Under Section (yes/no) (8)	Received Notice of Potential to Have Pattern Under (yes/no) (8)	Legal Actions Pending as of Last Day of Period (#)(9)	Legal Actions Initiated During Period (#)(9)	Legal Actions Resolved During Period (#)(9)
Kemmerer Mine 48-00086	—	—	—	—	—	\$ 1,679	—	No	No	1	—	2
Oxford Mine 33-03907	—	—	—	—	—	\$ 516	—	No	No	—	—	—

- (1) Mine Act Section 104(a) citations are for alleged violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal mine safety or health hazard.
- (2) Mine Act Section 104(b) orders are for alleged failures to totally abate a citation within the period of time specified in the citation.
- (3) Mine Act Section 104(d) citations and orders are for an alleged unwarrantable failure to comply with mandatory health or safety standards.
- (4) Total number of flagrant violations issued under Section 110(b)(2) of the Mine Act.
- (5) Mine Act Section 107(a) orders are for alleged conditions or practices that 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) Total dollar value of MSHA assessments proposed during the quarter ended September 30, 2018.
- (7) Total number of mining-related fatalities during the quarter ended September 30, 2018.
- (8) Mine Act Section 104(e) written notices are for an alleged pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of a coal mine health or safety hazard, or the potential to have such a pattern.
- (9) 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: 0
 - (b) Contests of proposed penalties: 0
 - (c) Complaints for compensation: 0
 - (d) Complaints of discharge, discrimination or interference: 0
 - (e) Applications for temporary relief: 0
 - (f) Appeals of judges' decisions or orders to the Federal Mine Safety and Health Review Commission: 0