

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K

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

For the fiscal year ended December 31, 2020 or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 001-31465



**NATURAL RESOURCE PARTNERS L.P.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

35-2164875  
(I.R.S. Employer  
Identification No.)

1201 Louisiana Street, Suite 3400  
Houston, Texas 77002  
(Address of principal executive offices)  
(Zip Code)  
(713) 751-7507  
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Units representing limited partner interests	NRP	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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, smaller reporting company, or an emerging growth company. See definition of "accelerated filer", "large accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report

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

The aggregate market value of the common units held by non-affiliates of the registrant on June 30, 2020, was \$109 million based on a closing price on that date of \$12.19 per unit as reported on the New York Stock Exchange.

Documents incorporated by reference: None.

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## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Statements included in this 10-K may constitute forward-looking statements. In addition, we and our representatives may from time to time make other oral or written statements which are also forward-looking statements. Such forward-looking statements include, among other things, statements regarding: the effects of the global COVID-19 pandemic; our business strategy; our liquidity and access to capital and financing sources; our financial strategy; prices of and demand for coal, trona and soda ash, and other natural resources; estimated revenues, expenses and results of operations; projected production levels by our lessees; Ciner Wyoming LLC's ("Ciner Wyoming's") trona mining and soda ash refinery operations; distributions from our soda ash joint venture; the impact of governmental policies, laws and regulations, as well as regulatory and legal proceedings involving us, and of scheduled or potential regulatory or legal changes; and global and U.S. economic conditions.

These forward-looking statements speak only as of the date hereof and are made based upon our current plans, expectations, estimates, assumptions and beliefs concerning future events impacting us and involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements. You should not put undue reliance on any forward-looking statements. See "[Item 1A. Risk Factors](#)" in this Annual Report on Form 10-K for important factors that could cause our actual results of operations or our actual financial condition to differ.

## **RISK FACTORS SUMMARY**

We are subject to a variety of risks and uncertainties, including risks related to our business, risks related to our indebtedness, risks related to our common stock and certain general risks, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Risks that we deem material are described under "[Risk Factors](#)" in [Item 1A](#) of this report. These risks include, but are not limited to, the following:

### **Risks Related to Our Business**

- Cash distributions are not guaranteed and may fluctuate with our performance and the establishment of financial reserves. In addition, our debt agreements and our partnership agreement place restrictions on our ability to pay, and in some cases raise, the quarterly distribution under certain circumstances.
- Our leverage and debt service obligations may adversely affect our financial condition, results of operations and business prospects.
- The ongoing COVID-19 pandemic has adversely affected our business, and the ultimate effect on our financial condition, results of operations, and ability to make cash distributions to unitholders will depend on future developments, which are highly uncertain and cannot be predicted.
- Prices for both metallurgical and thermal coal are volatile and depend on a number of factors beyond our control. Declines in prices could have a material adverse effect on our business and results of operations.
- Prices for soda ash are volatile. Any substantial or extended decline in soda ash prices could have an adverse effect on Ciner Wyoming's ability to resume distributions to us.
- We derive a large percentage of our revenues and other income from a small number of coal lessees.
- Bankruptcies in the coal industry, and/or the idling or closure of mines on our properties could have a material adverse effect on our business and results of operations.
- Mining operations are subject to operating risks that could result in lower revenues to us.
- The adoption of climate change legislation and regulations restricting emissions of greenhouse gases and other hazardous air pollutants have resulted in changes in fuel consumption patterns by electric power generators and a corresponding decrease in coal production by our lessees and reduced coal-related revenues.
- Concerns about the environmental impacts of coal combustion, including perceived impacts on global climate issues, are also resulting in unfavorable lending and investment policies by institutions and insurance companies which could significantly affect our ability to raise capital or maintain current insurance levels.

- In addition to climate change and other Clean Air Act legislation, our businesses are subject to numerous other federal, state and local laws and regulations that may limit production from our properties and our profitability.
- If our lessees do not manage their operations well, their production volumes and our royalty revenues could decrease.
- We have limited approval rights with respect to the management of our Ciner Wyoming soda ash joint venture, including with respect to cash distributions and capital expenditures. In addition, we are exposed to operating risks that we do not experience in the royalty business through our soda ash joint venture and through our ownership of certain coal transportation assets.
- A significant portion of Ciner Wyoming's historical international sales of soda ash have been to ANSAC, and the termination of the ANSAC membership could adversely affect Ciner Wyoming's ability to compete in certain international markets and increase Ciner Wyoming's international sales costs.
- Ciner Wyoming's deca stockpiles will substantially deplete by 2024, and its production rates will decline approximately 200,000 short tons per year if further investments are not made.
- Significant delays and/or higher than expected costs associated with Ciner Wyoming's capacity expansion project could adversely affect Ciner Wyoming's profitability and ability to resume distributions to us.
- Fluctuations in transportation costs and the availability or reliability of transportation could reduce the production of coal, soda ash and other minerals from our properties.
- Our reserve estimates depend on many assumptions that may be inaccurate, which could materially adversely affect the quantities and value of our reserves. In addition, we expect to cease reporting coal and hard mineral reserves pursuant to new SEC rules that will be effective for us beginning with the year ending December 31, 2021.
- Our lessees could satisfy obligations to their customers with minerals from properties other than ours, depriving us of the ability to receive amounts in excess of minimum royalty payments.
- A lessee may incorrectly report royalty revenues, which might not be identified by our lessee audit process or our mine inspection process or, if identified, might be identified in a subsequent period.

#### **Risks Related to Our Structure**

- Unitholders may not be able to remove our general partner even if they wish to do so.
- The preferred units are senior in right of distributions and liquidation and upon conversion, would result in the issuance of additional common units in the future, which could result in substantial dilution of our common unitholders' ownership interests.
- We may issue additional common units or preferred units without common unitholder approval, which would dilute a unitholder's existing ownership interests.
- Our general partner has a limited call right that may require unitholders to sell their units at an undesirable time or price.
- Cost reimbursements due to our general partner may be substantial and will reduce our cash available for distribution to unitholders.
- Conflicts of interest could arise among our general partner and us or the unitholders.
- The control of our general partner may be transferred to a third party without unitholder consent. A change of control may result in defaults under certain of our debt instruments and the triggering of payment obligations under compensation arrangements.
- Unitholders may not have limited liability if a court finds that unitholder actions constitute control of our business.

#### **Tax Risks to Common Unitholders**

- Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes as well as our not being subject to a material amount of entity-level taxation by individual states. If the Internal Revenue Service ("IRS") were to treat us as a corporation for federal income tax purposes or we were to become subject to material additional amounts of entity-level taxation for state tax purposes, then our cash available for distribution to unitholders would be substantially reduced.

- The tax treatment of publicly traded partnerships or an investment in our units could be subject to potential legislative, judicial or administrative changes or differing interpretations, possibly applied on a retroactive basis.
- Certain federal income tax preferences currently available with respect to coal exploration and development may be eliminated as a result of future legislation.
- Our unitholders are required to pay taxes on their share of our income even if they do not receive any cash distributions from us. Our unitholders' share of our portfolio income may be taxable to them even though they receive other losses from our activities.
- We may engage in transactions to reduce our indebtedness and manage our liquidity that generate taxable income (including income and gain from the sale of properties and cancellation of indebtedness income) allocable to our unitholders, and income tax liabilities arising therefrom may exceed any distributions made with respect to their units.
- If the IRS contests the federal income tax positions we take, the market for our units may be adversely impacted and the cost of any IRS contest will reduce our cash available for distribution to our unitholders.
- If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced.
- Tax gain or loss on the disposition of our common units could be more or less than expected.
- Our unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.
- Tax-exempt entities face unique tax issues from owning our units that may result in adverse tax consequences to them.
- Non-U.S. Unitholders will be subject to U.S. taxes and withholding with respect to their income and gain from owning our units.
- We will treat each purchaser of our common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.
- We have adopted certain valuation methodologies in determining a unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methodologies or the resulting allocations, and such a challenge could adversely affect the value of our common units.
- We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.
- A unitholder whose units are the subject of a securities loan (e.g., a loan to a "short seller" to cover a short sale of units) may be considered as having disposed of those units. If so, he would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition.
- As a result of investing in our units, our unitholders are likely subject to state and local taxes and return filing requirements in jurisdictions where we operate or own or acquire property.

#### **General Risks**

- Our business is subject to cybersecurity risks.
- The ongoing COVID-19 pandemic has adversely affected our business and may continue to do so.

Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may have an adverse effect on our business, financial condition, results of operations, and cash flows.

## PART I

As used in this Part I, unless the context otherwise requires: "we," "our," "us" and the "Partnership" refer to Natural Resource Partners L.P. and, where the context requires, our subsidiaries. References to "NRP" and "Natural Resource Partners" refer to Natural Resource Partners L.P. only, and not to NRP (Operating) LLC or any of Natural Resource Partners L.P.'s subsidiaries. References to "Opco" refer to NRP (Operating) LLC, a wholly owned subsidiary of NRP, and its subsidiaries. NRP Finance Corporation ("NRP Finance") is a wholly owned subsidiary of NRP and a co-issuer with NRP on the 9.125% senior notes due 2025 (the "2025 Senior Notes").

### ITEMS 1. AND 2. BUSINESS AND PROPERTIES

#### Partnership Structure and Management

We are a publicly traded Delaware limited partnership formed in 2002. We own, manage and lease a diversified portfolio of mineral properties in the United States, including interests in coal and other natural resources and own a non-controlling 49% interest in Ciner Wyoming LLC ("Ciner Wyoming"), a trona ore mining and soda ash production business.

Our business is organized into two operating segments:

**Coal Royalty and Other**—consists primarily of coal royalty properties and coal-related transportation and processing assets. Other assets include industrial mineral royalty properties, aggregates royalty properties, oil and gas royalty properties and timber. Our coal reserves are primarily located in Appalachia, the Illinois Basin and the Northern Powder River Basin in the United States. Our industrial minerals and aggregates properties are located in various states across the United States, our oil and gas royalty assets are primarily located in Louisiana and our timber assets are primarily located in West Virginia.

**Soda Ash**—consists of our 49% non-controlling equity interest in Ciner Wyoming, a trona ore mining and soda ash production business located in the Green River Basin of Wyoming. Ciner Wyoming mines trona and processes it into soda ash that is sold both domestically and internationally into the glass and chemicals industries.

We expect royalties generated from coal mining operations on our properties and our interest in the Ciner Wyoming soda ash business to generate the substantial majority of our cash flow over the next years. However, over the past year, we have been evaluating our existing portfolio of assets for opportunities to generate alternative sources of revenues without significant capital investment by us. For example, our surface and mineral acreage owned across the United States may contain geologic formations that are suitable for the long-term sequestration and storage of carbon. To the extent a viable carbon sequestration project is developed on or near our property, we may be able to lease that property as storage in exchange for rent payments. We are also exploring opportunities to lease our surface acreage for renewable energy projects, such as solar arrays and wind farms. In addition, we are assessing our forest timber assets for carbon sequestration project potential whereby we would obtain and sell carbon offset credits in exchange for agreements for long-term forest preservation. There can be no assurance, however, that any of these potential projects will succeed or generate substantial cash flow to NRP.

Our operations are conducted through Opco and our operating assets are owned by our subsidiaries. NRP (GP) LP, our general partner, has sole responsibility for conducting our business and for managing our operations. Because our general partner is a limited partnership, its general partner, GP Natural Resource Partners LLC, conducts its business and operations and the Board of Directors and officers of GP Natural Resource Partners LLC make decisions on our behalf. Robertson Coal Management LLC, a limited liability company wholly owned by Corbin J. Robertson, Jr., owns all of the membership interest in GP Natural Resource Partners LLC. Subject to the Board Representation and Observation Rights Agreement with certain entities controlled by funds affiliated with The Blackstone Group Inc. (collectively referred to as "Blackstone") and affiliates of GoldenTree Asset Management LP (collectively referred to as "GoldenTree"), Mr. Robertson, Jr. is entitled to appoint the members of the Board of Directors of GP Natural Resource Partners LLC and has delegated the right to appoint one director to Blackstone.

The senior executives and other officers who manage NRP are employees of Western Pocahontas Properties Limited Partnership or Quintana Minerals Corporation, which are companies controlled by Mr. Robertson, Jr. These officers allocate varying percentages of their time to managing our operations. Neither our general partner, GP Natural Resource Partners LLC, nor any of their affiliates receive any management fee or other compensation in connection with the management of our business, but they are entitled to be reimbursed for all direct and indirect expenses incurred on our behalf.

We have regional offices through which we conduct our operations, the largest of which is located at 5260 Irwin Road, Huntington, West Virginia 25705 and the telephone number is (304) 522-5757. Our principal executive office is located at 1201 Louisiana Street, Suite 3400, Houston, Texas 77002 and our telephone number is (713) 751-7507.

### Segment and Geographic Information

The amount of 2020 revenues and other income from our two operating segments is shown below. For additional business segment information, please see "[Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations](#)" and "[Item 8. Financial Statements and Supplementary Data—Item 8. Financial Statements and Supplementary Data—Note 7. Segment Information](#)" in this Annual Report on Form 10-K, which are both incorporated herein by reference.

<b>(In thousands)</b>	<b>Amount</b>	<b>% of Total</b>
Coal Royalty and Other	\$ 129,592	92%
Soda Ash	10,728	8%
Total	<u>\$ 140,320</u>	100%

#### *Coal Royalty and Other Segment*

Our coal reserves are primarily located in the Appalachia Basin, the Illinois Basin and the Northern Powder River Basin in the United States. We lease our reserves to experienced mine operators under long-term leases. Approximately two-thirds of our royalty-based leases have initial terms of five to 40 years, with substantially all lessees having the option to extend the lease for additional terms. Leases include the right to renegotiate royalties and minimum payments for the additional terms. We also own and manage coal-related transportation and processing assets in the Illinois Basin that generate additional revenues generally based on throughput or rents. As described in the "—Other Coal Royalty and Other Segment Assets" section below, we also own oil and gas, industrial minerals and aggregates reserves that generate a portion of the Coal Royalty and Other segment revenues.

Under our standard royalty lease, we grant the operators the right to mine and sell our reserves in exchange for royalty payments based on the greater of a percentage of the sale price or fixed royalty per ton of minerals mined and sold. Lessees calculate royalty payments due to us and are required to report tons of minerals mined and sold as well as the sales prices of the extracted minerals. Therefore, to a great extent, amounts reported as royalty revenues are based upon the reports of our lessees. We periodically audit this information by examining certain records and internal reports of our lessees and we perform periodic mine inspections to verify that the information that our lessees have submitted to us is accurate. Our audit and inspection processes are designed to identify material variances from lease terms as well as differences between the information reported to us and the actual results from each property.

In addition to their royalty obligations, our lessees are often subject to minimum payments, which reflect amounts we are entitled to receive even if no mining activity occurs during the period. Minimum payments are usually credited against future royalties that are earned as minerals are produced. In certain leases, the lessee is time limited on the period available for recouping minimum payments and such time is unlimited on other leases.

Because we do not operate any coal mines, our coal royalty business does not bear ordinary operating costs and has limited direct exposure to environmental, permitting and labor risks. Our lessees, as operators, are subject to environmental laws, permitting requirements and other regulations adopted by various governmental authorities. In addition, the lessees generally bear all labor-related risks, including retiree health care costs, black lung benefits and workers' compensation costs associated with operating the mines on our coal and aggregates properties. We pay property taxes on our properties, which are largely reimbursed by our lessees pursuant to the terms of the various lease agreements.

**Coal Reserves and Production Information**

The following table presents coal reserves information as of December 31, 2020 for the properties that we own by major coal region:

<b>(Tons in thousands)</b>	<b>Proven and Probable Reserves <sup>(1)</sup></b>		
	<b>Underground</b>	<b>Surface</b>	<b>Total</b>
<b>Appalachia Basin</b>			
Northern	206,097	3,018	209,115
Central	699,977	242,821	942,798
Southern	40,699	17,993	58,692
<b>Total Appalachia Basin</b>	<b>946,773</b>	<b>263,832</b>	<b>1,210,605</b>
Illinois Basin	209,981	5,074	215,055
Northern Powder River Basin	—	161,817	161,817
Gulf Coast	—	1,000	1,000
<b>Total</b>	<b>1,156,754</b>	<b>431,723</b>	<b>1,588,477</b>

(1) In excess of 80% of the reserves presented in this table are currently leased to third parties.

The following table presents the type of our coal reserves by major coal region as of December 31, 2020:

<b>(Tons in thousands)</b>	<b>Type of Coal</b>		<b>Total</b>
	<b>Thermal</b>	<b>Metallurgical <sup>(1)</sup></b>	
<b>Appalachia Basin</b>			
Northern	148,661	60,454	209,115
Central	536,142	406,656	942,798
Southern	40,318	18,374	58,692
<b>Total Appalachia Basin</b>	<b>725,121</b>	<b>485,484</b>	<b>1,210,605</b>
Illinois Basin	215,055	—	215,055
Northern Powder River Basin	161,817	—	161,817
Gulf Coast	1,000	—	1,000
<b>Total</b>	<b>1,102,993</b>	<b>485,484</b>	<b>1,588,477</b>

(1) For purposes of this table, we have defined metallurgical coal reserves as reserves located in seams that historically have been of sufficient quality and characteristics to be able to be used in the steel making process. Some of the reserves in the metallurgical category can also be used as thermal coal.



The following table presents the sulfur content and the typical quality of our coal reserves by major coal region as of December 31, 2020:

(Tons in thousands)	Compliance Coal	Sulfur Content			Total	Typical Quality <sup>(1)</sup>	
		Low (<1.0%)	Medium (1.0% to 1.5%)	High (>1.5%)		Heat Content (Btu per pound)	Sulfur (%)
<b>Appalachia Basin</b>							
Northern	46,116	46,316	1,001	161,798	209,115	12,902	2.24
Central	430,097	658,448	238,721	45,629	942,798	13,227	0.91
Southern	30,386	32,511	23,591	2,590	58,692	13,394	1.00
Total Appalachia Basin	506,599	737,275	263,313	210,017	1,210,605	13,179	1.14
Illinois Basin	—	—	2,152	212,903	215,055	11,534	3.17
Northern Powder River Basin	—	161,817	—	—	161,817	8,800	0.65
Gulf Coast	—	1,000	—	—	1,000	6,678	0.69
Total	506,599	900,092	265,465	422,920	1,588,477		

- (1) Unless otherwise indicated, the coal quality information in this Annual Report and on the Form 10-K is reported on an as-received basis with an assumed moisture of 6% for Appalachia Basin reserves, and site specific moisture values for Illinois (typically 12% moisture) and Northern Powder River Basin (typically 25% moisture).
- (2) Compliance coal, when burned, emits less than 1.2 pounds of sulfur dioxide per million Btu and meets the sulfur dioxide emission standards imposed by Phase II of the Clean Air Act without blending with other coals or using sulfur dioxide reduction technologies. Compliance coal is a subset of low sulfur coal and is, therefore, also reported within the amounts for low sulfur coal.

The following table presents the type of coal sales volumes by major coal region for the year ended December 31, 2020:

(Tons in thousands)	Type of Coal		Total
	Thermal	Metallurgical	
<b>Appalachia Basin</b>			
Northern	267	380	647
Central	1,157	8,954	10,111
Southern	143	746	889
Total Appalachia Basin	1,567	10,080	11,647
Illinois Basin	3,381	—	3,381
Northern Powder River Basin	1,738	—	1,738
Total	6,686	10,080	16,766

#### Methodologies Used in Mineral Reserve Estimation

All of the reserves reported above are recoverable proven or probable reserves as determined in accordance with the SEC's Industry Guide 7 and are estimated by our internal geologists or independent third-party consultants. Significant internally generated reserve studies are reviewed by independent third-party consultants. The technologies and economic data used in the estimation of our proven or probable reserves include, but are not limited to, drill logs, geophysical logs, geologic maps including isopach, mine and coal quality, cross sections, statistical analysis and available public production data. There are numerous uncertainties inherent in estimating the quantities and qualities of recoverable reserves, including many factors beyond our control. Estimates of economically recoverable coal reserves depend upon a number of variable factors and assumptions, any one of which may, if incorrect, result in an estimate that varies considerably from actual results.

In addition, the SEC has adopted new rules to modernize the property disclosure requirements for registrants with significant mining activities, which we will be required to begin to comply with for the fiscal year beginning on January 1, 2021 (reported in the Annual Report on Form 10-K for the year ending December 31, 2021). The new rules require that reserve estimates that are reported be based on technical reports prepared using extensive mine-specific geological and engineering data, as well as market and cost assumptions. The new rules contain exceptions that allow royalty companies, such as NRP, to omit information that they lack access to and cannot obtain without incurring an unreasonable burden or expense. As a royalty company, we do not have access to a substantial amount of information that will be required to prepare the technical reports used to determine reserves under the new rules, and we will not be able to obtain such information without unreasonable burden or expense. Accordingly, we expect that we will rely on the royalty company exceptions and will therefore cease to report coal and other hard mineral reserves beginning with the year ending December 31, 2021. See "[Item 1A. Risk Factors—Risks Related to Our Business—Our reserve estimates depend on many assumptions that may be inaccurate, which could materially adversely affect the quantities and value of our reserves. In addition, we expect to cease reporting coal and hard mineral reserves pursuant to new SEC rules that will be effective for us beginning with the year ending December 31, 2021.](#)"

### Major Coal Producing Properties

The following table provides a summary of our significant coal royalty properties by sales volumes for 2020 and is followed by additional information for each property:

Region	Property/Lease Name	Operator(s)	Coal Type	2020 Sales Volumes (Millions of Tons)
<b>Appalachia Basin</b>				
Central	Contura-CAPP (VA)	Alpha Metallurgical Resources Inc.	Met	3.7
Central	Coal Mountain	CM Energy Properties, LP	Met	0.7
Central	Aracoma	Alpha Metallurgical Resources Inc.	Met	1.1
Central	Elk Creek	Ramaco Resources, Inc.	Met	0.9
Southern	Oak Grove	Crimson Oak Grove Resources LLC	Met	0.7
Illinois Basin	Macoupin	Foresight Energy Resources LLC	Thermal	0.4
Illinois Basin	Williamson	Foresight Energy Resources LLC	Thermal	1.0
Illinois Basin	Hillsboro	Foresight Energy Resources LLC	Thermal	2.0
Northern Powder River Basin	Western Energy	Rosebud Mining, LLC	Thermal	1.7

#### *Appalachia Basin—Central Appalachia*

*Contura-CAPP (VA).* The Contura-CAPP (VA) property is located in Wise, Dickenson, Russell and Buchanan Counties, Virginia. In 2020, approximately 3.7 million tons were sold from this property, substantially all of which was metallurgical coal. We lease this property to subsidiaries of Alpha Metallurgical Resources Inc. ("Alpha Metallurgical Resources") (formerly Contura Energy, Inc.). Production comes from underground room and pillar and surface mines and is trucked to one of two preparation plants. Coal is shipped via the CSX and Norfolk Southern railroads to utility and metallurgical customers.

*Coal Mountain.* The Coal Mountain property is located in Wyoming County, West Virginia. In 2020, approximately 0.7 million tons of metallurgical coal were sold from this property. We lease this property to CM Energy Properties, LP. Metallurgical coal is produced from a multi-seam surface mine and coal is transported by truck to a preparation plant on the property. Coal is shipped via the Norfolk Southern railroad to both domestic and export metallurgical customers.

*Aracoma.* The Aracoma property is located in Logan County, West Virginia. Approximately 1.1 million tons of coal, substantially all of which is metallurgical coal, were sold in 2020 from this property. We lease this property to a subsidiary of Alpha Metallurgical Resources. Coal is produced from underground mines and transported by belt or truck to the preparation plant on the property. Coal is shipped via the CSX railroad to export metallurgical customers.

*Elk Creek.* The Elk Creek property is located in Logan and Wyoming Counties, West Virginia. In 2020, approximately 0.9 million tons were sold from this property. We lease this property to Ramaco Resources, Inc. Metallurgical coal is produced from surface and underground mines and is transported by belt and truck to a preparation plant on the property. Coal is shipped via the CSX railroad to both domestic and export metallurgical customers.

### ***Appalachia Basin—Southern Appalachia***

*Oak Grove.* The Oak Grove property is located in Jefferson County, Alabama. In 2020, approximately 0.7 million tons of metallurgical coal were sold from this property. We lease this property to Crimson Oak Grove Resources LLC (formerly Murray Metallurgical Coal Holdings, LLC). Production comes from a longwall mine and is transported by beltline to a preparation plant. Metallurgical products are then shipped via railroad and barge to both domestic and export customers.

### ***Illinois Basin***

*Macoupin.* The Macoupin property is located in Macoupin County, Illinois. This property is under lease to Macoupin Energy, a subsidiary of Foresight Energy Resources LLC ("Foresight"). In 2020, approximately 0.4 million tons of thermal coal were sold from this property. Production is from an underground room and pillar mine. Coal is shipped by the Norfolk Southern or Union Pacific railroads or by barge to domestic utility customers. Production at the Macoupin mine was temporarily ceased in March 2020.

*Williamson.* The Williamson property is located in Franklin and Williamson Counties, Illinois. This property is under lease to Williamson Energy, a subsidiary of Foresight. In 2020, approximately 1.0 million tons of thermal coal were sold from this property. Production comes from a longwall mine. Coal is shipped primarily via the Canadian National railroad to export customers. In 2020, we also received overriding royalties from approximately 0.2 million tons of coal sold from non-NRP property.

*Hillsboro.* The Hillsboro property is located in Montgomery and Bond Counties, Illinois. This property is under lease to Hillsboro Energy, a subsidiary of Foresight. This property had been idled from March 2015 until production resumed in January 2019. In 2020, approximately 2.0 million tons of thermal coal were sold from this property. Production comes from a longwall mine. Coal is shipped by rail via either the Union Pacific, Norfolk Southern or Canadian National railroads, or by barges to domestic utilities customers.

In addition to these properties, we own loadout and other transportation assets at the Williamson and Macoupin mines and at the Sugar Camp mine, which are also operated by Foresight. See "—Coal Transportation and Processing Assets" below for additional information on these assets.

*Master Agreement.* On June 30, 2020, we and Foresight entered into the Master Amendment and Supplement to Coal Mining and Transportation Lease Agreements and Parent Guaranty (the "Master Agreement") in connection with Foresight's emergence from bankruptcy. All contracts and agreements existing prior to the bankruptcy filing were assumed by Foresight in the bankruptcy and continue post-bankruptcy pursuant to their terms, except as amended by the Master Agreement.

Pursuant to the Master Agreement, Foresight made fixed cash payments of \$48.75 million to NRP in 2020 and will make \$42.0 million in cash payments to NRP in 2021 to satisfy all obligations arising out of the existing various coal mining leases and transportation infrastructure fee agreements between NRP and Foresight for calendar years 2020 and 2021. Beginning in January 2022, Foresight's payment obligations will be calculated in accordance with the provisions of the various existing agreements, except as described below with respect to Foresight's Macoupin mine.

Production at the Macoupin mine was temporarily ceased in March 2020. Pursuant to the Master Agreement, Foresight is no longer obligated to make royalty, transportation fee, or quarterly minimum payments to us under the Macoupin coal mining lease and transportation agreements. Foresight will pay an annual Macoupin fee of \$2.0 million to NRP each year through 2023. The amounts paid for 2020 and payable for 2021 are included in the fixed amounts discussed in the paragraph above. Foresight also forfeited its right to recoup all previously paid but unrecouped minimum payments with respect to the Macoupin mine. At all times that the Macoupin mine remains in temporary cessation of production, Foresight will take reasonable actions to preserve, protect, and store the equipment, infrastructure, and property located at the mine.

Beginning January 1, 2024, we may at any time elect to cause Foresight to transfer the Macoupin mine and all associated equipment and permits to us for no consideration. If we make this election, we will assume all liabilities associated with the Macoupin mine. Also beginning January 1, 2024, Foresight may at any time elect to offer to sell the Macoupin assets to us for \$1.00. If we accept Foresight's offer, we will assume all liabilities associated with the Macoupin mine. If we do not accept Foresight's offer, Foresight may proceed to permanently seal the Macoupin mine and conduct all reclamation activities. To the extent the elections described above are not made, Foresight will continue to pay the annual \$2.0 million fee to NRP each year that the mine remains in temporary cessation of production. In addition, Foresight may determine at any time to recommence operations at the Macoupin mine, at which time we and Foresight will negotiate in good faith to enter into new coal mining lease and transportation agreements.

#### ***Northern Powder River Basin***

*Western Energy.* The Western Energy property is located in Rosebud and Treasure Counties, Montana. In 2020, approximately 1.7 million tons were sold from this property by a subsidiary of Rosebud Mining, LLC. Coal is produced by surface dragline mining methods. Coal is transported by either truck or beltline to the Colstrip generation station located at the mine mouth.

#### **Coal Transportation and Processing Assets**

We own transportation and processing infrastructure related to certain of our coal properties, including loadout and other transportation assets at Foresight's Williamson and Macoupin mines in the Illinois Basin, for which we collect throughput fees or rents. We lease our Macoupin and Williamson transportation and processing infrastructure to subsidiaries of Foresight and are responsible for operating and maintaining the transportation and processing assets at the Williamson mine that we subcontract to a subsidiary of Foresight. In addition, we own rail loadout and associated infrastructure at the Sugar Camp mine, an Illinois Basin mine also operated by a subsidiary of Foresight. While we own coal reserves at the Williamson and Macoupin mines, we do not own coal reserves at the Sugar Camp mine. The infrastructure at the Sugar Camp mine is leased to a subsidiary of Foresight and we collect minimums and throughput fees. We recorded \$8.8 million in revenue related to our coal transportation and processing assets during the year ended December 31, 2020.

#### **Other Coal Royalty and Other Segment Assets**

Until mid-2020, we owned a 51% interest in BRP LLC, a joint venture with International Paper. In 2020, we bought International Paper's 49% interest in BRP LLC and now own 100%. Through BRP LLC, we own approximately 10 million mineral acres in over 30 states in the U.S. We own various mineral rights for lease encompassing oil and gas prospects, coal and coal bed methane rights, copper and other metals, aggregates, water, and geothermal. While the vast majority of the approximately 10 million acres remain largely undeveloped, we have an ongoing program to identify additional opportunities to lease these minerals to operating parties or otherwise monetize these assets.

As of December 31, 2020, we also owned aggregates mineral rights primarily located in Kentucky and Indiana. We lease a portion of these reserves to third parties in exchange for royalty payments. The structure of these leases is similar to our coal leases, and these leases typically require minimum rental payments in addition to royalties. In addition, we hold overriding royalty interests in frac sand at operations in Wisconsin and Texas and sand and gravel reserves in Washington. During 2020, we received \$1.7 million in aggregates royalty revenues, including overriding royalty revenues.

## ***Soda Ash Segment***

We own a 49% non-controlling equity interest in Ciner Wyoming. Ciner Resources LP, our operating partner ("Ciner Resources"), controls and operates Ciner Wyoming. Ciner Wyoming mines trona and processes it into soda ash that is sold both domestically and internationally into the glass and chemicals industries. Ciner Resources is a publicly traded master limited partnership that depends on distributions from Ciner Wyoming in order to make distributions to its public unitholders. As a minority interest owner in Ciner Wyoming, we do not operate and are not involved in the day-to-day operation of the trona ore mine or soda ash production plant. We appoint three of the seven members of the Board of Managers of Ciner Wyoming and have certain limited negative controls relating to the company. We have limited approval rights with respect to Ciner Wyoming, and our partner controls most business decisions, including decisions with respect to distributions and capital expenditures. During 2020, Ciner Wyoming suspended cash distributions to its members due to adverse developments in the soda ash market resulting from the COVID-19 pandemic. Distributions remain suspended and may continue to be suspended until the soda ash markets improve.

Ciner Wyoming is one of the largest and lowest cost producers of soda ash in the world, serving a global market from its facility located in the Green River Basin of Wyoming. The Green River Basin geological formation holds the largest, and one of the highest purity, known deposits of trona ore in the world. Trona, a naturally occurring soft mineral, is also known as sodium sesquicarbonate and consists primarily of sodium carbonate, or soda ash, sodium bicarbonate and water. Ciner Wyoming processes trona ore into soda ash, which is an essential raw material in flat glass, container glass, detergents, chemicals, paper and other consumer and industrial products. The vast majority of the world's accessible trona reserves are located in the Green River Basin. According to historical production statistics, approximately one-quarter of global soda ash is produced by processing trona, with the remainder being produced synthetically through chemical processes. The costs associated with procuring the materials needed for synthetic production are greater than the costs associated with mining trona for trona-based production. In addition, trona-based production consumes less energy and produces fewer undesirable by-products than synthetic production.

Ciner Wyoming's Green River Basin surface operations are situated on approximately 2,300 acres in Wyoming, and its mining operations consist of approximately 23,500 acres of leased and licensed subsurface mining area. The facility is accessible by both road and rail. Ciner Wyoming uses seven large continuous mining machines and 14 underground shuttle cars in its mining operations. Its processing assets consist of material sizing units, conveyors, calciners, dissolver circuits, thickener tanks, drum filters, evaporators and rotary dryers.

In trona ore processing, insoluble materials and other impurities are removed by thickening and filtering liquor, a solution consisting of sodium carbonate dissolved in water. Ciner Wyoming then adds activated carbon to filters to remove organic impurities, which can cause color contamination in the final product. The resulting clear liquid is then crystallized in evaporators, producing sodium carbonate monohydrate. The crystals are then drawn off and passed through a centrifuge to remove excess water. The resulting material is dried in a product dryer to form anhydrous sodium carbonate, or soda ash. The resulting processed soda ash is then stored in on-site storage silos to await shipment by bulk rail or truck to distributors and end customers. Ciner Wyoming's storage silos can hold over 58,000 short tons of processed soda ash at any given time. The facility is in good working condition and has been in service for more than 50 years.

*Deca Rehydration.* The evaporation stage of trona ore processing produces a precipitate and natural by-product called deca. "Deca," short for sodium carbonate decahydrate, is one part soda ash and ten parts water. Solar evaporation causes deca to crystallize and precipitate to the bottom of the four main surface ponds at the Green River Basin facility. The deca rehydration process enables Ciner Wyoming to recover soda ash from the deca-rich purged liquor as a by-product of the refining process. The soda ash contained in deca is captured by allowing the deca crystals to evaporate in the sun and separating the dehydrated crystals from the soda ash. The separated deca crystals are then blended with partially processed trona ore in the dissolving stage of the production process. This process enables Ciner Wyoming to reduce waste storage needs and convert what is typically a waste product into a usable raw material. Ciner Wyoming anticipates that its current deca stockpiles will be exhausted by 2024 and that production rates will decline approximately 200,000 short tons per year if that production capacity is not replaced.

*Shipping and Logistics.* All of the soda ash produced is shipped by rail or truck from the Green River Basin facility. For the year ended December 31, 2020, Ciner Wyoming shipped approximately 97% of its soda ash to its customers initially via a single rail line owned and controlled by Union Pacific Railroad Company. The Ciner Wyoming plant receives rail service exclusively from Union Pacific. The agreement with Union Pacific expires on December 31, 2021 and there can be no assurance that it will be renewed on terms favorable to Ciner Wyoming or at all. The rail freight rate charged under the agreement increases annually based on a published index tied to certain rail industry metrics. A leased fleet of more than 2,200 hopper cars serve as dedicated modes of shipment to Ciner Wyoming's domestic customers. For export, soda ash is shipped on unit trains consisting of approximately 100 cars to two primary ports located in Longview, Washington and Portland, Oregon. From these ports, the soda ash is loaded onto ships for delivery to ports all over the world. Until 2021, American Natural Soda Ash Corporation ("ANSAC") provided logistics and support services for all of Ciner Wyoming's export sales. For domestic sales, Ciner Resources Corporation ("Ciner Corporation") provides similar services. Ciner Corporation is the parent company of Ciner Wyoming Holding Co. ("Ciner Holding"), which in turn is the sole member of the general partner of our operating partner, Ciner Resources.

*Customers.* Ciner Wyoming's customers, including end users to whom ANSAC makes sales overseas, consist primarily of glass manufacturing companies, which account for 50% or more of the consumption of soda ash around the world; and chemical and detergent manufacturing companies. Prior to 2021, Ciner Wyoming's largest customer was ANSAC, which bought soda ash (through Ciner Corporation, which serves as Ciner Wyoming's sales agent in its agreement with ANSAC) and other of its member companies for export to its customers. ANSAC accounted for approximately 45% of Ciner Wyoming's net sales in 2020. ANSAC takes soda ash orders directly from its overseas customers and then purchases soda ash for resale from its member companies pro rata based on each member's production volumes. ANSAC is the exclusive distributor for its members to the markets it serves. However, Ciner Corporation, on Ciner Wyoming's behalf, negotiates directly with, and Ciner Wyoming exports to, customers in markets not served by ANSAC.

As part of its strategic initiative to gain better direct access and control of international customers and logistics and the ability to leverage the expertise of the global Ciner Group, the world's largest natural soda ash producer, Ciner Corporation delivered a notice to terminate its membership in ANSAC in 2019. The termination was expected to be effective as of the end of day on December 31, 2021. In July 2020, Ciner Corporation entered into an agreement with ANSAC and its other members that, among other things, terminated Ciner Corporation's membership in ANSAC effective as of the end of the day on December 31, 2020, a year earlier than previously announced. For a limited period after December 31, 2020, Ciner Corporation will continue to sell, at substantially lower volumes, product to ANSAC for export sales purposes, with a fixed rate per ton selling, general and administrative expense, and will also purchase a limited amount of export logistics services.

Effective January 1, 2021, Ciner Corporation is managing Ciner Wyoming's export sales and marketing efforts and is leveraging the distributor network established by the global Ciner Group. Ciner Corporation is also independently reviewing current and potential distribution partners to optimize Ciner Wyoming's global sales. Through Ciner Corporation, Ciner Wyoming has obtained its own international sales arrangements for 2021, obtained third-party export port services, and chartered and executed its own international voyages. The withdrawal from ANSAC is expected to enable Ciner Wyoming to combine volumes with Ciner Group's soda ash exports from Turkey and therefore to leverage the larger, global Ciner Group's soda ash operations. Ciner Wyoming believes this will eventually lower its cost position and improve its ability to optimize its market share both domestically and internationally. However, initial costs may be higher than costs incurred through ANSAC sales.

For customers in North America, Ciner Corporation typically enters into contracts on Ciner Wyoming's behalf with terms ranging from one to three years. Under these contracts, customers generally agree to purchase either minimum estimated volumes of soda ash or a certain percentage of their soda ash requirements at a fixed price for a given calendar year. Although Ciner Wyoming does not have "take or pay" arrangements with its customers, substantially all sales are made pursuant to written agreements and not through spot sales. In 2020, Ciner Wyoming had more than 70 domestic customers and has had long-term relationships with the majority of its customers.

*Leases and License.* Ciner Wyoming is party to several mining leases and one license for its subsurface mining rights. Some of the leases are renewable at Ciner Wyoming's option upon expiration. Ciner Wyoming pays royalties to the State of Wyoming, the U.S. Bureau of Land Management and Rock Springs Royalty Company, an affiliate of Occidental Petroleum Corporation, which are calculated based upon a percentage of the value of soda ash and related products sold at a certain stage in the mining process. These royalty payments may be subject to a minimum domestic production volume from the Green River Basin facility. Ciner Wyoming is also obligated to pay annual rentals to its lessors and licensor regardless of actual sales. In addition, Ciner Wyoming pays a production tax to Sweetwater County, and trona severance tax to the State of Wyoming that is calculated based on a formula that utilizes the volume of trona ore mined and the value of the soda ash produced.

*Expansion Project.* Ciner Wyoming has announced a significant capacity expansion capital project that would increase production levels to up to 3.5 million tons of soda ash per year. Ciner Wyoming has conducted the initial basic design and is pursuing the related permits and detailed cost analysis pursuant to the basic design. When considering the significant investment required by this expansion and the infrastructure improvements designed to increase overall efficiency, combined with the COVID-19 pandemic's negative impact on Ciner Wyoming's financial results, Ciner Wyoming has reprioritized the timing of the significant expenditure items in order to increase financial and liquidity flexibility until it has more clarity and visibility into the ongoing impact of the COVID-19 pandemic on its business. The costs of the expansion project could be higher than expected, or the execution of the project could be substantially delayed, which could materially impact Ciner Wyoming's profitability and result in a further delay of Ciner Wyoming's resumption of cash distributions to its members.

As a minority interest owner in Ciner Wyoming, we do not operate and are not involved in the day-to-day operation of the trona ore mine or soda ash production plant. Our partner, Ciner Resources, manages the mining and plant operations. We appoint three of the seven members of the Board of Managers of Ciner Wyoming and have certain limited negative controls relating to the company.

### **Significant Customers**

We have a significant concentration of revenues with Foresight and its subsidiaries, with total revenues of \$35.7 million in 2020 from all of their mining operations, including transportation and processing services revenues, coal overriding royalty revenues and wheelage revenues. In June 2020, we entered into lease amendments with Foresight pursuant to which Foresight agreed to pay us fixed cash payments to satisfy all obligations arising out of the existing various coal mining leases and transportation infrastructure fee agreements between us and Foresight for calendar years 2020 and 2021. We also have a significant concentration of revenues from Alpha Metallurgical Resources, with total revenues of \$33.2 million in 2020 from several different mining operations, including wheelage revenues. For additional information on significant customers, refer to "[Item 8. Financial Statements and Supplementary Data—Note 14. Major Customers.](#)"

### **Competition**

We face competition from land companies, coal producers, international steel companies and private equity firms in purchasing coal reserves and royalty producing properties. Numerous producers in the coal industry make coal marketing intensely competitive. Our lessees compete among themselves and with coal producers in various regions of the United States for domestic sales. Lessees compete with both large and small producers nationwide on the basis of coal price at the mine, coal quality, transportation cost from the mine to the customer and the reliability of supply. Continued demand for our coal and the prices that our lessees obtain are also affected by demand for electricity and steel, as well as government regulations, technological developments and the availability and the cost of generating power from alternative fuel sources, including nuclear, natural gas, wind, solar and hydroelectric power.

Ciner Wyoming's trona mining and soda ash refinery business faces competition from a number of soda ash producers in the United States, Europe and Asia, some of which have greater market share and greater financial, production and other resources than Ciner Wyoming does. Some of Ciner Wyoming's competitors are diversified global corporations that have many lines of business and some have greater capital resources and may be in a better position to withstand a long-term deterioration in the soda ash market. Other competitors, even if smaller in size, may have greater experience and stronger relationships in their local markets. Competitive pressures could make it more difficult for Ciner Wyoming to retain its existing customers and attract new customers, and could also intensify the negative impact of factors that decrease demand for soda ash in the markets it serves, such as adverse economic conditions, weather, higher fuel costs and taxes or other governmental or regulatory actions that directly or indirectly increase the cost or limit the use of soda ash.

## **Title to Property**

We owned substantially all of our coal and aggregates reserves in fee as of December 31, 2020. We lease the remainder from unaffiliated third parties. Ciner Wyoming leases or licenses its trona reserves. We believe that we have satisfactory title to all of our mineral properties, but we have not had a qualified title company confirm this belief. Although title to these properties is subject to encumbrances in certain cases, such as customary easements, rights-of-way, interests generally retained in connection with the acquisition of real property, licenses, prior reservations, leases, liens, restrictions and other encumbrances, we believe that none of these burdens will materially detract from the value of our properties or from our interest in them or will materially interfere with their use in the operation of our business.

For most of our properties, the surface, oil and gas and mineral or coal estates are not owned by the same entities. Some of those entities are our affiliates. State law and regulations in most of the states where we do business require the oil and gas owner to coordinate the location of wells so as to minimize the impact on the intervening coal seams. We do not anticipate that the existence of the severed estates will materially impede development of the minerals on our properties.

## **Regulation and Environmental Matters**

### ***General***

Operations on our properties must be conducted in compliance with all applicable federal, state and local laws and regulations. These laws and regulations include matters involving the discharge of materials into the environment, employee health and safety, mine permits and other licensing requirements, reclamation and restoration of mining properties after mining is completed, management of materials generated by mining operations, surface subsidence from underground mining, water pollution, legislatively mandated benefits for current and retired coal miners, air quality standards, protection of wetlands, plant and wildlife protection, limitations on land use, storage of petroleum products and substances which are regarded as hazardous under applicable laws and management of electrical equipment containing polychlorinated biphenyls ("PCBs"). Because of extensive, comprehensive and often ambiguous regulatory requirements, violations during natural resource extraction operations are not unusual and, notwithstanding compliance efforts, we do not believe violations can be eliminated entirely.

While it is not possible to quantify the costs of compliance with all applicable federal, state and local laws and regulations, those costs have been and are expected to continue to be significant. Our lessees in our coal and aggregates royalty businesses are required to post performance bonds pursuant to federal and state mining laws and regulations for the estimated costs of reclamation and mine closures, including the cost of treating mine water discharge when necessary. In many states our lessees also pay taxes into reclamation funds that states use to achieve reclamation where site specific performance bonds are inadequate to do so. Determinations by federal or state agencies that site specific bonds or state reclamation funds are inadequate could result in increased bonding costs for our lessees or even a cessation of operations if adequate levels of bonding cannot be maintained. We do not accrue for reclamation costs because our lessees are both contractually liable and liable under the permits they hold for all costs relating to their mining operations, including the costs of reclamation and mine closures. Although the lessees typically accrue adequate amounts for these costs, their future operating results would be adversely affected if they later determined these accruals to be insufficient. In recent years, compliance with these laws and regulations has substantially increased the cost of coal mining for all domestic coal producers.

In addition, the electric utility industry, which is the most significant end-user of thermal coal, is subject to extensive regulation regarding the environmental impact of its power generation activities, which has affected and is expected to continue to affect demand for coal mined from our properties. Current and future proposed legislation and regulations could be adopted that will have a significant additional impact on the mining operations of our lessees or their customers' ability to use coal and may require our lessees or their customers to change operations significantly or incur additional substantial costs that would negatively impact the coal industry.

Many of the statutes discussed below also apply to Ciner Wyoming's trona mining and soda ash production operations, and therefore we do not present a separate discussion of statutes related to those activities, except where appropriate.



## ***Air Emissions***

The Clean Air Act and corresponding state and local laws and regulations affect all aspects of our business. The Clean Air Act directly impacts our lessees' coal mining and processing operations by imposing permitting requirements and, in some cases, requirements to install certain emissions control equipment, on sources that emit various hazardous and non-hazardous air pollutants. The Clean Air Act also indirectly affects coal mining operations by extensively regulating the air emissions of coal-fired electric power generating plants. There have been a series of federal rulemakings that are focused on emissions from coal-fired electric generating facilities, including the Cross-State Air Pollution Rule ("CSAPR"), regulating emissions of nitrogen oxide and sulfur dioxide, and the Mercury and Air Toxics Rule ("MATS"), regulating emissions of hazardous air pollutants. Installation of additional emissions control technologies and other measures required under these and other U.S. Environmental Protection Agency ("EPA") regulations make it more costly to operate coal-fired power plants and could make coal a less attractive or even effectively prohibited fuel source in the planning, building and operation of power plants in the future. These rules and regulations have resulted in a reduction in coal's share of power generating capacity, which has negatively impacted our lessees' ability to sell coal and our coal-related revenues. Further reductions in coal's share of power generating capacity as a result of compliance with existing or proposed rules and regulations would have a material adverse effect on our coal-related revenues.

### **Carbon Dioxide and Greenhouse Gas ("GHG") Emissions**

In December 2009, EPA determined that emissions of carbon dioxide, methane, and other GHGs present an endangerment to public health and welfare because emissions of such gases are, according to EPA, contributing to warming of the Earth's atmosphere and other climatic changes. Based on its findings, EPA began adopting and implementing regulations to restrict emissions of GHGs under various provisions of the Clean Air Act.

In August 2015, EPA published its final Clean Power Plan ("CPP") Rule, a multi-factor plan designed to cut carbon pollution from existing power plants, including coal-fired power plants. The rule required improving the heat rate of existing coal-fired power plants and substituting lower carbon-emission sources like natural gas and renewables in place of coal. As promulgated, the rule would force many existing coal-fired power plants to incur substantial costs in order to comply or alternatively result in the closure of some of these plants, likely resulting in a material adverse effect on the demand for coal by electric power generators. The rule was being challenged by several states, industry participants and other parties in the United States Court of Appeals for the District of Columbia Circuit. In February 2016, the Supreme Court of the United States stayed the CPP Rule pending a decision by the District of Columbia Circuit as well as any subsequent review by the Supreme Court. In April 2017, the United States Court of Appeals for the District of Columbia Circuit granted EPA's motion to hold the litigation in abeyance. In December 2017, EPA issued a proposed rule repealing the CPP Rule and issued an Advance Notice of Proposed Rulemaking soliciting information regarding a potential replacement rule to the CPP Rule. In August 2018, EPA formally proposed the Affordable Clean Energy ("ACE") Rule, which would replace the CPP Rule. The ACE Rule contemplates a narrower approach than the CPP Rule, focusing on efficiency improvements at existing power plants and eliminating the CPP Rule's broader goals that envisioned switches to non-fossil fuel energy sources and the implementation of efficiency measures on demand-side entities, which the EPA now considers beyond the reach of its authority under the Clean Air Act. The ACE Rule would also omit specific numerical emissions targets that had been established under the CPP Rule. The ACE Rule went into effect on September 6, 2019. As a result, the United States Court of Appeals for the District of Columbia Circuit dismissed the pending challenges to the CPP Rule as moot. The ACE Rule was challenged by public health groups, environmental groups, states, municipalities, industry groups, and power providers. The legal challenges were consolidated as *American Lung Assoc. v. EPA* before the D.C. Circuit Court of Appeals. Dozens of parties and over 170 amici filed briefs on the merits, and oral argument was held before a three-judge panel in October 2020. In January 2021, the D.C. Circuit issued a written opinion holding that the ACE Rule was based on EPA's "erroneous legal premise" that when it determines the "best system of emission reduction" for existing sources, the Clean Air Act mandates that EPA may only consider emission reduction measures that can be applied at and/or to a stationary source (often referred to as "inside-the-fence" measures). The Court vacated and remanded the rule to EPA for further consideration in light of its opinion, which will now occur under the Biden administration.

In October 2015, EPA published its final rule on performance standards for greenhouse gas emissions from new, modified, and reconstructed electric generating units. The final rule requires new steam generating units to use highly efficient supercritical pulverized coal boilers that use partial post-combustion carbon capture and storage technology. The final emission standard is less stringent than EPA had originally proposed due to updated cost assumptions, but could still have a material adverse effect on new coal-fired power plants. The final rule has been challenged by several states, industry participants and other parties in the United States Court of Appeals for the District of Columbia Circuit, but is not subject to a stay. In April

2017, the court granted EPA's motion to hold the litigation in abeyance while EPA reviews the rule. In December 2018, EPA issued a proposed rule revising the best system of emission reduction ("BSER") for newly constructed coal-fired electric generating units, among other changes, to replace the 2015 rule. In a status report filed with the Court on January 15, 2021, EPA requested that the case remain in abeyance until after the transition to the Biden administration.

President Obama also announced an emission reduction agreement with China's President Xi Jinping in November 2014. The United States pledged that by 2025 it would cut climate pollution by 26% to 28% from 2005 levels. China pledged it would reach its peak carbon dioxide emissions around 2030 or earlier, and increase its non-fossil fuel share of energy to around 20% by 2030. In December 2015, the United States was one of 196 countries that participated in the Paris Climate Conference, at which the participants agreed to limit their emissions in order to limit global warming to 2°C above pre-industrial levels, with an aspirational goal of 1.5°C. While there is no way to estimate the impact of these climate pledges and agreements, they could ultimately have an adverse effect on the demand for coal, both nationally and internationally, if implemented. In 2019, President Trump withdrew from the Paris Climate Agreement. In January 2021, President Biden announced that the United States is rejoining the Paris Climate Agreement.

### ***Hazardous Materials and Waste***

The Federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or the Superfund law) and analogous state laws impose liability, without regard to fault or the legality of the original conduct, on certain classes of persons that are considered to have contributed to the release of a "hazardous substance" into the environment. We could become liable under federal and state Superfund and waste management statutes if our lessees are unable to pay environmental cleanup costs relating to hazardous substances. In addition, we may have liability for environmental clean-up costs in connection with Ciner Wyoming's soda ash businesses.

### ***Water Discharges***

Operations conducted on our properties can result in discharges of pollutants into waters. The Clean Water Act and analogous state laws and regulations create two permitting programs for mining operations. The National Pollutant Discharge Elimination System (NPDES) program under Section 402 of the statute is administered by the states or EPA and regulates the concentrations of pollutants in discharges of waste and storm water from a mine site. The Section 404 program is administered by the Army Corps of Engineers and regulates the placement of overburden and fill material into channels, streams and wetlands that comprise "waters of the United States." The scope of waters that may fall within the jurisdictional reach of the Clean Water Act is expansive and may include land features not commonly understood to be a stream or wetlands. The Clean Water Act and its regulations prohibit the unpermitted discharge of pollutants into such waters, including those from a spill or leak. Similarly, Section 404 also prohibits discharges of fill material and certain other activities in waters unless authorized by the issued permit. In June 2015, EPA issued a new rule defining the scope of "Waters of the United States" (WOTUS) that are subject to regulation. The 2015 WOTUS rule was challenged by a number of states and private parties in federal district and circuit courts. In December 2017, EPA and the Corps proposed a rule to repeal the 2015 WOTUS rule and implement the pre-2015 definition. The repeal of the 2015 WOTUS rule took effect in December 2019. In December 2018, EPA and the Corps issued a proposed rule again revising the definition of "Waters of the United States." The new rule (the Navigable Waters Protection Rule) took effect in June 2020. In most of the pending legal challenges to the 2015 WOTUS rule, the petitioners filed amended complaints to include allegations challenging the 2020 rule. In addition, various industry groups, environmental groups, and states filed new legal challenges to the 2020 rule. Currently, legal challenges to the 2020 rule are pending in at least twelve federal district courts. However, the 2020 rule is currently in effect everywhere in the U.S. except Colorado, where a federal district court issued a preliminary injunction preventing the rule from taking effect. There are motions for preliminary injunctions pending in at least two other courts and cross-motions for summary judgment pending in at least one court.

In connection with its review of permits, EPA has at times sought to reduce the size of fills and to impose limits on specific conductance (conductivity) and sulfate at levels that can be unachievable absent treatment at many mines. Such actions by EPA could make it more difficult or expensive to obtain or comply with such permits, which could, in turn, have an adverse effect on our coal-related revenues.

In addition to government action, private citizens' groups have continued to be active in bringing lawsuits against operators and landowners. Since 2012, several citizen group lawsuits have been filed against mine operators for allegedly violating conditions in their National Pollutant Discharge Elimination System ("NPDES") permits requiring compliance with West Virginia's water quality standards. Some of the lawsuits alleged violations of water quality standards for selenium, whereas others alleged that discharges of conductivity and sulfate were causing violations of West Virginia's narrative water quality standards, which generally prohibit adverse effects to aquatic life. The citizen suit groups have sought penalties as well as injunctive relief that would limit future discharges of selenium, conductivity or sulfate. The federal district court for the Southern District of West Virginia has ruled in favor of the citizen suit groups in multiple suits alleging violations of the water quality standard for selenium and in two suits alleging violations of water quality standards due to discharges of conductivity (one of which was upheld on appeal by the United States Court of Appeals for the Fourth Circuit in January 2017). Additional rulings requiring operators to reduce their discharges of selenium, conductivity or sulfate could result in large treatment expenses for our lessees. In 2015, the West Virginia Legislature enacted certain changes to West Virginia's NPDES program to expressly prohibit the direct enforcement of water quality standards against permit holders. EPA approved those changes as a program revision effective in March 2019. This approval may prevent future citizen suits alleging violations of water quality standards.

Since 2013, several citizen group lawsuits have been filed against landowners alleging ongoing discharges of pollutants, including selenium and conductivity, from valley fills located at reclaimed mountaintop removal mining sites in West Virginia. In each case, the mine on the subject property has been closed, the property has been reclaimed, and the state reclamation bond has been released. Any determination that a landowner or lessee has liability for discharges from a previously reclaimed mine site could result in substantial compliance costs or fines and would result in uncertainty as to continuing liability for completed and reclaimed coal mine operations.

### ***Other Regulations Affecting the Mining Industry***

#### **Mine Health and Safety Laws**

The operations of our coal lessees and Ciner Wyoming are subject to stringent health and safety standards that have been imposed by federal legislation since the adoption of the Mine Health and Safety Act of 1969. The Mine Health and Safety Act of 1969 resulted in increased operating costs and reduced productivity. The Mine Safety and Health Act of 1977, which significantly expanded the enforcement of health and safety standards of the Mine Health and Safety Act of 1969, imposes comprehensive health and safety standards on all mining operations. In addition, the Black Lung Acts require payments of benefits by all businesses conducting current mining operations to coal miners with black lung or pneumoconiosis and to some beneficiaries of miners who have died from this disease.

Mining accidents in recent years have received national attention and instigated responses at the state and national level that have resulted in increased scrutiny of current safety practices and procedures at all mining operations, particularly underground mining operations. Since 2006, heightened scrutiny has been applied to the safe operations of both underground and surface mines. This increased level of review has resulted in an increase in the civil penalties that mine operators have been assessed for non-compliance. Operating companies and their supervisory employees have also been subject to criminal convictions. The Mine Safety and Health Administration ("MSHA") has also advised mine operators that it will be more aggressive in placing mines in the Pattern of Violations program, if a mine's rate of injuries or significant and substantial citations exceed a certain threshold. A mine that is placed in a Pattern of Violations program will receive additional scrutiny from MSHA.

#### **Surface Mining Control and Reclamation Act of 1977**

The Surface Mining Control and Reclamation Act of 1977 ("SMCRA") and similar statutes enacted and enforced by the states impose on mine operators the responsibility of reclaiming the land and compensating the landowner for types of damages occurring as a result of mining operations. To ensure compliance with any reclamation obligations, mine operators are required to post performance bonds. Our coal lessees are contractually obligated under the terms of our leases to comply with all federal, state and local laws, including SMCRA. Upon completion of the mining, reclamation generally is completed by seeding with grasses or planting trees for use as pasture or timberland, as specified in the reclamation plan approved by the state regulatory authority. In addition, higher and better uses of the reclaimed property are encouraged.

### **Mining Permits and Approvals**

Numerous governmental permits or approvals such as those required by SMCRA and the Clean Water Act are required for mining operations. In connection with obtaining these permits and approvals, our lessees may be required to prepare and present to federal, state or local authorities data pertaining to the effect or impact that any proposed production of coal may have upon the environment. The requirements imposed by any of these authorities may be costly and time consuming and may delay commencement or continuation of mining operations.

In order to obtain mining permits and approvals from state regulatory authorities, mine operators, including our lessees, must submit a reclamation plan for reclaiming the mined property upon the completion of mining operations. Our lessees have obtained or applied for permits to mine a majority of the reserves that are currently planned to be mined over the next five years. Our lessees are also in the planning phase for obtaining permits for the additional reserves planned to be mined over the following five years. However, given the imposition of new requirements in the permits in the form of policies and the increased oversight review that has been exercised by EPA, there are no assurances that they will not experience difficulty and delays in obtaining mining permits in the future. In addition, EPA has used its authority to create significant delays in the issuance of new permits and the modification of existing permits, which has led to substantial delays and increased costs for coal operators.

### **Employees and Labor Relations**

As of December 31, 2020, affiliates of our general partner employed 54 people who directly supported our operations. None of these employees were subject to a collective bargaining agreement.

### **Website Access to Partnership Reports**

Our Internet address is [www.nrplp.com](http://www.nrplp.com). We make available free of charge on or through our Internet website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. Information on our website is not a part of this report. In addition, the SEC maintains an Internet site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements and other information filed by us.

### **Corporate Governance Matters**

Our Code of Business Conduct and Ethics, our Disclosure Controls and Procedures Policy and our Corporate Governance Guidelines adopted by our Board of Directors, as well as the charter for our Audit Committee are available on our website at [www.nrplp.com](http://www.nrplp.com). Copies of our annual report, our Code of Business Conduct and Ethics, our Disclosure Controls and Procedures Policy, our Corporate Governance Guidelines and our committee charters will be made available upon written request to our principal executive office at 1201 Louisiana St., Suite 3400, Houston, Texas 77002.

## ITEM 1A. RISK FACTORS

### Risks Related to Our Business

*Cash distributions are not guaranteed and may fluctuate with our performance and the establishment of financial reserves. In addition, our debt agreements and our partnership agreement place restrictions on our ability to pay, and in some cases raise, the quarterly distribution under certain circumstances.*

Because distributions on the common units are dependent on the amount of cash we generate, distributions fluctuate based on our performance. The actual amount of cash that is available to be distributed each quarter depends on numerous factors, some of which are beyond our control and the control of the general partner. Cash distributions are dependent primarily on cash flow, and not solely on profitability, which is affected by non-cash items. Therefore, cash distributions might be made during periods when we record losses and might not be made during periods when we record profits. The actual amount of cash we have to distribute each quarter is reduced by payments in respect of debt service and other contractual obligations, including distributions on the preferred units, fixed charges, maintenance capital expenditures, and reserves for future operating or capital needs that the board of directors may determine are appropriate. We have significant debt service obligations and obligations to pay cash distributions on our preferred units. To the extent our board of directors deems appropriate, it may determine to decrease the amount of the quarterly distribution on our common units or suspend or eliminate the distribution on our common units altogether. In addition, because our unitholders are required to pay income taxes on their respective shares of our taxable income, our unitholders may be required to pay taxes in excess of any future distributions we make. Our unitholders' share of our portfolio income may be taxable to them even though they receive other losses from our activities. See "[Tax Risks to Our Unitholders](#)"—Our unitholders are required to pay taxes on their share of our income even if they do not receive any cash distributions from us. Our unitholders' share of our portfolio income may be taxable to them even though they receive other losses from our activities."

The agreements governing our indebtedness and preferred units restrict our ability to pay distributions on our common and preferred units under certain circumstances. The indenture governing our 2025 parent company notes restricts us from paying more than one-half of the quarterly distribution on our preferred units in cash if our consolidated leverage ratio exceeds 3.75x. Our consolidated leverage ratio has risen since the onset of the COVID-19 pandemic and rose above 3.75x during the third quarter of 2020, and we began paying one-half of the required quarterly distribution in kind through the issuance of additional preferred units ("PIK units") with respect to such quarter. To the extent our leverage ratio continues to exceed 3.75x, which we expect for the foreseeable future, we will be required to continue to pay one-half of the required preferred distributions in PIK units and will be unable to redeem any PIK units until our consolidated leverage ratio falls below 3.75x. Distributions on the outstanding PIK units will accrue and accumulate at 12% per year until such PIK units are redeemed. Under our partnership agreement, to the extent any PIK units are outstanding at any time after January 1, 2022, we will be prohibited from making any distributions with respect to our common units until we have redeemed all such PIK units in cash.

In addition, Opco's revolving credit agreement, the indenture governing our 2025 Senior Notes and our partnership agreement each require that we meet certain consolidated leverage tests in order to raise our quarterly distribution on the common units above the current level of \$0.45 per quarter. The maximum leverage covenant under Opco's revolving credit facility will step down permanently from 4.0x to 3.0x if we increase the common unit distribution above the current level of \$0.45 per common unit per quarter.

For more information on restrictions on our ability to make distributions on our common units, see "[Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources](#)" and "[Item 8. Financial Statements and Supplementary Data—Note 11. Debt, Net.](#)"

*Our leverage and debt service obligations may adversely affect our financial condition, results of operations and business prospects.*

As of December 31, 2020, we and our subsidiaries had approximately \$477.9 million of total indebtedness. The terms and conditions governing the indenture for NRP's 2025 Senior Notes and Opco's revolving credit facility and senior notes:

- require us to meet certain leverage and interest coverage ratios;

- require us to dedicate a substantial portion of our cash flow from operations to service our existing debt, thereby reducing the cash available to finance our operations and other business activities and could limit our flexibility in planning for or reacting to changes in our business and the industries in which we operate;
- increase our vulnerability to economic downturns and adverse developments in our business;
- limit our ability to access the bank and capital markets to raise capital on favorable terms or to obtain additional financing for working capital, capital expenditures or acquisitions or to refinance existing indebtedness;
- place restrictions on our ability to obtain additional financing, make investments, lease equipment, sell assets and engage in business combinations;
- place us at a competitive disadvantage relative to competitors with lower levels of indebtedness in relation to their overall size or less restrictive terms governing their indebtedness;
- make it more difficult for us to satisfy our obligations under our debt agreements and increase the risk that we may default on our debt obligations; and
- limit management’s discretion in operating our business.

Our ability to meet our expenses and debt obligations will depend on our future performance, which will be affected by financial, business, economic, regulatory and other factors. We will not be able to control many of these factors, such as economic conditions and governmental regulation. We cannot be certain that our cash flow will be sufficient to allow us to pay the principal and interest on our debt and meet our other obligations, including payment of distributions on the preferred units. If we do not have sufficient funds, we may be required to refinance all or part of our existing debt, borrow more money, or sell assets or raise equity at unattractive prices, including higher interest rates. We are required to make substantial principal repayments each year in connection with Opco’s senior notes, with approximately \$40 million due thereunder during 2021. To the extent we borrow to make some of these payments, we may not be able to refinance these amounts on terms acceptable to us, if at all. We may not be able to refinance our debt, sell assets, borrow more money or access the bank and capital markets on terms acceptable to us, if at all. Our ability to comply with the financial and other restrictive covenants in our debt agreements will be affected by the levels of cash flow from our operations and future events and circumstances beyond our control. Failure to comply with these covenants would result in an event of default under our indebtedness, and such an event of default could adversely affect our business, financial condition and results of operations.

In July 2017, the U.K. Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit LIBOR rates after late 2021. Opco’s revolving credit facility includes provisions to determine a replacement rate for LIBOR if necessary during its term, which provide that we will adopt a replacement rate that is broadly accepted by the syndicated loan market. We currently do not expect the transition from LIBOR to have a material impact on us. However, if clear market standards and replacement methodologies have not developed as of the time LIBOR becomes unavailable, we may have difficulty establishing a replacement rate under Opco’s revolving credit facility. In the event that we do not determine a replacement rate for LIBOR, in certain circumstances, Eurodollar Loans under Opco’s revolving credit facility may be suspended and converted to ABR Loans, which could bear higher interest rates. If we are unable to negotiate replacement rates on favorable terms, it could adversely affect our business, financial condition and results of operations. For a description of the interest rate on borrowings under Opco’s revolving credit facility, see [“Item 8. Financial Statements and Supplementary Data—Note 11. Item 8. Financial Statements and Supplementary Data—Note 11. Debt, Net.”](#)

***The ongoing COVID-19 pandemic has adversely affected our business, and the ultimate effect on our financial condition, results of operations, and ability to make cash distributions to unitholders will depend on future developments, which are highly uncertain and cannot be predicted.***

The ongoing COVID-19 pandemic has adversely affected the global economy, disrupted global supply chains and created significant volatility in the financial markets. In addition, the pandemic has resulted in travel restrictions, business closures and the institution of quarantining and other restrictions on movement in many communities and global trading markets. Coal markets faced substantial challenges prior to the pandemic, and widespread increases in unemployment and decreases in electricity and steel demand further reduced demand and prices for coal. In addition, demand for and prices of soda ash decreased, as global manufacturing slowed. If the reduced demand for and prices of coal and/or soda ash continue for a prolonged period, our financial condition, results of operations, and cash distributions to unitholders may be materially and adversely affected. Our board of directors determined to suspend cash distributions to our common unitholders with respect to the first quarter of 2020 in order to preserve liquidity due to uncertainties created by the pandemic. To the extent our board of

directors deems necessary, it may determine to suspend cash distributions in future quarters as a result of the pandemic. In addition, Ciner Wyoming suspended cash distributions to its members in 2020 due to adverse effects of the pandemic on the global and domestic soda ash markets.

***Prices for both metallurgical and thermal coal are volatile and depend on a number of factors beyond our control. Declines in prices could have a material adverse effect on our business and results of operations.***

Coal prices continue to be volatile and prices could decline substantially from current levels. Production by some of our lessees may not be economic if prices decline further or remain at current levels. The prices our lessees receive for their coal depend upon factors beyond their or our control, including:

- the supply of and demand for domestic and foreign coal;
- domestic and foreign governmental regulations and taxes;
- changes in fuel consumption patterns of electric power generators;
- the price and availability of alternative fuels, especially natural gas;
- global economic conditions, including the strength of the U.S. dollar relative to other currencies;
- global and domestic demand for steel;
- tariff rates on imports and trade disputes, particularly involving the United States and China;
- the availability of, proximity to and capacity of transportation networks and facilities;
- global or national health concerns, including the outbreak of pandemic or contagious disease, such as the ongoing COVID-19 pandemic;
- weather conditions; and
- the effect of worldwide energy conservation measures.

Natural gas is the primary fuel that competes with thermal coal for power generation, and renewable energy sources continue to gain market share in power generation. The abundance and ready availability of cheap natural gas, together with increased governmental regulations on the power generation industry has caused a number of utilities to switch from thermal coal to natural gas and/or close coal-powered generation plants. This switching has resulted in a decline in thermal coal prices, and to the extent that natural gas prices remain low, thermal coal prices will also remain low. Reduced international demand for export thermal coal and increased competition from global producers has also put downward pressure on thermal coal prices.

Our lessees produce a significant amount of metallurgical coal that is used for steel production domestically and internationally. Since the amount of steel that is produced is tied to global economic conditions, declines in those conditions could result in the decline of steel, coke and metallurgical coal production. Since metallurgical coal is priced higher than thermal coal, some mines on our properties may only operate profitably if all or a portion of their production is sold as metallurgical coal. If these mines are unable to sell metallurgical coal, they may not be economically viable and may be temporarily idled or closed. Any potential future lessee bankruptcy filings could create additional uncertainty as to the future of operations on our properties and could have a material adverse effect on our business and results of operations.

To the extent our lessees are unable to economically produce coal over the long term, the carrying value of our reserves could be adversely affected. A long-term asset generally is deemed impaired when the future expected cash flow from its use and disposition is less than its book value. For the year ended December 31, 2020, we recorded impairment charges of approximately \$136 million related to properties that we believe our current or future lessees are unable to operate profitably. Future impairment analyses could result in additional downward adjustments to the carrying value of our assets.

***Prices for soda ash are volatile. Any substantial or extended decline in soda ash prices could have an adverse effect on Ciner Wyoming's ability to resume distributions to its members and on our results of operations.***

The market price of soda ash directly affects the profitability of Ciner Wyoming's soda ash production operations. If the market price for soda ash declines, Ciner Wyoming's sales will decrease. In 2020, Ciner Wyoming suspended distributions to its members as a result of the adverse impact of the COVID-19 pandemic on global soda ash markets. Historically, the global

market and, to a lesser extent, the domestic market for soda ash has been volatile, and those markets are likely to remain volatile in the future. The prices Ciner Wyoming receives for its soda ash depend on numerous factors beyond Ciner Wyoming's control, including the COVID-19 pandemic, worldwide and regional economic and political conditions impacting supply and demand. In addition, the impact of the Ciner Corporation exit from ANSAC and Ciner Wyoming's transition to the utilization of Ciner Group's global distribution network for some of its export operations beginning 2021 could affect prices received for export sales. Glass manufacturers and other industrial customers drive most of the demand for soda ash, and these customers experience significant fluctuations in demand and production costs. Competition from increased use of glass substitutes, such as plastic and recycled glass, has had a negative effect on demand for soda ash. Substantial or extended declines in prices for soda ash could have a material adverse effect on Ciner Wyoming's ability to resume distributions to its members and on our results of operations.

***We derive a large percentage of our revenues and other income from a small number of coal lessees.***

Challenges in the coal mining industry have led to significant consolidation activity. We own significant interests in all of Foresight's mining operations, which accounted for approximately 26% of our total revenues in 2020. Foresight is required to pay us a fixed amount of \$42.0 million during 2021. We also own significant interests in several of Alpha Metallurgical Resource's mining operations, which accounted for approximately 24% of our total revenues in 2020. Certain other lessees have made acquisitions over the past few years resulting in their having an increased interest in our coal reserves. Any interruption in these lessees' ability to make royalty payments to us could have a disproportionate material adverse effect on our business and results of operations.

***Bankruptcies in the coal industry, and/or the idling or closure of mines on our properties could have a material adverse effect on our business and results of operations.***

The current coal price environment, together with high operating costs and limited access to capital, has caused a number of coal producers to file for protection under bankruptcy laws and/or idle or close mines that they cannot operate profitably. To the extent our leases are accepted or assigned in a bankruptcy process, pre-petition amounts are required to be cured in full, but we may ultimately make concessions in the financial terms of those leases in order for the reorganized company or new lessor to operate profitably going forward. To the extent our leases are rejected, operations on those leases will cease, and we will be unlikely to recover the full amount of our rejection damages claims. More of our lessees may file for bankruptcy in the future, which will create additional uncertainty as to the future of operations on our properties and could have a material adverse effect on our business and results of operations.

***Mining operations are subject to operating risks that could result in lower revenues to us.***

Our revenues are largely dependent on the level of production of minerals from our properties, and any interruptions to or increases in costs of the production from our properties may reduce our revenues. The level of production and costs thereof are subject to operating conditions or events beyond our or our lessees' control including:

- difficulties or delays in acquiring necessary permits or mining or surface rights;
- reclamation costs and bonding costs;
- changes or variations in geologic conditions, such as the thickness of the mineral deposits and the amount of rock embedded in or overlying the mineral deposit;
- mining and processing equipment failures and unexpected maintenance problems;
- the availability of equipment or parts and increased costs related thereto;
- the availability of transportation networks and facilities and interruptions due to transportation delays;
- adverse weather and natural disasters, such as heavy rains and flooding;
- labor-related interruptions and trained personnel shortages; and
- mine safety incidents or accidents, including hazardous conditions, roof falls, fires and explosions.

While our lessees maintain insurance coverage, there is no assurance that insurance will be available or cover the costs of these risks. Many of our lessees are experiencing rising costs related to regulatory compliance, insurance coverage, permitting



and reclamation bonding, transportation, and labor. Increased costs result in decreased profitability for our lessees and reduce the competitiveness of coal as a fuel source. In addition, we and our lessees may also incur costs and liabilities resulting from third-party claims for damages to property or injury to persons arising from their operations. The occurrence of any of these events or conditions could have a material adverse effect on our business and results of operations.

***The adoption of climate change legislation and regulations restricting emissions of greenhouse gases and other hazardous air pollutants have resulted in changes in fuel consumption patterns by electric power generators and a corresponding decrease in coal production by our lessees and reduced coal-related revenues.***

Enactment of laws and passage of regulations regarding emissions from the combustion of coal in the United States, and internationally and some of its states or other countries, or other actions to limit such emissions, have resulted in and could continue to result in electricity generators switching from coal to other fuel sources and in coal-fueled power plant closures. Further, regulations regarding new coal-fueled power plants could adversely impact the global demand for coal. The potential financial impact on us of existing and future laws, regulations or other policies will depend upon the degree to which any such laws or regulations force electricity generators to diminish their reliance on coal as a fuel source. The amount of coal consumed for domestic electric power generation is affected primarily by the overall demand for electricity, the price and availability of competing fuels for power plants and environmental and other governmental regulations. We expect that substantially all newly constructed power plants in the United States will be fired by natural gas because of lower construction and compliance costs compared to coal-fired plants and because natural gas is a cleaner burning fuel. The increasingly stringent requirements of rules and regulations promulgated under the federal Clean Air Act have resulted in more electric power generators shifting from coal to natural-gas-fired power plants, or to other alternative energy sources such as solar and wind. These changes have resulted in reduced coal consumption and the production of coal from our properties and are expected to continue to have an adverse effect on our coal-related revenues.

In addition to EPA's greenhouse gas initiatives, there are several other federal rulemakings that are focused on emissions from coal-fired electric generating facilities, including the Cross-State Air Pollution Rule (CSAPR), regulating emissions of nitrogen oxide and sulfur dioxide, and the Mercury and Air Toxics Rule (MATS), regulating emissions of hazardous air pollutants. Installation of additional emissions control technologies and other measures required under these and other EPA regulations have made it more costly to operate many coal-fired power plants and have resulted in and are expected to continue to result in plant closures. Further reductions in coal's share of power generating capacity as a result of compliance with existing or proposed rules and regulations would have a material adverse effect on our coal-related revenues. For more information on regulation of greenhouse gas and other air pollutant emissions, see "[Items 1. and 2. Business and Properties—Regulation and Environmental Matters.](#)"

***Concerns about the environmental impacts of coal combustion, including perceived impacts on global climate issues, are also resulting in unfavorable lending and investment policies by institutions and insurance companies which could significantly affect our ability to raise capital or maintain current insurance levels.***

Global climate issues continue to attract public and scientific attention. Numerous reports have engendered concern about the impacts of human activity, especially fossil fuel combustion, on global climate issues. In addition to government regulation of greenhouse gas and other air pollutant emissions, there are ongoing efforts affecting the investment community, including investment advisors, sovereign wealth funds, public pension funds, universities and other groups, promoting the divestment of fossil fuel equities and ongoing pressure on lenders to limit funding to companies engaged in the extraction of fossil fuels, such as coal. The impact of such efforts may adversely affect our ability to raise capital. In addition, a number of insurance companies have taken action to limit coverage for companies in the coal industry, which could result in significant increases in our costs of insurance or in our inability to maintain both general liability and director and officer insurance coverage at current levels.

***In addition to climate change and other Clean Air Act legislation, our businesses are subject to numerous other federal, state and local laws and regulations that may limit production from our properties and our profitability.***

The operations of our lessees and Ciner Wyoming are subject to stringent health and safety standards under increasingly strict federal, state and local environmental, health and safety laws, including mine safety regulations and governmental enforcement policies. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of cleanup and site restoration costs and liens, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from our properties.

New environmental legislation, new regulations and new interpretations of existing environmental laws, including regulations governing permitting requirements, could further regulate or tax mining industries and may also require significant changes to operations, the incurrence of increased costs or the requirement to obtain new or different permits, any of which could decrease our revenues and have a material adverse effect on our financial condition or results of operations. Under SMCRA, our coal lessees have substantial reclamation obligations on properties where mining operations have been completed and are required to post performance bonds for their reclamation obligations. To the extent an operator is unable to satisfy its reclamation obligations or the performance bonds posted are not sufficient to cover those obligations, regulatory authorities or citizens groups could attempt to shift reclamation liability onto the ultimate landowner, which if successful, could have a material adverse effect on our financial condition.

In addition to governmental regulation, private citizens' groups have continued to be active in bringing lawsuits against coal mine operators and land owners that allege violations of water quality standards resulting from ongoing discharges of pollutants from reclaimed mining operations, including selenium and conductivity. Any determination that a landowner or lessee has liability for discharges from a previously reclaimed mine site would result in uncertainty as to continuing liability for completed and reclaimed coal mine operations and could result in substantial compliance costs or fines.

***If our lessees do not manage their operations well, their production volumes and our royalty revenues could decrease.***

We depend on our lessees to effectively manage their operations on our properties. Our lessees make their own business decisions with respect to their operations within the constraints of their leases, including decisions relating to:

- the payment of minimum royalties;
- marketing of the minerals mined;
- mine plans, including the amount to be mined and the method and timing of mining activities;
- processing and blending minerals;
- expansion plans and capital expenditures;
- credit risk of their customers;
- permitting;
- insurance and surety bonding;
- acquisition of surface rights and other mineral estates;
- employee wages;
- transportation arrangements;
- compliance with applicable laws, including environmental laws; and
- mine closure and reclamation.

A failure on the part of one of our lessees to make royalty payments, including minimum royalty payments, could give us the right to terminate the lease, repossess the property and enforce payment obligations under the lease. If we repossessed any of our properties, we would seek a replacement lessee. We might not be able to find a replacement lessee and, if we did, we might not be able to enter into a new lease on favorable terms within a reasonable period of time. In addition, the existing lessee could be subject to bankruptcy proceedings that could further delay the execution of a new lease or the assignment of the

existing lease to another operator. If we enter into a new lease, the replacement operator might not achieve the same levels of production or sell minerals at the same price as the lessee it replaced. In addition, it may be difficult for us to secure new or replacement lessees.

***We have limited approval rights with respect to the management of our Ciner Wyoming soda ash joint venture, including with respect to cash distributions and capital expenditures. In addition, we are exposed to operating risks that we do not experience in the royalty business through our soda ash joint venture and through our ownership of certain coal transportation assets.***

We do not have control over the operations of Ciner Wyoming. We have limited approval rights with respect to Ciner Wyoming, and our partner controls most business decisions, including decisions with respect to distributions and capital expenditures. During 2020, Ciner Wyoming suspended quarterly cash distributions to its members due to adverse developments in the soda ash market resulting from the COVID-19 pandemic. Distributions remain suspended and may continue to be suspended until the soda ash markets improve. In February 2021, Ciner Resources was informed that an event of default currently exists under a loan to certain non-U.S. companies in the global Ciner Group. While the equity interests in Ciner Wyoming and Ciner Resources are not pledged as security for that loan, the equity interests in Ciner Holding (the sole member of the general partner of Ciner Resources) and in Ciner Corporation (the parent company of Ciner Holding) are pledged as collateral to the lenders under that loan agreement. Accordingly, unless that event of default is cured or otherwise waived by the requisite number of lenders, the lenders could foreclose on the applicable collateral, which would result in a change of control of Ciner Resources. Although such a change of control would not result in an event of default under the Ciner Wyoming credit agreement, any such change in ownership could, among other consequences, have a material adverse effect on Ciner Wyoming's business, financial condition, results of operations, and on our relationship with our soda ash joint venture operating partner.

In addition, we are ultimately responsible for operating the transportation infrastructure at Foresight's Williamson mine, and have assumed the capital and operating risks associated with that business. As a result of these investments, we could experience increased costs as well as increased liability exposure associated with operating these facilities.

***A significant portion of Ciner Wyoming's historical international sales of soda ash have been to ANSAC, and the termination of the ANSAC membership could adversely affect Ciner Wyoming's ability to compete in certain international markets and increase Ciner Wyoming's international sales costs.***

In July 2020, ANSAC and its members entered into an agreement that, among other things, terminated Ciner Corporation's membership in ANSAC effective as of December 31, 2020, a year earlier than previously announced. For a limited period after December 31, 2020, Ciner Corporation will continue to sell, at substantially lower volumes, product to ANSAC for export sales purposes, with a fixed rate per ton selling, general and administrative expense, and will also purchase a limited amount of export logistics services. ANSAC has historically been Ciner Wyoming's largest customer for the years ended December 31, 2020, 2019 and 2018, accounting for approximately 45%, 60% and 52%, respectively, of its net sales. Without the ANSAC membership, there is no assurance that Ciner Wyoming will be able to retain existing foreign customers or secure new foreign customers or the related logistics arrangements on favorable terms. The costs to transport and market soda ash following the ANSAC exit could be higher than costs associated with sales through ANSAC. As a result Ciner Wyoming's business, results of operations and financial condition could be adversely affected.

***Ciner Wyoming's deca stockpiles will substantially deplete by 2024, and its production rates will decline approximately 200,000 short tons per year if further investments are not made.***

In 2024, Ciner Wyoming's deca stockpiles will be substantially depleted. Without adding additional capacity, Ciner Wyoming's production rates will decline approximately 200,000 short tons, which would further impact Ciner Wyoming's profitability. While Ciner Wyoming is currently evaluating an expansion project that would offset this decline as well as provide additional soda ash production above current rates, there is no guarantee that any such investments will be executed successfully or in a timely manner to enable Ciner Wyoming to maintain its current rates of production.

***Significant delays and/or higher than expected costs associated with Ciner Wyoming's capacity expansion project could adversely affect Ciner Wyoming's profitability and ability to resume distributions to us.***

In 2019, Ciner Wyoming announced a significant capacity expansion capital project intended to increase production levels to up to 3.5 million tons of soda ash per year. When considering the significant investment required by this expansion and the infrastructure improvements designed to increase overall efficiency, combined with the COVID-19 pandemic's negative impact on Ciner Wyoming's financial results, Ciner Wyoming has reprioritized the timing of the significant expenditure items in order to increase financial and liquidity flexibility until it has more clarity and visibility into the ongoing impact of the COVID-19 pandemic on its business. The costs of the expansion project could be higher than expected, or the execution of the project could be substantially delayed, which could materially impact Ciner Wyoming's profitability and result in a further delay of Ciner Wyoming's resumption of cash distributions to its members, which in turn could have a material adverse effect on us.

***Fluctuations in transportation costs and the availability or reliability of transportation could reduce the production of coal, soda ash and other minerals from our properties.***

Transportation costs represent a significant portion of the total delivered cost for the customers of our lessees. Increases in transportation costs could make coal a less competitive source of energy or could make minerals produced by some or all of our lessees less competitive than coal produced from other sources. On the other hand, significant decreases in transportation costs could result in increased competition for our lessees from producers in other parts of the country.

Our lessees depend upon railroads, barges, trucks and beltlines to deliver minerals to their customers. Disruption of those transportation services due to weather-related problems, mechanical difficulties, strikes, lockouts, bottlenecks and/or other events could temporarily impair the ability of our lessees to supply coal to their customers and/or increase their costs. Many of our lessees are currently experiencing transportation-related issues due in particular to decreased availability and reliability of rail services and port congestion. Our lessees' transportation providers may face difficulties in the future that would impair the ability of our lessees to supply minerals to their customers, resulting in decreased royalty revenues to us.

In addition, Ciner Wyoming transports its soda ash by rail or truck and ocean vessel. As a result, its business and financial results are sensitive to increases in rail freight, trucking and ocean vessel rates. Increases in transportation costs, including increases resulting from emission control requirements, port taxes and fluctuations in the price of fuel, could make soda ash a less competitive product for glass manufacturers when compared to glass substitutes or recycled glass, or could make Ciner Wyoming's soda ash less competitive than soda ash produced by competitors that have other means of transportation or are located closer to their customers. Ciner Wyoming may be unable to pass on its freight and other transportation costs in full because market prices for soda ash are generally determined by supply and demand forces. In addition, rail operations are subject to various risks that may result in a delay or lack of service at Ciner Wyoming's facility, and alternative methods of transportation are impracticable or cost prohibitive. For the year ended December 31, 2020, Ciner Wyoming shipped approximately 97% of its soda ash from the Green River facility on a single rail line owned and controlled by Union Pacific. Ciner Wyoming's current transportation contract with Union Pacific expires on December 31, 2021. There can be no assurance that this contract will be renewed on terms favorable to Ciner Wyoming or at all. Any substantial interruption in or increased costs related to the transportation of Ciner Wyoming's soda ash or the failure to renew the rail contract on favorable terms could have a material adverse effect on our financial condition and results of operations.

***Our reserve estimates depend on many assumptions that may be inaccurate, which could materially adversely affect the quantities and value of our reserves. In addition, we expect to cease reporting coal and hard mineral reserves pursuant to new SEC rules that will be effective for us beginning with the year ending December 31, 2021.***

Coal, aggregates and industrial minerals reserve engineering requires subjective estimates of underground accumulations of coal, aggregates and industrial minerals, and assumptions and are by nature imprecise. Our reserve estimates may vary substantially from the actual amounts of coal, aggregates and industrial minerals recovered from our reserves. There are numerous uncertainties inherent in estimating quantities of reserves, including many factors beyond our control. Estimates of reserves necessarily depend upon a number of variables and assumptions, any one of which may, if incorrect, result in an estimate that varies considerably from actual results. These factors and assumptions relate to:

- future prices, operating costs, capital expenditures, severance and excise taxes, and development and reclamation costs;
- production levels;

- future technology improvements;
- the effects of regulation by governmental agencies; and
- geologic and mining conditions, which may not be fully identified by available exploration data.

Actual production, revenue and expenditures with respect to our reserves will likely vary from estimates, and these variations may be material. As a result, undue reliance should not be placed on our reserve data that is included in this report.

In addition, the SEC has adopted new rules to modernize the property disclosure requirements for registrants with significant mining activities, which we will be required to begin to comply with for the fiscal year beginning on January 1, 2021 (reported in the Annual Report on Form 10-K for the year ending December 31, 2021). The new rules contain exceptions that allow royalty companies, such as NRP, to omit information that they lack access to and cannot obtain without incurring an unreasonable burden or expense. As a royalty company, we do not have access to a substantial amount information that will be required to prepare the technical reports used to determine reserves under the new rules, and we will not be able to obtain such information without unreasonable burden or expense. Accordingly, we expect that we will rely on the royalty company exceptions and will therefore cease to report coal and other hard mineral reserves beginning with the year ending December 31, 2021.

***Our lessees could satisfy obligations to their customers with minerals from properties other than ours, depriving us of the ability to receive amounts in excess of minimum royalty payments.***

Mineral supply contracts generally do not require operators to satisfy their obligations to their customers with resources mined from specific reserves. Several factors may influence a lessee's decision to supply its customers with minerals mined from properties we do not own or lease, including the royalty rates under the lessee's lease with us, mining conditions, mine operating costs, cost and availability of transportation, and customer specifications. In addition, lessees move on and off of our properties over the course of any given year in accordance with their mine plans. If a lessee satisfies its obligations to its customers with minerals from properties we do not own or lease, production on our properties will decrease, and we will receive lower royalty revenues.

***A lessee may incorrectly report royalty revenues, which might not be identified by our lessee audit process or our mine inspection process or, if identified, might be identified in a subsequent period.***

We depend on our lessees to correctly report production and royalty revenues on a monthly basis. Our regular lessee audits and mine inspections may not discover any irregularities in these reports or, if we do discover errors, we might not identify them in the reporting period in which they occurred. Any undiscovered reporting errors could result in a loss of royalty revenues and errors identified in subsequent periods could lead to accounting disputes as well as disputes with our lessees.

## **Risks Related to Our Structure**

***Unitholders may not be able to remove our general partner even if they wish to do so.***

Our general partner manages and operates NRP. Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business. Unitholders have no right to elect the general partner or the directors of the general partner on an annual or any other basis.

Furthermore, if unitholders are dissatisfied with the performance of our general partner, they currently have little practical ability to remove our general partner or otherwise change its management. Our general partner may not be removed except upon the vote of the holders of at least 66 2/3% of our outstanding common units (including common units held by our general partner and its affiliates and including common units deemed to be held by the holders of the preferred units who vote along with the common unitholders on an as-converted basis). Because of their substantial ownership in us, the removal of our general partner would be difficult without the consent of both our general partner and its affiliates and the holders of the preferred units.

In addition, the following provisions of our partnership agreement may discourage a person or group from attempting to remove our general partner or otherwise change our management:

- generally, if a person (other than the holders of preferred units) acquires 20% or more of any class of units then outstanding other than from our general partner or its affiliates, the units owned by such person cannot be voted on any matter; and
- our partnership agreement contains limitations upon the ability of unitholders to call meetings or to acquire information about our operations, as well as other limitations upon the unitholders' ability to influence the manner or direction of management.

As a result of these provisions, the price at which the common units will trade may be lower because of the absence or reduction of a takeover premium in the trading price.

***The preferred units are senior in right of distributions and liquidation and upon conversion, would result in the issuance of additional common units in the future, which could result in substantial dilution of our common unitholders' ownership interests.***

The preferred units rank senior to our common units with respect to distribution rights and rights upon liquidation. We are required to pay quarterly distributions on the preferred units (plus any PIK units issued in lieu of preferred units) in an amount equal to 12.0% per year prior to paying any distributions on our common units. The preferred units also rank senior to the common units in right of liquidation and will be entitled to receive a liquidation preference in any such case.

The preferred units may also be converted into common units under certain circumstances. The number of common units issued in any conversion will be based on the then-current trading price of the common units at the time of conversion. Accordingly, the lower the trading price of our common units at the time of conversion, the greater the number of common units that will be issued upon conversion of the preferred units, which would result in greater dilution to our existing common unitholders. Dilution has the following effects on our common unitholders:

- an existing unitholder's proportionate ownership interest in NRP will decrease;
- the amount of cash available for distribution on each unit may decrease;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the common units may decline.

In addition, to the extent the preferred units are converted into more than 66 2/3% of our common units, the holders of the preferred will have the right to remove our general partner.

***We may issue additional common units or preferred units without common unitholder approval, which would dilute a unitholder's existing ownership interests.***

Our general partner may cause us to issue an unlimited number of common units, without common unitholder approval (subject to applicable New York Stock Exchange ("NYSE") rules). We may also issue at any time an unlimited number of equity securities ranking junior or senior to the common units (including additional preferred units) without common unitholder approval (subject to applicable NYSE rules). In addition, we may issue additional common units upon the exercise of the outstanding warrants held by Blackstone and Goldentree. The issuance of additional common units or other equity securities of equal or senior rank will have the following effects:

- an existing unitholder's proportionate ownership interest in NRP will decrease;
- the amount of cash available for distribution on each unit may decrease; and
- the relative voting strength of each previously outstanding unit may be diminished; and the market price of the common units may decline.

***Our general partner has a limited call right that may require unitholders to sell their units at an undesirable time or price.***

If at any time our general partner and its affiliates own 80% or more of the common units, the general partner will have the right, but not the obligation, which it may assign to any of its affiliates, to acquire all, but not less than all, of the remaining common units held by unaffiliated persons at a price generally equal to the then current market price of the common units. As a result, unitholders may be required to sell their common units at a time when they may not desire to sell them or at a price that is less than the price they would like to receive. They may also incur a tax liability upon a sale of their common units.

***Cost reimbursements due to our general partner may be substantial and will reduce our cash available for distribution to unitholders.***

Prior to making any distribution on the common units, we reimburse our general partner and its affiliates, including officers and directors of the general partner, for all expenses incurred on our behalf. The reimbursement of expenses and the payment of fees could adversely affect our ability to make distributions. The general partner has sole discretion to determine the amount of these expenses. In addition, our general partner and its affiliates may provide us services for which we will be charged reasonable fees as determined by the general partner.

***Conflicts of interest could arise among our general partner and us or the unitholders.***

These conflicts may include the following:

- We do not have any employees and we rely solely on employees of affiliates of the general partner;
- under our partnership agreement, we reimburse the general partner for the costs of managing and for operating the partnership;
- the amount of cash expenditures, borrowings and reserves in any quarter may affect cash available to pay quarterly distributions to unitholders;
- the general partner tries to avoid being liable for partnership obligations. The general partner is permitted to protect its assets in this manner by our partnership agreement. Under our partnership agreement the general partner would not breach its fiduciary duty by avoiding liability for partnership obligations even if we can obtain more favorable terms without limiting the general partner's liability;
- under our partnership agreement, the general partner may pay its affiliates for any services rendered on terms fair and reasonable to us. The general partner may also enter into additional contracts with any of its affiliates on behalf of us. Agreements or contracts between us and our general partner (and its affiliates) are not necessarily the result of arm's-length negotiations; and
- the general partner would not breach our partnership agreement by exercising its call rights to purchase limited partnership interests or by assigning its call rights to one of its affiliates or to us.

In addition, Blackstone has certain consent rights and board appointment and observation rights. GoldenTree also has more limited consent rights. In the exercise of their applicable consent rights and/or board rights, conflicts of interest could arise between us and our general partner on the one hand, and Blackstone or GoldenTree on the other hand.

***The control of our general partner may be transferred to a third party without unitholder consent. A change of control may result in defaults under certain of our debt instruments and the triggering of payment obligations under compensation arrangements.***

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of our unitholders. Furthermore, there is no restriction in our partnership agreement on the ability of the general partner of our general partner from transferring its general partnership interest in our general partner to a third party. The new owner of our general partner would then be in a position to replace the Board of Directors and officers with its own choices and to control their decisions and actions.

In addition, a change of control would constitute an event of default under our debt agreements. During the continuance of an event of default under our debt agreements, the administrative agent may terminate any outstanding commitments of the lenders to extend credit to us and/or declare all amounts payable by us immediately due and payable. In addition, upon a change of control, the holders of the preferred units would have the right to require us to redeem the preferred units at the liquidation preference or convert all of their preferred units into common units. A change of control also may trigger payment obligations under various compensation arrangements with our officers.

***Unitholders may not have limited liability if a court finds that unitholder actions constitute control of our business.***

Our general partner generally has unlimited liability for our obligations, such as our debts and environmental liabilities, except for those contractual obligations that are expressly made without recourse to our general partner. Under Delaware law, however, a unitholder could be held liable for our obligations to the same extent as a general partner if a court determined that the right of unitholders to remove our general partner or to take other action under our partnership agreement constituted participation in the "control" of our business. In addition, Section 17-607 of the Delaware Revised Uniform Limited Partnership Act provides that under some circumstances, a unitholder may be liable to us for the amount of a distribution for a period of three years from the date of the distribution.

### **Tax Risks to Our Unitholders**

***Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes as well as our not being subject to a material amount of entity-level taxation by individual states. If the Internal Revenue Service ("IRS") were to treat us as a corporation for federal income tax purposes or we were to become subject to material additional amounts of entity-level taxation for state tax purposes, then our cash available for distribution to unitholders would be substantially reduced.***

The anticipated after-tax economic benefit of an investment in our units depends largely on our being treated as a partnership for U.S. federal income tax purposes. Despite the fact that we are organized as a limited partnership under Delaware law, we would be treated as a corporation for U.S. federal income tax purposes unless we satisfy a "qualifying income" requirement. Based on our current operations and current Treasury regulations, we believe we satisfy the qualifying income requirement. However, we have not requested, and do not plan to request, a ruling from the IRS on this or any other matter affecting us. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity.

If we were treated as a corporation for U.S. federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate and would likely be liable for state income tax at varying rates. Distributions to our unitholders would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to our unitholders. Because tax would be imposed upon us as a corporation, our cash available for distribution to our unitholders would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to our unitholders, likely causing a substantial reduction in the value of our units.

At the state level, several states have been evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. Imposition of a similar tax on us in a jurisdiction in which we operate or in other jurisdictions to which we may expand could substantially reduce the cash available for distribution to our unitholders.

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

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our units, may be modified by administrative, legislative or judicial changes or differing interpretations at any time. Members of Congress have frequently proposed and considered substantive changes to the existing U.S. federal income tax laws that would affect publicly traded partnerships, including proposals that would eliminate our ability to qualify for partnership tax treatment.

In addition, the Treasury Department has issued, and in the future may issue, regulations interpreting those laws that affect publicly traded partnerships. There can be no assurance that there will not be further changes to U.S. federal income tax laws or



the Treasury Department's interpretation of the qualifying income rules in a manner that could impact our ability to qualify as a partnership in the future.

Any modification to the U.S. federal income tax laws and interpretation thereof may or may not be retroactively applied and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as partnerships for U.S. federal income tax purposes. We are unable to predict whether any changes or other proposals will ultimately be enacted. Any future legislative changes could negatively impact the value of an investment in our units. You are urged to consult with your own tax advisor with respect to the status of regulatory or administrative developments and proposals and their potential effect on your investment in our units.

***Certain federal income tax preferences currently available with respect to coal exploration and development may be eliminated as a result of future legislation.***

Changes to U.S. federal income tax laws have been proposed in a prior session of Congress that would eliminate certain key U.S. federal income tax preferences relating to coal exploration and development. These changes include, but are not limited to (i) repealing capital gains treatment of coal and lignite royalties, (ii) eliminating current deductions and 60-month amortization for exploration and development costs relating to coal and other hard mineral fossil fuels, and (iii) repealing the percentage depletion allowance with respect to coal properties. If enacted, these changes would limit or eliminate certain tax deductions that are currently available with respect to coal exploration and development, and any such change could increase the taxable income allocable to our unitholders and negatively impact the value of an investment in our units.

***Our unitholders are required to pay taxes on their share of our income even if they do not receive any cash distributions from us. Our unitholders' share of our portfolio income may be taxable to them even though they receive other losses from our activities.***

Because our unitholders are treated as partners to whom we allocate taxable income that could be different in amount than the cash we distribute, our unitholders are required to pay any federal income taxes and, in some cases, state and local income taxes on their share of our taxable income even if they receive no cash distributions from us. Our unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax due from them with respect to that income.

For our unitholders subject to the passive loss rules, our current operations include portfolio activities (such as our coal and mineral royalty businesses) and passive activities (such as our soda ash business). Any passive losses we generate will only be available to offset our passive income generated in the future and will not be available to offset (i) our portfolio income, including income related to our coal and mineral royalty businesses, (ii) a unitholder's income from other passive activities or investments, including investments in other publicly traded partnerships, or (iii) a unitholder's salary or active business income. Thus, our unitholders' share of our portfolio income may be subject to federal income tax, regardless of other losses they may receive from us.

***We may engage in transactions to reduce our indebtedness and manage our liquidity that generate taxable income (including income and gain from the sale of properties and cancellation of indebtedness income) allocable to our unitholders, and income tax liabilities arising therefrom may exceed any distributions made with respect to their units.***

We may engage in transactions to reduce our leverage and manage our liquidity that would result in income and gain to our unitholders without a corresponding cash distribution. For example, we may sell assets and use the proceeds to repay existing debt, in which case, our unitholders could be allocated taxable income and gain resulting from the sale without receiving a cash distribution. Further, we may pursue opportunities to reduce our existing debt, such as debt exchanges, debt repurchases, or modifications of our existing debt that would result in "cancellation of indebtedness income" (also referred to as "COD income") being allocated to our unitholders as ordinary taxable income. Our unitholders may be allocated income and gain from these transactions, and income tax liabilities arising therefrom may exceed any distributions we make to our unitholders. The ultimate tax effect of any such income allocations will depend on the unitholder's individual tax position, including, for example, the availability of any suspended passive losses that may offset some portion of the allocable income. Our unitholders may, however, be allocated substantial amounts of ordinary income subject to taxation, without any ability to offset such allocated income against any capital losses attributable to the unitholder's ultimate disposition of its units. Our unitholders are encouraged to consult their tax advisors with respect to the consequences to them.

***If the IRS contests the federal income tax positions we take, the market for our units may be adversely impacted and the cost of any IRS contest will reduce our cash available for distribution to our unitholders.***

We have not requested a ruling from the IRS with respect to our treatment as a partnership for federal income tax purposes or any other matter affecting us. The IRS may adopt positions that differ from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest by the IRS may materially and adversely impact the market for our units and the price at which they trade. In addition, our costs of any contest by the IRS will be borne indirectly by our unitholders and our general partner because the costs will reduce our cash available for distribution.

***If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced.***

Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. To the extent possible under these rules, our general partner may elect to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue a revised information statement to each unitholder and former unitholder with respect to an audited and adjusted return. Although our general partner may elect to have our unitholders and former unitholders take such audit adjustment into account and pay any resulting taxes (including applicable penalties or interest) in accordance with their interests in us during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. As a result, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our unitholders might be substantially reduced.

***Tax gain or loss on the disposition of our common units could be more or less than expected.***

If our unitholders sell their common units, they will recognize a gain or loss equal to the difference between the amount realized and their tax basis in those common units. Distributions in excess of a common unitholder's allocable share of our net taxable income result in a decrease in the tax basis in such unitholder's common units. Accordingly, the amount, if any, of such prior excess distributions with respect to the common units sold will, in effect, become taxable income to our common unitholders if they sell such common units at a price greater than their tax basis in those common units, even if the price they receive is less than their original cost. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if our unitholders sell their common units, they may incur a tax liability in excess of the amount of cash they receive from the sale.

A substantial portion of the amount realized from a unitholder's sale of our units, whether or not representing gain, may be taxed as ordinary income due to potential recapture items, including depletion and depreciation recapture. Thus, a unitholder may recognize both ordinary income and capital loss from the sale of units if the amount realized on a sale of such units is less than such unitholder's adjusted basis in the units. Net capital loss may only offset capital gains and, in the case of individuals, up to \$3,000 of ordinary income per year. In the taxable period in which a unitholder sells its units, such unitholder may recognize ordinary income from our allocations of income and gain to such unitholder prior to the sale and from recapture items that generally cannot be offset by any capital loss recognized upon the sale of units.

***Our unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.***

In general, we are entitled to a deduction for interest paid or accrued on indebtedness properly allocable to our trade or business during our taxable year. However, subject to the exceptions in the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act," discussed below), under the Tax Cuts and Jobs Act, for taxable years beginning after December 31, 2017, our deduction for "business interest" is limited to the sum of our business interest income and 30% of our "adjusted taxable income." For the purposes of this limitation, our adjusted taxable income is computed without regard to any business interest expense or business interest income, and in the case of taxable years beginning before January 1, 2022, any deduction allowable for depreciation, amortization, or depletion to the extent such depreciation, amortization, or depletion is not

capitalized into cost of goods sold with respect to inventory. If our “business interest” is subject to limitation under these rules, our unitholders will be limited in their ability to deduct their share of any interest expense that has been allocated to them. As a result, unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.

For our 2020 taxable year, the CARES Act increases the 30% adjusted taxable income limitation to 50%, unless we elect not to apply such increase. For purposes of determining our 50% adjusted taxable income limitation, we may elect to substitute our 2020 adjusted taxable income with our 2019 adjusted taxable income, which may result in a greater business interest expense deduction. In addition, unitholders may treat 50% of any excess business interest allocated to them in 2019 as deductible in the 2020 taxable year without regard to the 2020 business interest expense limitations. The remaining 50% of such unitholder’s excess business interest is carried forward and subject to the same limitations as other taxable years.

***Tax-exempt entities face unique tax issues from owning our units that may result in adverse tax consequences to them.***

Investment in our units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs) raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from U.S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Further, under the Tax Cuts and Jobs Act, for taxable years beginning after December 31, 2017, subject to the proposed aggregation rules for certain similarly situated businesses or activities issued by the Treasury Department, a tax-exempt entity with more than one unrelated trade or business (including by attribution from investment in a partnership such as ours that is engaged in one or more unrelated trade or business) is required to compute the unrelated business taxable income of such tax-exempt entity separately with respect to each such trade or business (including for purposes of determining any net operating loss deduction). As a result, for years beginning after December 31, 2017, it may not be possible for tax-exempt entities to utilize losses from an investment in our partnership to offset unrelated business taxable income from another unrelated trade or business and vice versa. Tax-exempt entities should consult a tax advisor before investing in our units.

***Non-U.S. Unitholders will be subject to U.S. taxes and withholding with respect to their income and gain from owning our units.***

Non-U.S. unitholders are generally taxed and subject to income tax filing requirements by the United States on income effectively connected with a U.S. trade or business. Income allocated to our unitholders and any gain from the sale of our units will generally be considered to be “effectively connected” with a U.S. trade or business. As a result, distributions to a non-U.S. unitholder will be subject to withholding at the highest applicable effective tax rate and a non-U.S. unitholder who sells or otherwise disposes of a unit will also be subject to U.S. federal income tax on the gain realized from the sale or disposition of that unit.

Moreover, the transferee of an interest in a partnership that is engaged in a U.S. trade or business is generally required to withhold 10% of the “amount realized” by the transferor unless the transferor certifies that it is not a foreign person. While the determination of a partner’s “amount realized” generally includes any decrease of a partner’s share of the partnership’s liabilities, recently issued Treasury regulations provide that the “amount realized” on a transfer of an interest in a publicly traded partnership, such as our common units, will generally be the amount of gross proceeds paid to the broker effecting the applicable transfer on behalf of the transferor, and thus will be determined without regard to any decrease in that partner’s share of a publicly traded partnership’s liabilities. The Treasury regulations further provide that withholding on a transfer of an interest in a publicly traded partnership will not be imposed on a transfer that occurs prior to January 1, 2022, and after that date, if effected through a broker, the obligation to withhold is imposed on the transferor’s broker. Prospective foreign unitholders should consult their tax advisors regarding the impact of these rules on an investment in our common units.

***We will treat each purchaser of our common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.***

Because we cannot match transferors and transferees of our common units and for other reasons, we have adopted depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain from the sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to our unitholders' tax returns.

***We have adopted certain valuation methodologies in determining a unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methodologies or the resulting allocations, and such a challenge could adversely affect the value of our common units.***

In determining the items of income, gain, loss and deduction allocable to our unitholders, including when we issue additional units, we must determine the fair market value of our assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction.

***We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.***

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month (the "Allocation Date"), instead of on the basis of the date a particular unit is transferred. Similarly, we generally allocate certain deductions for depreciation of capital additions, gain or loss realized on a sale or other disposition of our assets and, in the discretion of the general partner, any other extraordinary item of income, gain, loss or deduction based upon ownership on the Allocation Date. Treasury Regulations allow a similar monthly simplifying convention, but such regulations do not specifically authorize the use of the proration method we have adopted. If the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

***A unitholder whose units are the subject of a securities loan (e.g., a loan to a "short seller" to cover a short sale of units) may be considered as having disposed of those units. If so, he would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition.***

Because there are no specific rules governing the U.S. federal income tax consequences of loaning a partnership interest, a unitholder whose units are the subject of a securities loan may be considered as having disposed of the loaned units. In that case, the unitholder may no longer be treated for tax purposes as a partner with respect to those units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Our unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan of their units are urged to consult a tax advisor to determine whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their units.

***As a result of investing in our units, our unitholders are likely subject to state and local taxes and return filing requirements in jurisdictions where we operate or own or acquire property.***

In addition to U.S. federal income taxes, our unitholders are likely subject to other taxes, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we conduct business or own property now or in the future, even if our unitholders do not live in any of those jurisdictions. Our unitholders are likely required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, our unitholders may be subject to penalties for failure to comply with those requirements. We own property and conduct business in a number of states in the United States. Most of these states impose an income tax on individuals, corporations and other entities. As we make acquisitions or expand our business, we may own assets or conduct business in additional states that impose a personal income tax. It is the unitholder's responsibility to file all U.S. federal, state and local tax returns and pay any taxes due in these jurisdictions. Unitholders should consult with their own tax advisors regarding the filing of such tax returns, the payment of such taxes, and the deductibility of any taxes paid.

## **General Risks**

### ***Our business is subject to cybersecurity risks.***

Our business is increasingly dependent on information technologies and services. Threats to information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. Although we utilize various procedures and controls to mitigate our exposure to such risks, cybersecurity attacks and other cyber events are evolving, unpredictable, and sometimes difficult to detect, and could lead to unauthorized access to sensitive information or render data or systems unusable.

We do not presently maintain insurance coverage to protect against cybersecurity risks. If we procure such coverage in the future, we cannot ensure that it will be sufficient to cover any particular losses we may experience as a result of such cyber-attacks. Any cyber incident could have a material adverse effect on our business, financial condition and results of operations.

### ***The ongoing COVID-19 pandemic has adversely affected our business and may continue to do so.***

The COVID-19 pandemic may also have the effect of heightening many of the other risks described elsewhere in this Item 1A, "Risk Factors." The extent to which the COVID-19 pandemic adversely affects our business, results of operations, and financial condition will depend on future developments, which remain highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic.

## **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

## **ITEM 3. LEGAL PROCEEDINGS**

We are involved, from time to time, in various legal proceedings arising in the ordinary course of business. While the ultimate results of these proceedings cannot be predicted with certainty, management believes these ordinary course matters will not have a material effect on our financial position, liquidity or operations.

In November 2019, the District Court of Harris County, Texas, 157th Judicial District, issued a ruling in the contingent consideration payment dispute that Anadarko Holding Company and its subsidiary, Big Island Trona Company (together, "Anadarko") brought against us in July 2017. The Trial Court ruled in our favor in all respects and ordered that Anadarko take nothing. Anadarko did not appeal the trial court ruling, and accordingly this lawsuit was concluded in the first quarter of 2020 with no liability to us.

## **ITEM 4. MINE SAFETY DISCLOSURES**

None.

**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED UNITHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****NRP Common Units**

Our common units are listed and traded on the NYSE under the symbol "NRP." As of March 8, 2021, there were approximately 10,655 beneficial and registered holders of our common units. The computation of the approximate number of unitholders is based upon a broker survey.

**Securities Authorized for Issuance under Equity Compensation Plans**

The following table shows the securities authorized for issuance under our 2017 Long-Term Incentive Plan at December 31, 2020. The initial number of common units authorized for issuance pursuant to awards under the plan was 800,000.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	—	—	415,445 <sup>(1)</sup>
Equity compensation plans not approved by security holders	n/a	n/a	n/a
Total	—	—	415,445

(1) As of December 31, 2020, 355,362 phantom units were outstanding under the plan. Each phantom unit represents the right to receive one common unit, together with associated distribution equivalent rights.

**ITEM 6. SELECTED FINANCIAL DATA**

Omitted.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Introduction

The following discussion and analysis presents management's view of our business, financial condition and overall performance and should be read in conjunction with our consolidated financial statements and footnotes included elsewhere in this filing. Our discussion and analysis consists of the following subjects:

- Executive Overview
- Results of Operations
- Liquidity and Capital Resources
- Off-Balance Sheet Transactions
- Inflation
- Environmental Regulation
- Related Party Transactions
- Summary of Critical Accounting Estimates
- Recent Accounting Standards

As used in this Item 7, unless the context otherwise requires: "we," "our," "us" and the "Partnership" refer to Natural Resource Partners L.P. and, where the context requires, our subsidiaries. References to "NRP" and "Natural Resource Partners" refer to Natural Resource Partners L.P. only, and not to NRP (Operating) LLC or any of Natural Resource Partners L.P.'s subsidiaries. References to "Opco" refer to NRP (Operating) LLC, a wholly owned subsidiary of NRP, and its subsidiaries. NRP Finance Corporation ("NRP Finance") is a wholly owned subsidiary of NRP and a co-issuer with NRP on the 9.125% senior notes due 2025 (the "2025 Senior Notes").

### Non-GAAP Financial Measures

#### *Distributable Cash Flow*

Distributable cash flow ("DCF") represents net cash provided by (used in) operating activities of continuing operations plus distributions from unconsolidated investment in excess of cumulative earnings, proceeds from asset sales and disposals, including sales of discontinued operations, and return of long-term contract receivables; less maintenance capital expenditures. DCF is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing or financing activities. DCF may not be calculated the same for us as for other companies. In addition, DCF presented below is not calculated or presented on the same basis as distributable cash flow as defined in our partnership agreement, which is used as a metric to determine whether we are able to increase quarterly distributions to our common unitholders. DCF is a supplemental liquidity measure used by our management and by external users of our financial statements, such as investors, commercial banks, research analysts and others to assess our ability to make cash distributions and repay debt.

#### *Free Cash Flow*

Free cash flow ("FCF") represents net cash provided by (used in) operating activities of continuing operations plus distributions from unconsolidated investment in excess of cumulative earnings and return of long-term contract receivables; less maintenance and expansion capital expenditures and cash flow used in acquisition costs classified as investing or financing activities. FCF is calculated before mandatory debt repayments. FCF is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing or financing activities. FCF may not be calculated the same for us as for other companies. FCF is a supplemental liquidity measure used by our management and by external users of our financial statements, such as investors, commercial banks, research analysts and others to assess our ability to make cash distributions and repay debt.

### ***Cash Flow Cushion***

Cash flow cushion represents net cash provided by (used in) operating activities of continuing operations plus distributions from unconsolidated investment in excess of cumulative earnings and return of long-term contract receivables; less maintenance and expansion capital expenditures, cash flow used in acquisition costs classified as investing or financing activities, one-time beneficial items, mandatory Opco debt repayments, preferred unit distributions and redemption of PIK units and common unit distributions. Cash flow cushion is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing or financing activities. Cash flow cushion is a supplemental liquidity measure used by our management to assess our ability to make or raise cash distributions to our common and preferred unitholders and our general partner and repay debt or redeem preferred units.

### ***Adjusted EBITDA***

Adjusted EBITDA is a non-GAAP financial measure that we define as net income (loss) from continuing operations less equity earnings from unconsolidated investment, net income attributable to non-controlling interest and gain on reserve swap; plus total distributions from unconsolidated investment, interest expense, net, debt modification expense, loss on extinguishment of debt, depreciation, depletion and amortization and asset impairments. Adjusted EBITDA should not be considered an alternative to, or more meaningful than, net income or loss, net income or loss attributable to partners, operating income, cash flows from operating activities or any other measure of financial performance presented in accordance with GAAP as measures of operating performance, liquidity or ability to service debt obligations. There are significant limitations to using Adjusted EBITDA as a measure of performance, including the inability to analyze the effect of certain recurring items that materially affect our net income (loss), the lack of comparability of results of operations of different companies and the different methods of calculating Adjusted EBITDA reported by different companies. In addition, Adjusted EBITDA presented below is not calculated or presented on the same basis as Consolidated EBITDA as defined in our partnership agreement or Consolidated EBITDDA as defined in Opco's debt agreements. See "[Item 8. Financial Statements and Supplementary Data—Note 11. Debt, Net](#)" included elsewhere in this Annual Report on Form 10-K for a description of Opco's debt agreements. Adjusted EBITDA is a supplemental performance measure used by our management and by external users of our financial statements, such as investors, commercial banks, research analysts and others to assess the financial performance of our assets without regard to financing methods, capital structure or historical cost basis.



## Executive Overview

We are a diversified natural resource company engaged principally in the business of owning, managing and leasing a diversified portfolio of mineral properties in the United States, including interests in coal and other natural resources and own a non-controlling 49% interest in Ciner Wyoming LLC ("Ciner Wyoming"), a trona ore mining and soda ash production business. Our common units trade on the New York Stock Exchange under the symbol "NRP." Our business is organized into two operating segments:

**Coal Royalty and Other**—consists primarily of coal royalty properties and coal-related transportation and processing assets. Other assets include industrial mineral royalty properties, aggregates royalty properties, oil and gas royalty properties and timber. Our coal reserves are primarily located in Appalachia, the Illinois Basin and the Northern Powder River Basin in the United States. Our industrial minerals and aggregates properties are located in various states across the United States, our oil and gas royalty assets are primarily located in Louisiana and our timber assets are primarily located in West Virginia.

**Soda Ash**—consists of our 49% non-controlling equity interest in Ciner Wyoming, a trona ore mining and soda ash production business located in the Green River Basin of Wyoming. Ciner Wyoming mines trona and processes it into soda ash that is sold both domestically and internationally into the glass and chemicals industries.

We expect royalties generated from coal mining operations on our properties and our interest in the Ciner Wyoming soda ash business to generate the substantial majority of our cash flow over the next years. However, over the past year, we have been evaluating our existing portfolio of assets for opportunities to generate alternative sources of revenues without substantial capital investment by us. For example, our surface and mineral acreage owned across the United States may contain geologic formations that are suitable for the long-term sequestration and storage of carbon. To the extent a viable carbon sequestration project is developed on or near our property, we may be able to lease that property as storage in exchange for rent payments. We are also exploring opportunities to lease our surface acreage for renewable energy projects, such as solar arrays and wind farms. In addition, we are assessing our forest timber assets for carbon sequestration project potential whereby we would obtain and sell carbon offset credits in exchange for agreements for long-term forest preservation. There can be no assurance, however, that any of these potential projects will succeed or generate substantial cash flow to NRP.

Corporate and Financing includes functional corporate departments that do not earn revenues. Costs incurred by these departments include interest and financing, corporate headquarters and overhead, centralized treasury, legal and accounting and other corporate-level activity not specifically allocated to a segment.

Our financial results by segment for the year ended December 31, 2020 are as follows:

(In thousands)	Operating Segments			Total
	Coal Royalty and Other	Soda Ash	Corporate and Financing	
Revenues and other income	\$ 129,592	\$ 10,728	\$ —	\$ 140,320
Net income (loss) from continuing operations	\$ (40,180)	\$ 10,543	\$ (55,182)	\$ (84,819)
Asset impairments	135,885	—	—	135,885
Net income (loss) from continuing operations excluding asset impairments	\$ 95,705	\$ 10,543	\$ (55,182)	\$ 51,066
Adjusted EBITDA <sup>(1)</sup>	\$ 104,982	\$ 14,025	\$ (14,293)	\$ 104,714
Cash flow provided by (used in) continuing operations				
Operating activities	\$ 124,737	\$ 14,037	\$ (51,206)	\$ 87,568
Investing activities	\$ 1,745	\$ —	\$ —	\$ 1,745
Financing activities	\$ —	\$ —	\$ (87,788)	\$ (87,788)
Distributable cash flow <sup>(1)</sup>	\$ 127,482	\$ 14,037	\$ (51,206)	\$ 90,248
Free cash flow <sup>(1)</sup>	\$ 125,859	\$ 14,037	\$ (51,206)	\$ 88,690
Cash flow cushion <sup>(1)</sup>	N/A	N/A	N/A	\$ (739)

(1) See "—Results of Operations" below for reconciliations to the most comparable GAAP financial measures.

### Current Results/Market Commentary

#### Business Outlook and Quarterly Distributions

The global COVID-19 pandemic has had a significant negative impact on demand for steel, electricity and glass, which translates to lower demand for the coal and soda ash that our properties produce. While demand for metallurgical and thermal coals and soda ash began to rebound during the second half of 2020, prices remain below pre-pandemic levels, and the coal and soda ash markets remain challenged. We are unable to predict the ultimate severity or duration of the COVID-19 pandemic or its impact on our or Ciner Wyoming's business. We ended the year with \$199.8 million of liquidity consisting of \$99.8 million of cash and cash equivalents and \$100.0 million of borrowing capacity under our Opco Credit Facility and generated \$88.7 million of free cash flow during the year ended December 31, 2020. As a result, we believe we have the financial flexibility to navigate the effects of the pandemic on our business. We continue to employ remote work protocols and are conducting business as usual despite the pandemic.

Despite our liquidity level at the end of the year, our consolidated leverage ratio has risen since early 2020 and was 4.6x at December 31, 2020. The indenture governing our 2025 parent company notes restricts us from paying more than one-half of the quarterly distribution on our preferred units in cash if our consolidated leverage ratio exceeds 3.75x. Accordingly, the Board of Directors of our general partner has declared a distribution on our preferred units to be paid one-half in kind through the issuance of additional preferred units ("PIK units") for the past two quarters. To the extent our leverage ratio continues to exceed 3.75x, which we expect for the foreseeable future, we will be required to continue to pay one-half of the required preferred distributions in kind and will be unable to redeem any PIK units until our consolidated leverage ratio falls below 3.75x. Distributions on the outstanding PIK units will accrue and accumulate at 12% per year until such PIK units are redeemed. In addition, pursuant to the terms of our partnership agreement, to the extent we have any PIK units outstanding after January 1, 2022, we will be prohibited from paying any common unit distributions until the PIK units are redeemed in full.

Future distributions on NRP's common and preferred units will be determined on a quarterly basis by the Board of Directors. The Board of Directors considers numerous factors each quarter in determining cash distributions, including profitability, cash flow, debt service obligations, covenants in our debt and partnership agreements, market conditions and outlook, estimated unitholder income tax liability and the level of cash reserves that the Board determines is necessary for future operating and capital needs.

### **Coal Royalty and Other Business Segment**

Demand for steel and electricity began to rebound in the third quarter and the outlook for our coal businesses has improved, though sales volumes and prices for coal sold from our properties in the fourth quarter remained below pre-pandemic levels. We expect coal markets to remain volatile during 2021, in part as a result of ongoing uncertainties with the COVID-19 pandemic.

Our lessees sold 16.8 million tons of coal from our properties in 2020 and we derived approximately 70% of our coal royalty revenues and approximately 60% of our coal royalty sales volumes from metallurgical coal during the same period. Revenues and other income in 2020 were lower by \$87.3 million as compared to the prior year. This decrease is primarily a result of a weakened market for metallurgical coal as compared to the prior year due to a decline in global steel demand. As a result, both sales volumes and prices for metallurgical coal sold were lower in 2020 compared to the prior year. Prices for metallurgical coal have rebounded from the lows seen in the second quarter, but are not currently above pre-pandemic levels.

In addition, weaker domestic and export thermal coal markets compared to the prior year period resulted in lower revenues from our thermal coal properties. Domestic and export thermal coal markets remained challenged by lower utility demand, continued low natural gas prices and the secular shift to renewable energy. Our thermal coal business results are largely dependent on our various lease agreements with Foresight. In June 2020, we entered into lease amendments with Foresight pursuant to which Foresight agreed to pay us fixed cash payments of \$48.75 million in 2020 and \$42.0 million in 2021 to satisfy all obligations arising out of the existing various coal mining leases and transportation infrastructure fee agreements between us and Foresight for calendar years 2020 and 2021. These amendments provide us cash flow certainty for our thermal coal business through 2021. During 2020 we received all of the \$48.75 million due to us from Foresight.

### **Soda Ash Business Segment**

Ciner Wyoming has been negatively impacted by the COVID-19 pandemic as lower demand for glass in the global auto, beverage container, and construction industries reduced demand for soda ash. Revenues and other income in 2020 were lower by \$36.4 million compared to the prior year primarily due to a combination of lower pricing and volumes sold. However, demand for glass began to rebound in the third quarter and the outlook for our soda ash business has improved. While Ciner Wyoming's business has yet to recover to pre-COVID levels, overall sales volumes increased and overall production volumes increased over second quarter 2020 lows, though global prices remain depressed. While we believe our facility is competitively positioned as one of the lowest cost producers of soda ash in the world, we expect the market to remain volatile as a result of ongoing uncertainties with the COVID-19 pandemic.

In order to have financial flexibility during the COVID-19 pandemic, Ciner Wyoming suspended quarterly distributions in the third quarter of 2020. Ciner Wyoming will continue to evaluate, on a quarterly basis, whether to reinstate the distribution. Ciner Wyoming's ability to pay future quarterly distributions will be dependent in part on its cash reserves, liquidity, total debt levels and anticipated capital expenditures. When considering the significant investment required by Ciner Wyoming's previously announced expansion project and the infrastructure improvements designed to increase overall efficiency, combined with the COVID-19 pandemic's negative impact on Ciner Wyoming's financial results, Ciner Wyoming has reprioritized the timing of the significant capital expenditure items in order to increase financial and liquidity flexibility until it has more clarity and visibility into the ongoing impact of the COVID-19 pandemic on its business.

**Results of Operations***Years Ended December 31, 2020 and 2019 Compared***Revenues and Other Income**

The following table includes our revenues and other income by operating segment:

<b>Operating Segment (In thousands)</b>	<b>For the Year Ended December 31,</b>		<b>Decrease</b>	<b>Percentage Change</b>
	<b>2020</b>	<b>2019</b>		
Coal Royalty and Other	\$ 129,592	\$ 216,846	\$ (87,254)	(40) %
Soda Ash	10,728	47,089	(36,361)	(77) %
Total	<u>\$ 140,320</u>	<u>\$ 263,935</u>	<u>\$ (123,615)</u>	<u>(47) %</u>

The changes in revenues and other income is discussed for each of the operating segments below:

### Coal Royalty and Other

The following table presents coal sales volumes, coal royalty revenue per ton and coal royalty revenues by major coal producing region, the significant categories of other revenues and other income:

(In thousands, except per ton data)	For the Year Ended December 31,		Increase (Decrease)	Percentage Change
	2020	2019		
<b>Coal sales volumes (tons)</b>				
Appalachia				
Northern	647	3,460	(2,813)	(81) %
Central	10,111	13,377	(3,266)	(24) %
Southern	889	1,670	(781)	(47) %
Total Appalachia	11,647	18,507	(6,860)	(37) %
Illinois Basin	3,381	2,201	1,180	54 %
Northern Powder River Basin	1,738	3,036	(1,298)	(43) %
Total coal sales volumes	16,766	23,744	(6,978)	(29) %
<b>Coal royalty revenue per ton</b>				
Appalachia				
Northern	\$ 2.36	\$ 1.96	\$ 0.40	20 %
Central	4.17	5.53	(1.36)	(25) %
Southern	4.75	6.69	(1.94)	(29) %
Illinois Basin	2.36	4.66	(2.30)	(49) %
Northern Powder River Basin	3.50	2.90	0.60	21 %
Combined average coal royalty revenue per ton	3.70	4.67	(0.97)	(21) %
<b>Coal royalty revenues</b>				
Appalachia				
Northern	\$ 1,526	\$ 6,775	\$ (5,249)	(77) %
Central	42,207	73,960	(31,753)	(43) %
Southern	4,221	11,169	(6,948)	(62) %
Total Appalachia	47,954	91,904	(43,950)	(48) %
Illinois Basin	7,973	10,255	(2,282)	(22) %
Northern Powder River Basin	6,086	8,809	(2,723)	(31) %
Unadjusted coal royalty revenues	62,013	110,968	(48,955)	(44) %
Coal royalty adjustment for minimum leases <sup>(1)</sup>	(10,145)	(1,356)	(8,789)	(648) %
Total coal royalty revenues	\$ 51,868	\$ 109,612	\$ (57,744)	(53) %
<b>Other revenues</b>				
Production lease minimum revenues <sup>(1)</sup>	\$ 21,749	\$ 24,068	\$ (2,319)	(10) %
Minimum lease straight-line revenues <sup>(1)</sup>	16,796	14,910	1,886	13 %
Property tax revenues	5,786	6,287	(501)	(8) %
Wheelage revenues	7,025	5,880	1,145	19 %
Coal overriding royalty revenues	4,977	13,496	(8,519)	(63) %
Lease amendment revenues	3,450	7,991	(4,541)	(57) %
Aggregates royalty revenues	1,717	4,265	(2,548)	(60) %
Oil and gas royalty revenues	5,816	3,031	2,785	92 %
Other revenues	982	1,529	(547)	(36) %
Total other revenues	\$ 68,298	\$ 81,457	\$ (13,159)	(16) %
Coal royalty and other	\$ 120,166	\$ 191,069	\$ (70,903)	(37) %
Transportation and processing services revenues	8,845	19,279	(10,434)	(54) %
Gain on asset sales and disposals	581	6,498	(5,917)	(91) %
Total Coal Royalty and Other segment revenues and other income	\$ 129,592	\$ 216,846	\$ (87,254)	(40) %

(1) Effective January 1, 2020, certain revenues previously classified as coal royalty revenues are classified as production lease minimum revenues or minimum lease straight-line revenues due to contract modifications with Foresight Energy Resources LLC ("Foresight") that fixed consideration paid to us over a two-year period.

### *Coal Royalty Revenues*

Total coal royalty revenues decreased \$57.7 million from 2019 to 2020 driven by weakened coal markets that resulted in lower coal sales volumes and pricing. The discussion of these decreases by region is as follows:

- **Appalachia:** Sales volumes decreased 37% and coal royalty revenues decreased \$44.0 million primarily due to weakened coal demand compounded by the COVID-19 pandemic.
- **Illinois Basin:** Sales volumes increased 54% due to increased activity at the Hillsboro and Williamson mines, while coal royalty revenues decreased \$2.3 million primarily due to the idling of our Macoupin property. Additionally, during the year ended December 31, 2020, certain revenues previously classified as coal royalty revenues are classified as production lease minimum revenues or minimum lease straight-line revenues due to contract modifications with Foresight that fixed consideration paid to us over a two-year period.
- **Northern Powder River Basin:** Sales volumes decreased 43% and coal royalty revenues decreased \$2.7 million primarily due to our lessee mining off of our property in accordance with its mine plan in 2020, partially offset by a 21% increase in sales prices year-over-year.

### *Other Revenues*

Other revenues decreased \$13.2 million from 2019 to 2020 primarily due to the following:

- A \$8.5 million decrease in coal overriding royalty revenues primarily as a result of production at the Williamson mine moving off of non-NRP owned coal (on which we receive overriding royalties) and back onto NRP-owned coal reserves. As a result, this decrease in coal overriding royalty revenues was offset by an increase in coal royalty revenues; and
- A \$4.5 million decrease in lease amendment revenues year-over-year.

### *Transportation and Processing Services Revenues*

Transportation and processing services revenues decreased \$10.4 million primarily due to the temporary cessation of production at the Macoupin mine where we own loadout and other transportation assets in addition to decreased production of non-NRP-owned coal at the Williamson mine where we also own loadout and other transportation assets.

### *Gain on Asset Sales and Disposals*

Gain on asset sales and disposals decreased \$5.9 million primarily due to the disposal of certain mineral rights assets during the third quarter of 2019.

### **Soda Ash**

Revenues and other income related to our Soda Ash segment decreased \$36.4 million primarily due to a combination of lower pricing and volumes sold. Ciner Wyoming was negatively impacted by the COVID-19 pandemic as lower demand for glass in the global auto, beverage container, and construction industries reduced demand for soda ash.

## Operating and Other Expenses

The following table presents the significant categories of our consolidated operating and other expenses:

(In thousands)	For the Year Ended December 31,		Decrease	Percentage Change
	2020	2019		
<b>Operating expenses</b>				
Operating and maintenance expenses	\$ 24,795	\$ 32,738	\$ (7,943)	(24) %
Depreciation, depletion and amortization	9,198	14,932	(5,734)	(38) %
General and administrative expenses	14,293	16,730	(2,437)	(15) %
Asset impairments	135,885	148,214	(12,329)	(8) %
Total operating expenses	<u>\$ 184,171</u>	<u>\$ 212,614</u>	<u>\$ (28,443)</u>	<u>(13) %</u>
<b>Other expenses, net</b>				
Interest expense, net	\$ 40,968	\$ 47,453	\$ (6,485)	(14) %
Loss on extinguishment of debt	—	29,282	(29,282)	(100) %
Total other expenses, net	<u>\$ 40,968</u>	<u>\$ 76,735</u>	<u>\$ (35,767)</u>	<u>(47) %</u>

Total operating expenses decreased by \$28.4 million primarily due to the following:

- Asset impairments decreased \$12.3 million from 2019 to 2020. Asset impairments in the year ended December 31, 2020 were primarily due to weakened coal markets that resulted in termination of certain coal leases, changes to lessee mine plans resulting in permanent moves off certain of our coal properties and decreased oil and gas drilling activity which negatively impacted the outlook for NRP's frac sand properties. Asset impairments in the year ended December 31, 2019 primarily resulted from deterioration in thermal coal markets, lessee capital constraints, thermal coal lease terminations, and expectations of further reductions in global and domestic thermal coal demand due to low natural gas prices and continued pressure on the electric power generation industry over emissions and climate change, resulting in reductions in expected cash flows (combination of lower expected coal sales volumes, sales prices, minimums and/or life of mine assumptions) on certain of our mineral rights and intangible assets.
- Operating and maintenance expenses include costs to manage the Coal Royalty and Other and Soda Ash segments and primarily consist of royalty, tax, employee-related and legal costs and bad debt expense. These costs decreased \$7.9 million primarily due to a decrease in bad debt expense in addition to lower costs related to an overriding royalty agreement with Western Pocahontas Properties Limited Partnership ("WPPLP"). The coal royalty expense NRP pays to WPPLP is fully offset by the coal royalty revenue NRP receives from this property.
- Depreciation, depletion and amortization expense decreased \$5.7 million due to lower coal sales volumes at certain properties.
- General and administrative expenses decreased \$2.4 million primarily due to decreased legal expenses year-over-year.

Total other expenses, net decreased \$35.8 million primarily due to the following:

- Loss on extinguishment of debt of \$29.3 million in 2019 related to the 105.25% premium paid to redeem the 2022 Senior Notes in the second quarter of 2019 as well as the write-off of unamortized debt issuance costs and debt discount related to the 2022 Senior Notes.
- Interest expense, net decreased \$6.5 million primarily due to lower debt balances in 2020 as a result of debt repayments made over the past twelve months.

### Adjusted EBITDA (Non-GAAP Financial Measure)

The following table reconciles net income (loss) from continuing operations (the most comparable GAAP financial measure) to Adjusted EBITDA by business segment:

For the Year Ended (In thousands)	Operating Segments		Corporate and Financing	Total
	Coal Royalty and Other	Soda Ash		
December 31, 2020				
Net income (loss) from continuing operations	\$ (40,180)	\$ 10,543	\$ (55,182)	\$ (84,819)
Less: equity earnings from unconsolidated investment	—	(10,728)	—	(10,728)
Add: total distributions from unconsolidated investment	—	14,210	—	14,210
Add: interest expense, net	79	—	40,889	40,968
Add: depreciation, depletion and amortization	9,198	—	—	9,198
Add: asset impairments	135,885	—	—	135,885
Adjusted EBITDA	<u>\$ 104,982</u>	<u>\$ 14,025</u>	<u>\$ (14,293)</u>	<u>\$ 104,714</u>
December 31, 2019				
Net income (loss) from continuing operations	\$ 21,211	\$ 46,840	\$ (93,465)	\$ (25,414)
Less: equity earnings from unconsolidated investment	—	(47,089)	—	(47,089)
Add: total distributions from unconsolidated investment	—	31,850	—	31,850
Add: interest expense, net	—	—	47,453	47,453
Add: loss on extinguishment of debt	—	—	29,282	29,282
Add: depreciation, depletion and amortization	14,932	—	—	14,932
Add: asset impairments	148,214	—	—	148,214
Adjusted EBITDA	<u>\$ 184,357</u>	<u>\$ 31,601</u>	<u>\$ (16,730)</u>	<u>\$ 199,228</u>

Adjusted EBITDA decreased \$94.5 million primarily due to the following:

- Coal Royalty and Other Segment
  - Adjusted EBITDA decreased \$79.4 million primarily as a result of weaker coal markets in the year ended December 31, 2020.
- Soda Ash Segment
  - Adjusted EBITDA decreased \$17.6 million as a result of lower cash distributions received from Ciner Wyoming during the year ended December 31, 2020.



### Distributable Cash Flow ("DCF"), Free Cash Flow ("FCF") and Cash Flow Cushion (Non-GAAP Financial Measures)

The following table presents the three major categories of the statement of cash flows by business segment:

For the Year Ended (In thousands)	Operating Segments		Corporate and Financing	Total
	Coal Royalty and Other	Soda Ash		
December 31, 2020				
Cash flow provided by (used in) continuing operations				
Operating activities	\$ 124,737	\$ 14,037	\$ (51,206)	\$ 87,568
Investing activities	1,745	—	—	1,745
Financing activities	—	—	(87,788)	(87,788)
December 31, 2019				
Cash flow provided by (used in) continuing operations				
Operating activities	\$ 178,863	\$ 31,601	\$ (73,145)	\$ 137,319
Investing activities	8,221	—	—	8,221
Financing activities	—	—	(253,305)	(253,305)

The following tables reconcile net cash provided by (used in) operating activities (the most comparable GAAP financial measure) by business segment to DCF, FCF and cash flow cushion:

For the Year Ended (In thousands)	Operating Segments		Corporate and Financing	Total
	Coal Royalty and Other	Soda Ash		
December 31, 2020				
Net cash provided by (used in) operating activities of continuing operations	\$ 124,737	\$ 14,037	\$ (51,206)	\$ 87,568
Add: proceeds from asset sales and disposals	623	—	—	623
Add: proceeds from sale of discontinued operations	—	—	—	(65)
Add: return of long-term contract receivable	2,122	—	—	2,122
Distributable cash flow	<u>\$ 127,482</u>	<u>\$ 14,037</u>	<u>\$ (51,206)</u>	<u>\$ 90,248</u>
Less: proceeds from asset sales and disposals	(623)	—	—	(623)
Less: proceeds from sale of discontinued operations	—	—	—	65
Less: acquisition costs	(1,000)	—	—	(1,000)
Free cash flow	<u>\$ 125,859</u>	<u>\$ 14,037</u>	<u>\$ (51,206)</u>	<u>\$ 88,690</u>
Less: mandatory Opco debt repayments				(46,176)
Less: preferred unit distributions				(26,363)
Less: common unit distributions				(16,890)
Cash flow cushion				<u>\$ (739)</u>

For the Year Ended (In thousands)	Operating Segments			Total
	Coal Royalty and Other	Soda Ash	Corporate and Financing	
December 31, 2019				
Net cash provided by (used in) operating activities of continuing operations	\$ 178,863	\$ 31,601	\$ (73,145)	\$ 137,319
Add: proceeds from asset sales and disposals	6,500	—	—	6,500
Add: proceeds from sale of discontinued operations	—	—	—	(629)
Add: return of long-term contract receivable	1,743	—	—	1,743
Distributable cash flow	\$ 187,106	\$ 31,601	\$ (73,145)	\$ 144,933
Less: proceeds from asset sales and disposals	(6,500)	—	—	(6,500)
Less: proceeds from sale of discontinued operations	—	—	—	629
Less: expansion capital expenditures	(22)	—	—	(22)
Free cash flow	\$ 180,584	\$ 31,601	\$ (73,145)	\$ 139,040
Less: mandatory Opco debt repayments				(68,128)
Less: preferred unit distributions				(30,000)
Less: common unit distributions				(33,150)
Cash flow cushion				\$ 7,762

DCF and FCF decreased \$54.7 million and \$50.4 million, respectively, primarily due to the following:

- Coal Royalty and Other Segment
  - DCF and FCF decreased \$59.6 million and \$54.7 million, respectively, primarily as a result of the weakened coal markets in the year ended December 31, 2020. DCF was also impacted by a \$5.9 million decrease in proceeds from asset sales and disposals compared to the year ended December 31, 2019.
- Soda Ash Segment
  - DCF and FCF decreased \$17.6 million as a result of lower cash distributions received from Ciner Wyoming during the year ended December 31, 2020.
- Corporate and Financing Segment
  - DCF and FCF increased \$21.9 million primarily due to lower cash paid for interest as a result of less debt outstanding in 2020.

Cash flow cushion decreased \$8.5 million as a result of the decrease in FCF discussed above, partially offset by a decrease in mandatory Opco debt repayments and lower preferred unit and common unit distributions made during the year ended December 31, 2020.

For discussion of our Results of Operations comparing 2019 to 2018, refer to our [2019 Annual Report on Form 10-K filed February 27, 2020 under Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."](#)

## Liquidity and Capital Resources

### Current Liquidity

As of December 31, 2020, we had total liquidity of \$199.8 million, consisting of \$99.8 million of cash and cash equivalents and \$100.0 million in borrowing capacity under our Opco Credit Facility. We have significant debt service obligations, including approximately \$40 million of principal repayments on Opco's senior notes in 2021. We believe our liquidity position provides us with the flexibility to continue paying down debt and manage our business through the current market environment.

### Cash Flows

#### Years Ended December 31, 2020 and 2019 Compared

Cash flows provided by operating activities decreased \$48.0 million, from \$137.3 million in the year ended December 31, 2019 to \$89.3 million in the year ended December 31, 2020 primarily related to lower operating cash flow as a result of the weakened coal markets in addition to lower cash distributions received from Ciner Wyoming in 2020, partially offset by less cash paid for interest in 2020 due to less debt outstanding.

Cash flows provided by investing activities decreased \$5.9 million, from \$7.6 million in the year ended December 31, 2019 to \$1.7 million in the year ended December 31, 2020 primarily due to a \$5.9 million decrease in proceeds from asset sales and disposals year-over-year.

Cash flows used in financing activities decreased \$163.2 million, from \$252.7 million in the year ended December 31, 2019 to \$89.4 million in the year ended December 31, 2020 primarily due to the following:

- \$345.6 million used for the redemption of our 2022 Senior Notes in the second quarter of 2019;
- The \$49.3 million prepayment of our Opco Senior Notes in the first quarter of 2019 made using proceeds from the sale of our construction aggregates business;
- \$26.4 million in debt issuance costs and other primarily in 2019 primarily related to the 2019 debt refinancings;
- \$16.3 million in lower common unit distributions in the year ended December 31, 2020 as a result of the special common unit distribution paid in 2019 to cover common unitholders' tax liability resulting from the sale of NRP's construction aggregates business in December 2018, and the suspension of the distribution on NRP's common units with respect to the first quarter of 2020.
- \$3.6 million in lower preferred unit distributions in the year ended December 31, 2020 as a result of paying half of the distribution in kind through the issuance of additional preferred units during the fourth quarter of 2020.

These increases in cash flows used in financing activities were partially offset by the following:

- \$300 million provided by the issuance of the 2025 Senior Notes in the second quarter of 2019.

For discussion of our Cash Flows comparing 2019 to 2018, refer to our [2019 Annual Report on Form 10-K filed February 27, 2020 under Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."](#)

### Capital Resources and Obligations

#### Debt, Net

We had the following debt outstanding as of December 31, 2020 and 2019:

(In thousands)	December 31,	
	2020	2019
Current portion of long-term debt, net	\$ 39,055	\$ 45,776
Long-term debt, net	432,444	470,422
Total debt, net	\$ 471,499	\$ 516,198

We have been and continue to be in compliance with the terms of the financial covenants contained in our debt agreements. For additional information regarding our debt and the agreements governing our debt, including the covenants contained therein, see "[Item 8. Financial Statements and Supplementary Data—Note 11. Debt, Net](#)" in this Annual Report on Form 10-K.

### Debt Obligations

The following table reflects our long-term, non-cancelable debt obligations as of December 31, 2020:

Debt Obligations (In thousands)	Payments Due by Period						
	Total	2021	2022	2023	2024	2025	Thereafter
NRP:							
Debt principal payments <sup>(1)</sup>	\$ 300,000	\$ —	\$ —	\$ —	\$ —	\$ 300,000	\$ —
Debt interest payments <sup>(1)</sup>	123,188	27,375	27,375	27,375	27,375	13,688	—
Opco:							
Debt principal payments (including current maturities) <sup>(2)</sup>	177,880	39,396	39,396	39,396	31,028	14,332	14,332
Debt interest payments <sup>(3)</sup>	27,418	9,868	7,631	5,020	2,724	1,450	725
<b>Total</b>	<b>\$ 628,486</b>	<b>\$ 76,639</b>	<b>\$ 74,402</b>	<b>\$ 71,791</b>	<b>\$ 61,127</b>	<b>\$ 329,470</b>	<b>\$ 15,057</b>

(1) The amounts indicated in the table include principal and interest due on NRP's 2025 Senior Notes.

(2) The amounts indicated in the table include principal due on Opco's senior notes.

(3) The amounts indicated in the table include interest due on Opco's senior notes and the 0.50% annual commitment fee on the unused portion of the Opco Credit Facility, which matures in April 2023. At December 31, 2020 we did not have any borrowings outstanding under the Opco Credit Facility and had \$100 million in available borrowing capacity.

### Off-Balance Sheet Transactions

We do not have any off-balance sheet arrangements with unconsolidated entities or related parties and accordingly, there are no off-balance sheet risks to our liquidity and capital resources from unconsolidated entities.

### Inflation

Inflation in the United States has been relatively low in recent years and did not have a material impact on operations for the years ended December 31, 2020, 2019 and 2018.

### Environmental Regulation

For additional information on environmental regulation that may have a material impact on our business, see "[Items 1. and 2. Business and Properties—Regulation and Environmental Matters](#)."

### Related Party Transactions

The information required by this Item is included under "[Item 8. Financial Statements and Supplementary Data—Note 13. Related Party Transactions](#)" and "[Item 13. Certain Relationships and Related Transactions, and Director Independence](#)" in this Annual Report on Form 10-K and is incorporated by reference herein.

## Summary of Critical Accounting Estimates

Preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. See "[Item 8. Financial Statements and Supplementary Data—Note 2. Summary of Significant Accounting Policies](#)" in the audited Consolidated Financial Statements of this Form 10-K for discussion of our significant accounting policies. The following critical accounting policies are affected by estimates and assumptions used in the preparation of Consolidated Financial Statements. We evaluate our estimates and assumptions on a regular basis. Actual results could differ from those estimates.

### Revenues

#### Coal Royalty and Other Segment Revenues

*Royalty-based leases.* Approximately two-thirds of our royalty-based leases have initial terms of five to 40 years, with substantially all lessees having the option to extend the lease for additional terms. For these types of leases, the lessees generally make payments to us based on the greater of a percentage of the gross sales price or a fixed price per ton of mineral mined and sold. Most of our coal and aggregates royalty leases require the lessee to pay quarterly or annual minimum amounts, either made in advance or arrears, which are generally recoupable through actual royalty production over certain time periods that generally range from three to five years.

We have defined our coal and aggregates royalty lease performance obligation as providing the lessee the right to mine and sell our coal or aggregates over the lease term. We then evaluated the likelihood that consideration we expected to receive from our lessees resulting from production would exceed consideration expected to be received from minimum payments over the lease term.

As a result of this evaluation, revenue recognition from our royalty-based leases is based on either production or minimum payments as follows:

- **Production Leases:** Leases for which we expect that consideration from production will be greater than consideration from minimums over the lease term. Revenue recognition for these leases is recognized over time based on production as coal royalty revenues or aggregates royalty revenues, as applicable. Deferred revenue from minimums is recognized as royalty revenues when recoupment occurs or as production lease minimum revenues when the recoupment period expires. In addition, we recognize breakage revenue from minimums when we determine that recoupment is remote. This breakage revenue is included in production lease minimum revenues.
- **Minimum Leases:** Leases for which we expect that consideration from minimums will be greater than consideration from production over the lease term. Revenue recognition for these leases is recognized straight-line over the lease term based on the minimum consideration amount as minimum lease straight-line revenues.

This evaluation is performed at the inception of the lease and only reassessed upon modification or renewal of the lease.

Oil and gas related revenues consist of revenues from royalties and overriding royalties and are recognized on the basis of volume of hydrocarbons sold by lessees and the corresponding revenues from those sales. Also included within oil and gas royalty revenues are lease bonus payments, which are generally paid upon the execution of a lease. We also have overriding royalty revenue interests in coal reserves. Revenues from these interests is recognized over time based on when the coal is sold.

*Wheelage revenues.* Revenues related to fees collected per ton to transport foreign coal across property we own that is recognized over time as transportation across our property occurs.

*Other revenues.* Other revenues consists primarily of rental payments and surface damage fees related to certain land we own and is recognized straight-line over time as it is earned. Other revenues also include property tax revenues. The majority of property taxes paid on our properties are reimbursable by the lessee and are recognized on a gross basis over time which reflects the reimbursement of property taxes by the lessee. Property taxes we pay are included in operating and maintenance expenses on our Consolidated Statements of Comprehensive Income (Loss).

*Transportation and processing services revenues.* We own transportation and processing infrastructure that is leased to third parties for throughput fees. Revenue is recognized over time based on the coal tons transported over the beltlines or processed through the facilities.

#### *Contract Modifications*

Contract modifications that impact goods or services or the transaction price are evaluated in accordance with ASC 606. A majority of our contract modifications pertain to our coal and aggregates royalty contracts and include, but are not limited to, extending the lease term, changes to royalty rates, floor prices or minimum consideration, assignment of the contract or forfeiture of recoupment rights. Consideration received in conjunction with a modification of an ongoing lease will be deferred and recognized straight-line over the remaining term of the contract. Consideration received to assign a lease to another party and related forfeited minimums will be recognized immediately upon the termination of the contract. Fees from contract modifications are recognized in lease amendment revenues within coal royalty and other revenues on our Consolidated Statements of Comprehensive Income (Loss) while modifications in royalty rates and minimums will be recognized prospectively in accordance with the above lease classification.

#### *Contract Assets and Liabilities from Contracts with Customers*

Contract assets include receivables from contracts with customers and are recorded when the right to consideration becomes unconditional. Receivables are recognized when the minimums are contractually owed, production occurs or minimums are accrued for based on the passage of time.

Contract liabilities represent minimum consideration received, contractually owed or earned based on the passage of time. The current portion of deferred revenue relates to deferred revenue on minimum leases and lease amendment fees that are to be recognized as revenue on a straight-line basis over the next twelve months. The long-term portion of deferred revenue relates to deferred revenue on production leases and lease amendment fees that are to be recognized as revenue on a straight-line basis beyond the next twelve months. Due to uncertainty in the amount of deferred revenue that will be recouped and recognized as coal royalty revenues from production leases over the next twelve months, we are unable to estimate the current portion of deferred revenue.

#### *Equity in Earnings of Ciner Wyoming.*

We account for non-marketable equity investments using the equity method of accounting if the investment gives it the ability to exercise significant influence over, but not control of, an investee. Our 49% investment in Ciner Wyoming is accounted for using this method. Under the equity method of accounting, investments are stated at initial cost and are adjusted for subsequent additional investments and the proportionate share of earnings or losses and distributions. The basis difference between the investment and the proportional share of investee's net assets is attributed to net tangible assets and is amortized over its estimated useful life. The carrying value in Ciner Wyoming is recognized in equity in unconsolidated investment on our Consolidated Balance Sheets. Our adjusted share of the earnings or losses of Ciner Wyoming and amortization of the basis difference is recognized in equity in earnings of Ciner Wyoming on the Consolidated Statements of Comprehensive Income (Loss). We decrease our investment for our proportional share of distributions received from Ciner Wyoming. These cash flows are reported utilizing the cumulative earnings approach. Under this approach, distributions received are considered returns on investment and classified as operating cash inflows unless the cumulative distributions received exceed our cumulative equity in earnings. The excess of cumulative distributions received over our cumulative equity in earnings are considered returns of investment and classified as investing cash inflows.

#### *Mineral Rights*

Mineral rights owned and leased are recorded at its original cost of construction or, upon acquisition, at fair value of the assets acquired. Coal and aggregates mineral rights are depleted on a unit-of-production basis by lease, based upon minerals mined in relation to the net cost of the mineral properties and estimated proven and probable tonnage as defined by the SEC's Industry Guide 7 and estimated by our internal reserve engineers. The technologies and economic data used by our internal reserve engineers in the estimation of our proved reserves include, but are not limited to, drill logs, geophysical logs, geologic maps including isopach, mine, and coal quality, cross sections, statistical analysis, and available public production data. There are numerous uncertainties inherent in estimating the quantities and qualities of recoverable reserves, including many factors

beyond our control. Estimates of economically recoverable coal reserves depend upon a number of variable factors and assumptions, any one of which may, if incorrect, result in an estimate that varies considerably from actual results.

### ***Asset Impairment***

We have developed procedures to evaluate our long-lived assets, including intangible assets, for possible impairment periodically or whenever events or changes in circumstances indicate an asset's net book value may not be recoverable. Potential events or circumstances include, but are not limited to, specific events such as a reduction in economically recoverable reserves or production ceasing on a property for an extended period. A long-lived asset is deemed impaired when the future expected undiscounted cash flows from its use and disposition is less than the asset's net book value. Impairment is measured based on the estimated fair value, which is usually determined based upon the present value of the projected future cash flow compared to the asset's net book value. We believe our estimates of cash flows and discount rates are consistent with those of principal market participants.

We evaluate our equity investment for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such investment may have experienced an other-than-temporary decline in value. When evidence of loss in value has occurred, management compares the estimated fair value of the investment to the carrying value of the investment to determine whether impairment has occurred. If the estimated fair value is less than the carrying value and management considers the decline in value to be other than temporary, the excess of the carrying value over the estimated fair value is recognized in the financial statements as an impairment loss. The fair value of the impaired investment is based on quoted market prices, or upon the present value of expected cash flows using discount rates believed to be consistent with those used by principal market participants, plus market analysis of comparable assets owned by the investee, if appropriate.

### **Recent Accounting Standards**

For a discussion of recent accounting pronouncements, see the applicable section of "[Item 8. Financial Statements and Supplementary Data—Note 2. Summary of Significant Accounting Policies](#)" in the audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As a smaller reporting company for the year ended December 31, 2020, we are not required to include this disclosure in our 2020 Form 10-K.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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## Report of Independent Registered Public Accounting Firm

To the Partners of Natural Resource Partners L.P.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Natural Resource Partners L.P. (the Partnership) as of December 31, 2020 and 2019, the related consolidated statements of comprehensive income (loss), partners' capital, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, based on our audits and the report of other auditors, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We did not audit the financial statements of Ciner Wyoming LLC (Ciner Wyoming), a limited liability company in which the Partnership has a 49% interest. In the consolidated financial statements, the Partnership's investment in Ciner Wyoming is stated at \$263 million and \$263 million as of December 31, 2020 and 2019, respectively, and the Partnership's equity in the net income of Ciner Wyoming is stated at \$11 million in 2020, \$47 million in 2019 and \$48 million in 2018. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Ciner Wyoming, is based solely on the report of the other auditors.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Partnership's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 15, 2021 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

***Impairment Assessment of Mineral Rights and Intangible Assets***

*Description of the Matter*

At December 31, 2020, the Partnership's Mineral Rights, net and Intangible assets, net totaled a combined \$478 million. During 2020, the Partnership recorded \$136 million of mineral rights impairment expense. As more fully described in Note 2 to the consolidated financial statements, the Partnership evaluates its long-lived assets for possible impairment periodically or whenever events or changes in circumstances indicate an asset's net book value may not be recoverable ("triggering events"). If deemed to be impaired, impairment is measured based on the estimated fair value, usually determined using the present value of projected future cash flows, compared to the asset's book value.

Auditing the Partnership's impairment assessment involved our subjective judgment because, in determining the fair value of assets, management uses estimates that include, among others, assumptions about forecasted coal and aggregates prices and future production using mineral reserve or other relevant information reported by the third-party mine operators. Significant uncertainty exists with these assumptions, given the long term nature of the forecast period and estimation of future market prices.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Partnership's impairment review process, including the processes to determine the fair value of the asset groups. This included evaluating controls over the Partnership's budgetary and forecasting process used to develop the estimated future cash flows. We also tested controls over management's review of the data used in the impairment analysis and review of the significant assumptions such as forecasted production and pricing.

To test the estimated fair value of the assets, we performed audit procedures that included, among others, assessing methodologies and testing significant assumptions. We compared forecasted coal and aggregates prices to available market information and compared royalty rate inputs to customer contracts. We tested production estimates through corroborating reserve information and mining plans to available third-party mine operators or publicly available information. We considered possible contradictory information by comparing to historical results and projections utilized in other management analyses for going concern and estimated credit losses.

/s/ Ernst & Young LLP

We have served as the Partnership's auditor since 2002.

Houston, Texas  
March 15, 2021

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Managers and Members of  
Ciner Wyoming LLC  
Atlanta, Georgia

### **Opinion on the Financial Statements**

We have audited the accompanying balance sheets of Ciner Wyoming LLC (the "Company") as of December 31, 2020 and 2019, the related statements of operations and comprehensive income, members' equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes that are included in Exhibit 99.1 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Agreements and Transactions with Affiliates – Refer to Notes 1, 2, 8, 12, and 13 to the financial statements*

*Critical Audit Matter Description*

The Company is a subsidiary in a global group structure and agreements directly between the Company and other affiliates, or indirectly between affiliates that the Company does not control, can have a significant impact on recorded amounts or disclosures in the Company's financial statements, including any commitments and contingencies between the Company and affiliates or, potentially, third parties. Performing audit procedures to evaluate the Company's identification of upstream affiliate relationships, transactions, and commitments and contingencies outside of the U.S. and the impact of such matters on the financial statements represents a critical audit matter because of the increased auditor judgment necessary to perform audit procedures related to these matters and evaluate the results of those procedures.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the Company's identification of upstream affiliate relationships, transactions, and commitments and contingencies outside of the U.S. and the impact of such matters on the financial statements included the following, among others:

- We tested the effectiveness of controls over the Company's affiliate process, including controls over the identification of the Company's affiliate relationships, transactions, and commitments and contingencies outside of the U.S.
- We read publicly available financial filings and news sources related to the Company and its affiliates outside of the U.S. and listened to the parent company (Ciner Resources LP) quarterly investor relations calls for information related to potential new affiliates and transactions between the Company and affiliates.
- We inspected director and executive officer questionnaires from the parent company directors and officers to identify any affiliate matters.
- We searched the general ledger for potential transactions with affiliates.
- We read significant new or amended agreements and contracts of the Company to identify new affiliate relationships, transactions, or commitments and contingencies, and evaluated management's analyses regarding the accounting and disclosure of such arrangements.
- We inquired of executive officers, key members of management, and the Board of Managers regarding affiliate relationships, transactions and commitments and contingencies.
- We confirmed with the ultimate parent company that the affiliate relationships, transactions, and commitments and contingencies identified and disclosed by the Company were complete.

*/s/ Deloitte & Touche LLP*

Atlanta, Georgia  
March 15, 2021

We have served as the Company's auditor since 2008.

**NATURAL RESOURCE PARTNERS L.P.**  
**CONSOLIDATED BALANCE SHEETS**

(In thousands, except unit data)	December 31,	
	2020	2019
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 99,790	\$ 98,265
Accounts receivable, net	12,322	30,869
Other current assets, net	5,080	1,244
Current assets of discontinued operations	—	1,706
Total current assets	\$ 117,192	\$ 132,084
Land	24,008	24,008
Mineral rights, net	460,373	605,096
Intangible assets, net	17,459	17,687
Equity in unconsolidated investment	262,514	263,080
Long-term contract receivable, net	33,264	36,963
Other long-term assets, net	7,067	6,989
Total assets	\$ 921,877	\$ 1,085,907
<b>LIABILITIES AND CAPITAL</b>		
Current liabilities		
Accounts payable	\$ 1,385	\$ 1,179
Accrued liabilities	7,733	8,764
Accrued interest	1,714	2,316
Current portion of deferred revenue	11,485	4,608
Current portion of long-term debt, net	39,055	45,776
Current liabilities of discontinued operations	—	65
Total current liabilities	\$ 61,372	\$ 62,708
Deferred revenue	50,069	47,213
Long-term debt, net	432,444	470,422
Other non-current liabilities	5,131	4,949
Total liabilities	\$ 549,016	\$ 585,292
Commitments and contingencies (see Note 15)		
Class A Convertible Preferred Units (253,750 and 250,000 units issued and outstanding at December 31, 2020 and 2019, respectively, at \$1,000 par value per unit; liquidation preference of \$1,700 per unit and \$1,500 per unit at December 31, 2020 and 2019, respectively)	\$ 168,337	\$ 164,587
Partners' capital		
Common unitholders' interest (12,261,199 units issued and outstanding at December 31, 2020 and 2019)	\$ 136,927	\$ 271,471
General partner's interest	459	3,270
Warrant holders' interest	66,816	66,816
Accumulated other comprehensive income (loss)	322	(2,594)
Total partners' capital	\$ 204,524	\$ 338,963
Non-controlling interest	—	(2,935)
Total capital	\$ 204,524	\$ 336,028
Total liabilities and capital	\$ 921,877	\$ 1,085,907

The accompanying notes are an integral part of these consolidated financial statements.

**NATURAL RESOURCE PARTNERS L.P.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

<b>(In thousands, except per unit data)</b>	<b>For the Year Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Revenues and other income</b>			
Coal royalty and other	\$ 120,166	\$ 191,069	\$ 178,878
Transportation and processing services	8,845	19,279	23,887
Equity in earnings of Ciner Wyoming	10,728	47,089	48,306
Gain on litigation settlement	—	—	25,000
Gain on asset sales and disposals	581	6,498	2,441
Total revenues and other income	\$ 140,320	\$ 263,935	\$ 278,512
<b>Operating expenses</b>			
Operating and maintenance expenses	\$ 24,795	\$ 32,738	\$ 29,509
Depreciation, depletion and amortization	9,198	14,932	21,689
General and administrative expenses	14,293	16,730	16,496
Asset impairments	135,885	148,214	18,280
Total operating expenses	\$ 184,171	\$ 212,614	\$ 85,974
Income (loss) from operations	\$ (43,851)	\$ 51,321	\$ 192,538
<b>Other expenses, net</b>			
Interest expense, net	\$ (40,968)	\$ (47,453)	\$ (70,178)
Loss on extinguishment of debt	—	(29,282)	—
Total other expenses, net	\$ (40,968)	\$ (76,735)	\$ (70,178)
Net income (loss) from continuing operations	\$ (84,819)	\$ (25,414)	\$ 122,360
Income from discontinued operations (see Note 20)	—	956	17,687
Net income (loss)	\$ (84,819)	\$ (24,458)	\$ 140,047
Net income attributable to non-controlling interest	—	—	(510)
Net income (loss) attributable to NRP	\$ (84,819)	\$ (24,458)	\$ 139,537
Less: income attributable to preferred unitholders	(30,225)	(30,000)	(30,000)
Net income (loss) attributable to common unitholders and the general partner	\$ (115,044)	\$ (54,458)	\$ 109,537
Net income (loss) attributable to common unitholders	\$ (112,743)	\$ (53,369)	\$ 107,346
Net income (loss) attributable to the general partner	(2,301)	(1,089)	2,191
<b>Income (loss) from continuing operations per common unit (see Note 6)</b>			
Basic	\$ (9.20)	\$ (4.43)	\$ 7.35
Diluted	(9.20)	(4.43)	5.90
<b>Net income (loss) per common unit (see Note 6)</b>			
Basic	\$ (9.20)	\$ (4.35)	\$ 8.77
Diluted	(9.20)	(4.35)	6.76
Net income (loss)	\$ (84,819)	\$ (24,458)	\$ 140,047
Comprehensive income (loss) from unconsolidated investment and other	2,916	868	(149)
Comprehensive income (loss)	\$ (81,903)	\$ (23,590)	\$ 139,898
Comprehensive income attributable to non-controlling interest	—	—	(510)
Comprehensive income (loss) attributable to NRP	\$ (81,903)	\$ (23,590)	\$ 139,388

The accompanying notes are an integral part of these consolidated financial statements.

**NATURAL RESOURCE PARTNERS L.P.**  
**CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL**

<b>(In thousands)</b>	<b>Common Unitholders</b>		<b>General Partner</b>	<b>Warrant Holders</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Partners' Capital Excluding Non-Controlling Interest</b>	<b>Non-Controlling Interest</b>	<b>Total Capital</b>
	<b>Units</b>	<b>Amounts</b>						
Balance at December 31, 2017	12,232	\$ 199,851	\$ 1,857	\$ 66,816	\$ (3,313)	\$ 265,211	\$ (3,394)	\$ 261,817
Cumulative effect of adoption of accounting standard	—	69,057	1,409	—	—	70,466	—	70,466
Net income <sup>(1)</sup>	—	136,746	2,791	—	—	139,537	510	140,047
Distributions to common unitholders and general partner	—	(22,036)	(450)	—	—	(22,486)	—	(22,486)
Distributions to preferred unitholders	—	(29,660)	(605)	—	—	(30,265)	—	(30,265)
Issuance of unit-based awards	17	546	—	—	—	546	—	546
Unit-based awards amortization and vesting	—	560	—	—	—	560	—	560
Comprehensive income (loss) from unconsolidated investment and other	—	49	12	—	(149)	(88)	(51)	(139)
Balance at December 31, 2018	12,249	\$ 355,113	\$ 5,014	\$ 66,816	\$ (3,462)	\$ 423,481	\$ (2,935)	\$ 420,546
Net loss <sup>(1)</sup>	—	(23,969)	(489)	—	—	(24,458)	—	(24,458)
Distributions to common unitholders and general partner	—	(32,487)	(663)	—	—	(33,150)	—	(33,150)
Distributions to preferred unitholders	—	(29,400)	(600)	—	—	(30,000)	—	(30,000)
Issuance of unit-based awards	12	486	—	—	—	486	—	486
Unit-based awards amortization and vesting	—	1,804	—	—	—	1,804	—	1,804
Comprehensive income (loss) from unconsolidated investment and other	—	(76)	8	—	868	800	—	800
Balance at December 31, 2019	12,261	\$ 271,471	\$ 3,270	\$ 66,816	\$ (2,594)	\$ 338,963	\$ (2,935)	\$ 336,028
Cumulative effect of adoption of accounting standard (See Note 18)	—	(3,833)	(78)	—	—	(3,911)	—	(3,911)
Net loss <sup>(2)</sup>	—	(83,123)	(1,696)	—	—	(84,819)	—	(84,819)
Distributions to common unitholders and general partner	—	(16,552)	(338)	—	—	(16,890)	—	(16,890)
Distributions to preferred unitholders	—	(29,511)	(602)	—	—	(30,113)	—	(30,113)
Acquisition of non-controlling interest in BRP	—	(4,747)	(97)	—	—	(4,844)	2,935	(1,909)
Issuance of unit-based awards	—	—	—	—	—	—	—	—
Unit-based awards amortization and vesting	—	3,222	—	—	—	3,222	—	3,222
Comprehensive income from unconsolidated investment and other	—	—	—	—	2,916	2,916	—	2,916
Balance at December 31, 2020	12,261	\$ 136,927	\$ 459	\$ 66,816	\$ 322	\$ 204,524	\$ —	\$ 204,524

(1) Net income (loss) includes \$30.0 million of income attributable to preferred unitholders that accumulated during the period, of which \$29.4 million is allocated to the common unitholders and \$0.6 million is allocated to the general partner.

(2) Net loss includes \$30.2 million of income attributable to preferred unitholders that accumulated during the period, of which \$29.6 million is allocated to the common unitholders and \$0.6 million is allocated to the general partner.

The accompanying notes are an integral part of these consolidated financial statements.

**NATURAL RESOURCE PARTNERS L.P.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

<b>(In thousands)</b>	<b>For the Year Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>			
Net income (loss)	\$ (84,819)	\$ (24,458)	\$ 140,047
Adjustments to reconcile net income (loss) to net cash provided by operating activities of continuing operations:			
Depreciation, depletion and amortization	9,198	14,932	21,689
Distributions from unconsolidated investment	14,210	31,850	44,453
Equity earnings from unconsolidated investment	(10,728)	(47,089)	(48,306)
Gain on asset sales and disposals	(581)	(6,498)	(2,441)
Loss on extinguishment of debt	—	29,282	—
Income from discontinued operations	—	(956)	(17,687)
Asset impairments	135,885	148,214	18,280
Bad debt expense	4,001	7,462	(62)
Unit-based compensation expense	3,570	2,361	1,434
Amortization of debt issuance costs and other	1,323	3,687	7,133
Change in operating assets and liabilities:			
Accounts receivable	12,853	(6,035)	(6,062)
Accounts payable	207	(1,234)	1,138
Accrued liabilities	(2,205)	(3,656)	19
Accrued interest	(602)	(12,029)	(1,138)
Deferred revenue	9,733	(732)	19,465
Other items, net	(4,477)	2,218	320
Net cash provided by operating activities of continuing operations	\$ 87,568	\$ 137,319	\$ 178,282
Net cash provided by (used in) operating activities of discontinued operations	1,706	(8)	10,641
Net cash provided by operating activities	\$ 89,274	\$ 137,311	\$ 188,923
<b>Cash flows from investing activities</b>			
Distributions from unconsolidated investment in excess of cumulative earnings	\$ —	\$ —	\$ 2,097
Proceeds from asset sales and disposals	623	6,500	2,449
Return of long-term contract receivable	2,122	1,743	3,061
Acquisition of non-controlling interest in BRP	(1,000)	—	—
Acquisition of mineral rights	—	(22)	—
Net cash provided by investing activities of continuing operations	\$ 1,745	\$ 8,221	\$ 7,607
Net cash provided by (used in) investing activities of discontinued operations	(65)	(629)	183,021
Net cash provided by investing activities	\$ 1,680	\$ 7,592	\$ 190,628
<b>Cash flows from financing activities</b>			
Debt borrowings	\$ —	\$ 300,000	\$ 35,000
Debt repayments	(46,176)	(463,082)	(175,706)
Redemption of preferred units paid-in-kind	—	—	(8,844)
Distributions to common unitholders and general partner	(16,890)	(33,150)	(22,486)
Distributions to preferred unitholders	(26,363)	(30,000)	(30,265)
Contributions from (to) discontinued operations	1,641	(637)	195,690
Debt issuance costs and other	—	(26,436)	(228)
Net cash used in financing activities of continuing operations	\$ (87,788)	\$ (253,305)	\$ (6,839)
Net cash provided by (used in) financing activities of discontinued operations	(1,641)	637	(196,509)
Net cash used in financing activities	\$ (89,429)	\$ (252,668)	\$ (203,348)



**NATURAL RESOURCE PARTNERS L.P.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

<b>(In thousands)</b>	<b>For the Year Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Net increase (decrease) in cash and cash equivalents	\$ 1,525	\$ (107,765)	\$ 176,203
Cash and cash equivalents of continuing operations at beginning of period	\$ 98,265	\$ 206,030	\$ 26,980
Cash and cash equivalents of discontinued operations at beginning of period	—	—	2,847
Cash and cash equivalents at beginning of period	\$ 98,265	\$ 206,030	\$ 29,827
Cash and cash equivalents of continuing operations at end of period	\$ 99,790	\$ 98,265	\$ 206,030
Less: cash and cash equivalents of discontinued operations at end of period	—	—	—
Cash and cash equivalents at end of period	\$ 99,790	\$ 98,265	\$ 206,030
<b>Supplemental cash flow information:</b>			
Cash paid during the period for interest	\$ 39,830	\$ 58,597	\$ 64,991
<b>Non-cash investing and financing activities:</b>			
Plant, equipment, mineral rights and other funded with accounts payable or accrued liabilities	\$ 970	\$ —	\$ —
Preferred unit distributions paid-in-kind	3,750	—	—

The accompanying notes are an integral part of these consolidated financial statements.

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## **1. Organization and Nature of Operations**

Natural Resource Partners L.P. (the "Partnership"), a Delaware limited partnership, was formed in April 2002. The general partner of the Partnership is NRP (GP) LP ("NRP GP"), a Delaware limited partnership, whose general partner is GP Natural Resource Partners LLC, a Delaware limited liability company. The Partnership engages principally in the business of owning, managing and leasing a diversified portfolio of mineral properties in the United States, including interests in coal and other natural resources and owns a non-controlling 49% interest in Ciner Wyoming LLC ("Ciner Wyoming"), a trona ore mining and soda ash production business. The Partnership is organized into two operating segments further described in [Note 7. Segment Information](#). As used in these Notes to Consolidated Financial Statements, the terms "NRP," "we," "us" and "our" refer to Natural Resource Partners L.P. and its subsidiaries, unless otherwise stated or indicated by context.

The Partnership's operations are conducted through, and its operating assets are owned by, its subsidiaries. The Partnership owns its subsidiaries through one wholly owned operating company, NRP (Operating) LLC ("Opco"). NRP GP has sole responsibility for conducting the Partnership's business and for managing its operations. Because NRP GP is a limited partnership, its general partner, GP Natural Resource Partners LLC, conducts its business and operations, and the board of directors and officers of GP Natural Resource Partners LLC makes decisions on its behalf. Robertson Coal Management LLC ("RCM"), a limited liability company wholly owned by Corbin J. Robertson, Jr., owns all of the membership interest in GP Natural Resource Partners LLC. Subject to the Board Representation and Observation Rights Agreement with certain entities controlled by funds affiliated with The Blackstone Group Inc. (collectively referred to as "Blackstone") and affiliates of GoldenTree Asset Management LP (collectively referred to as "GoldenTree"), RCM is entitled to appoint the directors of the Board of Directors of GP Natural Resource Partners LLC (the "Board of Directors"). RCM has delegated the right to appoint one director to Blackstone.

## **2. Summary of Significant Accounting Policies**

### **Basis of Presentation**

The accompanying Consolidated Financial Statements of the Partnership have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The Consolidated Financial Statements include the accounts of Natural Resource Partners L.P. and its wholly owned subsidiaries. The Partnership has an equity investment in Ciner Wyoming through which it is able to exercise significant influence over but does not control the investee and is not the primary beneficiary of the investee's activities and is accounted for using the equity method. Intercompany transactions and balances have been eliminated.

### **Use of Estimates**

Preparation of the accompanying financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the accompanying Consolidated Balance Sheets, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses on the accompanying Consolidated Statements of Comprehensive Income (Loss) during the reporting period. Actual results could differ from those estimates. The most significant estimates pertain to coal and aggregates reserves and related cash flow estimates which are used to compute depreciation, depletion and amortization and impairments of coal and aggregates properties and related intangible assets and commitments and contingencies.

### **Fair Value**

The Partnership discloses certain assets and liabilities using fair value as defined by authoritative guidance. Fair value is defined as 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. See [Note 12. Fair Value Measurements](#) for further details.

There are three levels of inputs that may be used to measure fair value:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices 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.

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**Cash and Cash Equivalents**

The Partnership considers all highly liquid short-term investments with an original maturity of three months or less to be cash equivalents

**Allowance for Doubtful Accounts**

The Partnership records an allowance for doubtful accounts for its accounts receivable and notes receivable comprised of estimated credit risk and non-credit risk (e.g., legal disputes) losses. Receivables are written off when collection efforts are exhausted and future recovery is doubtful. Beginning January 1, 2020 upon adoption of ASU No. 2016-13, the Partnership includes an allowance for current expected credit losses ("CECL") on its financial assets based on the loss-rate method. NRP assesses the likelihood of collection of its receivables utilizing historical loss rates, current market conditions that include the estimated impact of the global COVID-19 pandemic, industry and macroeconomic factors, reasonable and supportable forecasts and facts or circumstances of individual customers and properties. See [Note 18. Credit Losses](#) for more information. The total allowance related to accounts receivables included in accounts receivables, net on the Partnership's Consolidated Balance Sheets was \$1.7 million and \$0.4 million at December 31, 2020 and 2019, respectively. The total allowance related to short-term notes receivables included in other current assets, net on the Partnership's Consolidated Balance Sheets was \$0.6 million and \$1.2 million at December 31, 2020 and 2019, respectively. The total allowance related to the Partnership's long-term financing receivable included in long-term contract receivable, net on the Consolidated Balance Sheets was \$1.6 million at December 31, 2020. The Partnership recorded bad debt expense of \$4.0 million, \$7.5 million and \$(0.1) million included in operating and maintenance expenses on its Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2020, 2019 and 2018, respectively.

**Mineral Rights**

Mineral rights owned and leased are recorded at its original cost of construction or, upon acquisition, at fair value of the assets acquired. Coal and aggregates mineral rights are depleted on a unit-of-production basis by lease, based upon minerals mined in relation to the net cost of the mineral properties and estimated proven and probable tonnage therein.

**Intangible Assets**

The Partnership's intangible assets consist of mineral royalty and transportation contracts that at acquisition were more favorable for the Partnership than prevailing market rates, known as above-market contracts. The estimated fair value of the above-market rate contracts are determined based on the present value of future cash flow projections related to the underlying assets acquired. Intangible assets are amortized on a unit-of-production basis by asset based upon minerals mined or transported in relation to the net book value of the intangible asset and estimated proven and probable tonnage expected to be mined or transported during the above-market contract term.

**Asset Impairment**

The Partnership has developed procedures to evaluate its long-lived assets, including intangible assets, for possible impairment periodically or whenever events or changes in circumstances indicate an asset's net book value may not be recoverable. Potential events or circumstances include, but are not limited to, specific events such as a reduction in economically recoverable reserves or production ceasing on a property for an extended period. This analysis is based on historic, current and future performance and considers both quantitative and qualitative information. A long-lived asset is deemed impaired when the future expected undiscounted cash flows from its use and disposition is less than the asset's net book value. Impairment is measured based on the estimated fair value, which is usually determined based upon the present value of the projected future cash flows compared to the asset's net book value. The Partnership believes its estimates of cash flows and discount rates are consistent with those of principal market participants.

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

The Partnership evaluates its equity investment for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such investment may have experienced an other-than-temporary decline in value. When evidence of loss in value has occurred, management compares the estimated fair value of the investment to the carrying value of the investment to determine whether potential impairment has occurred. If the estimated fair value is less than the carrying value and management considers the decline in value to be other than temporary, the excess of the carrying value over the estimated fair value is recognized in the financial statements as an impairment loss. The fair value of the impaired investment is based on quoted market prices (Level 1), or upon the present value of expected cash flows using discount rates believed to be consistent with those used by principal market participants (Level 3), plus market analysis of comparable assets owned by the investee, if appropriate (Level 3).

#### **Accrued Liabilities**

Included in accrued liabilities on the Partnership's Consolidated Balance Sheets at December 31, 2020 were \$3.7 million of accrued employee costs and \$4.0 million of other accrued liabilities, which primarily includes property taxes. These amounts were \$3.7 million and \$5.0 million of accrued employee costs and other accrued liabilities, respectively, at December 31, 2019. Other accrued liabilities at December 31, 2019 primarily included property taxes and disputed well liabilities.

#### **Revenue Recognition**

##### ***Coal Royalty and Other Segment Revenues***

*Royalty-based leases.* Approximately two-thirds of the Partnership's royalty-based leases have initial terms of five to 40 years, with substantially all lessees having the option to extend the lease for additional terms. For these types of leases, the lessees generally make payments to NRP based on the greater of a percentage of the gross sales price or a fixed price per ton of mineral mined and sold. Most of NRP's coal and aggregates royalty leases require the lessee to pay quarterly or annual minimum amounts, either made in advance or arrears, which are generally recoupable through actual royalty production over certain time periods that generally range from three to five years.

The Partnership has defined its coal and aggregates royalty lease performance obligation as providing the lessee the right to mine and sell its coal or aggregates over the lease term. NRP then evaluated the likelihood that consideration it expected to receive from its lessees resulting from production would exceed consideration expected to be received from minimum payments over the lease term.

As a result of this evaluation, revenue recognition from the Partnership's royalty-based leases is based on either production or minimum payments as follows:

- **Production Leases:** Leases for which the Partnership expects that consideration from production will be greater than consideration from minimums over the lease term. Revenue recognition for these leases is recognized over time based on production as coal royalty revenues or aggregates royalty revenues, as applicable. Deferred revenue from minimums is recognized as royalty revenues when recoupment occurs or as production lease minimum revenues when the recoupment period expires. In addition, NRP recognizes breakage revenue from minimums when NRP determines that recoupment is remote. This breakage revenue is included in production lease minimum revenues.
- **Minimum Leases:** Leases for which the Partnership expects that consideration from minimums will be greater than consideration from production over the lease term. Revenue recognition for these leases is recognized straight-line over the lease term based on the minimum consideration amount as minimum lease straight-line revenues.

This evaluation is performed at the inception of the lease and only reassessed upon modification or renewal of the lease.

Oil and gas related revenues consist of revenues from royalties and overriding royalties and are recognized on the basis of volume of hydrocarbons sold by lessees and the corresponding revenues from those sales. Also, included within oil and gas royalty revenues are lease bonus payments, which are generally paid upon the execution of a lease. The Partnership also has overriding royalty revenue interests in coal reserves. Revenues from these interests are recognized over time based on when the coal is sold.

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

*Wheelage revenues.* Revenues related to fees collected per ton to transport foreign coal across property owned by the Partnership that is recognized over time as transportation across the property occurs.

*Other revenues.* Other revenues consists primarily of rental payments and surface damage fees related to certain land owned by the Partnership and is recognized straight-line over time as it is earned. Other revenues also include property tax revenues. The majority of property taxes paid on the Partnership's properties are reimbursable by the lessee and are recognized on a gross basis over time which reflects the reimbursement of property taxes by the lessee. Property taxes paid by NRP are included in operating and maintenance expenses on the Partnership's Consolidated Statements of Comprehensive Income (Loss).

*Transportation and processing services revenues.* The Partnership owns transportation and processing infrastructure that is leased to third parties for throughput fees. Revenue is recognized over time based on the coal tons transported over the beltlines or processed through the facilities.

*Contract Modifications*

Contract modifications that impact goods or services or the transaction price are evaluated in accordance with ASC 606. A majority of the Partnership's contract modifications pertain to its coal and aggregates royalty contracts and include, but are not limited to, extending the lease term, changes to royalty rates, floor prices or minimum consideration, assignment of the contract or forfeiture of recoupment rights. Consideration received in conjunction with a modification of an ongoing lease will be deferred and recognized straight-line over the remaining term of the contract. Consideration received to assign a lease to another party and related forfeited minimums will be recognized immediately upon the termination of the contract. Fees from contract modifications are recognized in lease amendment revenues within coal royalty and other revenues on the Consolidated Statements of Comprehensive Income (Loss) while modifications in royalty rates and minimums will be recognized prospectively in accordance with the above lease classification.

*Contract Assets and Liabilities from Contracts with Customers*

Contract assets include receivables from contracts with customers and are recorded when the right to consideration becomes unconditional. Receivables are recognized when the minimums are contractually owed, production occurs or minimums accrued for based on the passage of time.

Contract liabilities represent minimum consideration received, contractually owed or earned based on the passage of time. The current portion of deferred revenue relates to deferred revenue on minimum leases and lease amendment fees that are to be recognized as revenue on a straight-line basis over the next twelve months. The long-term portion of deferred revenue relates to deferred revenue on production leases and lease amendment fees that are to be recognized as revenue on a straight-line basis beyond the next twelve months. Due to uncertainty in the amount of deferred revenue that will be recouped and recognized as coal royalty revenues from its production leases over the next twelve months, the Partnership is unable to estimate the current portion of deferred revenue.

*Equity in Earnings of Ciner Wyoming*

The Partnership accounts for non-marketable equity investments using the equity method of accounting if the investment gives it the ability to exercise significant influence over, but not control of, an investee. The Partnership's 49% investment in Ciner Wyoming is accounted for using this method. Under the equity method of accounting, investments are stated at initial cost and are adjusted for subsequent additional investments and the proportionate share of earnings or losses and distributions. The basis difference between the investment and the proportional share of investee's net assets is attributed to net tangible assets and is amortized over its estimated useful life. The carrying value in Ciner Wyoming is recognized in equity in unconsolidated investment on the Partnership's Consolidated Balance Sheets. The Partnership's adjusted share of the earnings or losses of Ciner Wyoming and amortization of the basis difference is recognized in equity in earnings of Ciner Wyoming on the Consolidated Statements of Comprehensive Income (Loss). The Partnership decreases its investment for its proportional share of distributions received from Ciner Wyoming. These cash flows are reported utilizing the cumulative earnings approach. Under this approach, distributions received are considered returns on investment and classified as operating cash inflows unless the cumulative distributions received exceed the Partnership's cumulative equity in earnings. The excess of cumulative distributions received over the Partnership's cumulative equity in earnings are considered returns of investment and classified as investing cash inflows.

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**Property Taxes**

The Partnership is responsible for paying property taxes on the properties it owns. Typically, the lessees are contractually responsible for reimbursing the Partnership for property taxes on the leased properties. The payment of and reimbursement of property taxes is included in operating and maintenance expenses and in coal royalty and other revenues, respectively, on the Consolidated Statements of Comprehensive Income (Loss).

**Unit-Based Compensation**

The Partnership has awarded unit-based compensation in the form of equity-based awards and phantom units. Compensation cost is measured at the grant date for equity-classified awards and remeasured each reporting period for liability-classified awards based on the fair value of an award and is recognized over the service period, which is generally the vesting period. Forfeitures are recognized as they occur. Unit-based compensation expense for all awards is recognized in general and administrative expenses and operating and maintenance expenses on the Consolidated Statements of Comprehensive Income (Loss). See [Note 16. Unit-Based Compensation](#) for more information.

**Deferred Financing Costs**

Deferred financing costs consist of legal and other costs related to the issuance of the Partnership's debt. These costs are amortized over the term of the respective line-of-credit or debt arrangements. Deferred financing costs related to the Partnership's revolving credit facility are included in other long-term assets, net on the Partnership's Consolidated Balance Sheets. Deferred financing costs related to the Partnership's note agreements are included as a direct deduction from the carrying amount of the debt liability in current portion of long-term debt, net or long-term debt, net on the Partnership's Consolidated Balance Sheets.

**Income Taxes**

The Partnership is not subject to federal or material state income taxes as the unitholders are taxed individually on their allocable share of taxable income. Net income (loss) for financial statement purposes may differ significantly from taxable income reportable to unitholders as a result of differences between the tax basis and financial reporting basis of assets and liabilities. In the event of an examination of the Partnership's tax return, the tax liability of the unitholders could be changed if an adjustment in the Partnership's income is ultimately sustained by the taxing authorities.

**Recently Adopted Accounting Standards**

*Credit Losses*

On January 1, 2020, the Partnership adopted ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326), and all the related amendments ("the new credit loss standard"). The Partnership recognized a \$3.9 million cumulative effect of adoption in the opening balance of partners' capital on January 1, 2020 as a result of the adoption of the new credit loss standard. The new standard replaces today's "incurred loss" model with an "expected credit loss" model that requires entities to estimate an expected lifetime credit loss on financial assets, including trade accounts receivable. See [Note 18. Credit Losses](#) for more information.

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**3. Revenues from Contracts with Customers**

The following table represents the Partnership's Coal Royalty and Other segment revenues by major source:

<b>(In thousands)</b>	<b>For the Year Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Coal royalty revenues	\$ 51,868	\$ 109,612	\$ 129,341
Production lease minimum revenues	21,749	24,068	8,207
Minimum lease straight-line revenues	16,796	14,910	2,362
Property tax revenues	5,786	6,287	5,422
Wheelage revenues	7,025	5,880	6,484
Coal overriding royalty revenues	4,977	13,496	13,878
Lease amendment revenues	3,450	7,991	—
Aggregates royalty revenues	1,717	4,265	4,739
Oil and gas royalty revenues	5,816	3,031	6,608
Other revenues	982	1,529	1,837
Coal royalty and other revenues	\$ 120,166	\$ 191,069	\$ 178,878
Transportation and processing services revenues <sup>(1)</sup>	8,845	19,279	23,887
Total coal royalty and other segment revenues	\$ 129,011	\$ 210,348	\$ 202,765

- (1) Transportation and processing services revenues from contracts with customers as defined under ASC 606 was \$5.0 million, \$9.6 million and \$13.2 million for the year ended December 31, 2020, 2019 and 2018, respectively. The remaining transportation and processing services revenues of \$3.8 million, \$9.7 million and \$10.7 million for the year ended December 31, 2020, 2019 and 2018, respectively, related to other NRP-owned infrastructure leased to and operated by third-party operators accounted for under other guidance. See [Note 17. Financing Transaction](#) for more information.

The following table details the Partnership's Coal Royalty and Other segment receivables and liabilities resulting from contracts with customers:

<b>(In thousands)</b>	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Receivables</b>		
Accounts receivable, net	\$ 10,193	\$ 27,915
Other current assets, net <sup>(1)</sup>	3,307	90
Other long-term assets, net <sup>(2)</sup>	525	—
<b>Contract liabilities</b>		
Current portion of deferred revenue	\$ 11,485	\$ 4,608
Deferred revenue	50,069	47,213

- (1) Other current assets, net includes short-term notes receivables from contracts with customers.
- (2) Other long-term assets, net includes long-term lease amendment fee receivables from contracts with customers.

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

The following table shows the activity related to the Partnership's Coal Royalty and Other segment deferred revenue:

(In thousands)	For the Year Ended December 31,		
	2020	2019	2018
Balance at end of prior period (current and non-current)	\$ 51,821	\$ 52,553	\$ 100,605
Cumulative adjustment for change in accounting principle	—	—	(65,591)
Balance at beginning of period (current and non-current)	\$ 51,821	\$ 52,553	\$ 35,014
Increase due to minimums and lease amendment fees	41,557	47,038	37,781
Recognition of previously deferred revenue	(31,824)	(47,770)	(20,242)
Balance at end of period (current and non-current)	\$ 61,554	\$ 51,821	\$ 52,553

The Partnership's non-cancelable annual minimum payments due under the lease terms of its coal and aggregates royalty and overriding royalty leases are as follows as of December 31, 2020 (in thousands):

Lease Term <sup>(1)</sup>	Weighted Average Remaining Years	Annual Minimum Payments <sup>(2)</sup>
0 - 5 years	4.4	\$ 13,349
5 - 10 years	5.4	8,022
10+ years	13.7	30,130
Total	9.6	\$ 51,501

(1) Lease term does not include renewal periods.

(2) Annual minimum payments do not include \$19.3 million of the \$40.0 million of annual fixed consideration owed to NRP in 2021 resulting from contract modifications entered into during the second quarter of 2020. Additionally, \$5.0 million of this remaining \$19.3 million relates to a coal infrastructure lease that is accounted for as a financing transaction. See [Note 17. Financing Transaction](#) for additional information.

#### 4. Class A Convertible Preferred Units and Warrants

On March 2, 2017, NRP issued \$250 million of Class A Convertible Preferred Units representing limited partner interests in NRP (the "preferred units") to certain entities controlled by funds affiliated with The Blackstone Group Inc. (collectively referred to as "Blackstone") and certain affiliates of GoldenTree Asset Management LP (collectively referred to as "GoldenTree") (together the "preferred purchasers") pursuant to a Preferred Unit and Warrant Purchase Agreement. NRP issued 250,000 preferred units to the preferred purchasers at a price of \$1,000 per preferred unit (the "per unit purchase price"), less a 2.5% structuring and origination fee. The preferred units entitle the preferred purchasers to receive cumulative distributions at a rate of 12% of the purchase price per year, up to one half of which NRP may pay in additional preferred units (such additional preferred units, the "PIK units"). The preferred units have a perpetual term, unless converted or redeemed as described below.

NRP also issued two tranches of warrants (the "warrants") to purchase common units to the preferred purchasers (warrants to purchase 1.75 million common units with a strike price of \$22.81 and warrants to purchase 2.25 million common units with a strike price of \$34.00). The warrants may be exercised by the holders thereof at any time before the eighth anniversary of the closing date. Upon exercise of the warrants, NRP may, at its option, elect to settle the warrants in common units or cash, each on a net basis.

After March 2, 2022 and prior to March 2, 2025, the holders of the preferred units may elect to convert up to 33% of the outstanding preferred units in any 12-month period into common units if the volume weighted average trading price of our common units (the "VWAP") for the 30 trading days immediately prior to date notice is provided is greater than \$51.00. In such case, the number of common units to be issued upon conversion would be equal to the per unit purchase price plus the value of any accrued and unpaid distributions divided by an amount equal to a 7.5% discount to the VWAP for the 30 trading days immediately prior to the notice of conversion. Rather than have the preferred units convert to common units in accordance with the provisions of this paragraph, NRP would have the option to elect to redeem the preferred units proposed to be converted for cash at a price equal to the per unit purchase price plus the value of any accrued and unpaid distributions.



**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

On or after March 2, 2025, the holders of the preferred units may elect to convert the preferred units to common units at a conversion rate equal to the Liquidation Value divided by an amount equal to a 10% discount to the VWAP for the 30 trading days immediately prior to the notice of conversion. The "liquidation value" will be an amount equal to the greater of: (1) (a) the per unit purchase price multiplied by (i) prior to March 2, 2020, 1.50, (ii) on or after March 2, 2020 and prior to March 2, 2021, 1.70 and (iii) on or after March 2, 2021, 1.85, less (b)(i) all preferred unit distributions previously made by NRP and (ii) all cash payments previously made in respect of redemption of any PIK units; and (2) the per unit purchase price plus the value of all accrued and unpaid distributions.

To the extent the holders of the preferred units have not elected to convert their preferred units before March 2, 2029, NRP has the right to force conversion of the preferred units at a price equal to the liquidation value divided by an amount equal to a 10% discount to the VWAP for the 30 trading days immediately prior to the notice of conversion.

In addition, NRP has the ability to redeem at any time (subject to compliance with its debt agreements) all or any portion of the preferred units and any outstanding PIK units for cash. The redemption price for each outstanding PIK unit is \$1,000 plus the value of any accrued and unpaid distributions per PIK unit. The redemption price for each preferred unit is the liquidation value divided by the number of outstanding preferred units. The preferred units are redeemable at the option of the preferred purchasers only upon a change in control.

The terms of the preferred units contain certain restrictions on NRP's ability to pay distributions on its common units. To the extent that either (i) NRP's consolidated Leverage Ratio, as defined in the Partnership's Fifth Amended and Restated Partnership Agreement dated March 2, 2017 (the "restated partnership agreement"), is greater than 3.25x, or (ii) the ratio of NRP's Distributable Cash Flow (as defined in the Restated Partnership Agreement) to cash distributions made or proposed to be made is less than 1.2x (in each case, with respect to the most recently completed four-quarter period), NRP may not increase the quarterly distribution above \$0.45 per quarter without the approval of the holders of a majority of the outstanding preferred units. In addition, if at any time after January 1, 2022, any PIK units are outstanding, NRP may not make distributions on its common units until it has redeemed all PIK units for cash.

The holders of the preferred units have the right to vote with holders of NRP's common units on an as-converted basis and have other customary approval rights with respect to changes of the terms of the preferred units. In addition, Blackstone has certain approval rights over certain matters as identified in the restated partnership agreement. GoldenTree also has more limited approval rights that will expand once Blackstone's ownership goes below the minimum preferred unit threshold (as defined below). These approval rights are not transferrable without NRP's consent. In addition, the approval rights held by Blackstone and GoldenTree will terminate at such time that Blackstone (together with their affiliates) or GoldenTree (together with their affiliates), as applicable, no longer own at least 20% of the total number of preferred units issued on the closing date, together with all PIK units that have been issued but not redeemed (the "minimum preferred unit threshold").

At the closing, pursuant to the Board Representation and Observation Rights Agreement, the Preferred Purchasers received certain board appointment and observation rights, and Blackstone appointed one director and one observer to the Board of Directors.

NRP also entered into a registration rights agreement (the "preferred unit and warrant registration rights agreement") with the preferred purchasers, pursuant to which NRP is required to file (i) a shelf registration statement to register the common units issuable upon exercise of the warrants and to cause such registration statement to become effective not later than 90 days following the closing date and (ii) a shelf registration statement to register the common units issuable upon conversion of the preferred units and to cause such registration statement to become effective not later than the earlier of the fifth anniversary of the closing date or 90 days following the first issuance of any common units upon conversion of preferred units (the "registration deadlines"). In addition, the preferred unit and warrant registration rights agreement gives the preferred purchasers piggyback registration and demand underwritten offering rights under certain circumstances. The shelf registration statement to register the common units issuable upon exercise of the warrants became effective on April 20, 2017. If the shelf registration statement to register the common units issuable upon conversion of the preferred units is not effective by the applicable registration deadline, NRP will be required to pay the preferred purchasers liquidated damages in the amounts and upon the term set forth in the preferred unit and warrant registration rights agreement.

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**Accounting for the Preferred Units and Warrants**

**Classification**

The preferred units are accounted for as temporary equity on NRP's Consolidated Balance Sheets due to certain contingent redemption rights that may be exercised at the election of preferred purchasers. The warrants are accounted for as equity on NRP's Consolidated Balance Sheets.

**Initial Measurement**

The net transaction price as shown below was allocated to the preferred units and warrants based on their relative fair values at inception date. NRP allocated the transaction issuance costs to the preferred units and warrants primarily on a pro-rata basis based on their relative inception date allocated values.

**Subsequent Measurement**

Subsequent adjustment of the preferred units will not occur until NRP has determined that the conversion or redemption of all or a portion of the preferred units is probable of occurring. Once conversion or redemption becomes probable of occurring, the carrying amount of the preferred units will be accreted to their redemption value over the period from the date the feature is probable of occurring to the date the preferred units can first be converted or redeemed.

Activity related to the preferred units is as follows:

<b>(In thousands, except unit data)</b>	<b>Units Outstanding</b>	<b>Financial Position</b>
Balance at December 31, 2017	258,844	\$ 173,431
Redemption of PIK units	(8,844)	(8,844)
Balance at December 31, 2018 and 2019	250,000	\$ 164,587
Distribution paid-in-kind	3,750	3,750
Balance at December 31, 2020	<u>\$ 253,750</u>	<u>\$ 168,337</u>

Subsequent adjustment of the warrants will not occur until the warrants are exercised, at which time, NRP may, at its option, elect to settle the warrants in common units or cash, each on a net basis. The net basis will be equal to the difference between the Partnership's common unit price and the strike price of the warrant. Once warrant exercise occurs, the difference between the carrying amount of the warrants and the net settlement amount will be allocated on a pro-rata basis to the common unitholders and general partner.

Certain embedded features within the preferred unit and warrant purchase agreement are accounted for at fair value and are remeasured each quarter. See [Note 12. Fair Value Measurements](#) for further information regarding valuation of these embedded derivatives.

**5. Common and Preferred Unit Distributions**

The Partnership makes cash distributions to common and preferred unitholders on a quarterly basis, subject to approval by the Board of Directors. NRP recognizes both common unit and preferred unit distributions on the date the distribution is declared.

Distributions made on the common units and the general partner's general partner ("GP") interest are made on a pro-rata basis in accordance with their relative percentage interests in the Partnership. The general partner is entitled to receive 2% of such distributions.

Income (loss) available to common unitholders and the general partner is reduced by preferred unit distributions that accumulated during the period. NRP reduced net income (loss) available to common unitholders and the general partner by \$30.2 million during the year ended December 31, 2020 and \$30.0 million during the years ended December 31, 2019 and 2018 as a result of accumulated preferred unit distributions earned during the period. In May 2020, the Partnership paid in kind one-

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

half of the preferred unit distribution related to the three months ended March 31, 2020. In June 2020, the Partnership redeemed all of the outstanding preferred units paid in kind. Additionally, in November 2020, the Partnership paid in kind one-half of the preferred unit distribution related to the three months ended September 30, 2020. During the three months ended March 31, 2018, the Partnership redeemed all of the outstanding PIK units related to the year ended December 31, 2017, which resulted in an \$8.8 million cash payment during the year ended December 31, 2018. This \$8.8 million cash payment is not included in the table below.

The following table shows the cash distributions declared and paid to common and preferred unitholders during the years ended December 31, 2020, 2019 and 2018, respectively:

Date Paid	Period Covered by Distribution	Common Units		Preferred Units	
		Distribution per Unit	Total Distribution (In thousands)	Distribution per Unit	Total Distribution (In thousands)
<b>2020</b>					
February 2020	October 1 - December 31, 2019	\$ 0.45	\$ 5,630	\$ 30.00	\$ 7,500
May 2020	January 1 - March 31, 2020	—	—	15.00	3,750
June 2020 <sup>(2)</sup>	January 1 - March 31, 2020	—	—	15.45	3,863
August 2020	April 1 - June 30, 2020	0.45	5,630	30.00	7,500
November 2020	July 1 - September 30, 2020	0.45	5,630	15.00	3,750
<b>2019</b>					
February 2019	October 1 - December 31, 2018	\$ 0.45	\$ 5,625	\$ 30.00	\$ 7,500
May 2019	January 1 - March 31, 2019	0.45	5,630	30.00	7,500
May 2019 <sup>(3)</sup>	Special Distribution	0.85	10,635	—	—
August 2019	April 1 - June 30, 2019	0.45	5,630	30.00	7,500
November 2019	July 1 - September 30, 2019	0.45	5,630	30.00	7,500
<b>2018</b>					
February 2018	October 1 - December 31, 2017	\$ 0.45	\$ 5,617	\$ 30.00	\$ 7,765
May 2018	January 1 - March 31, 2018	0.45	5,623	30.00	7,500
August 2018	April 1 - June 30, 2018	0.45	5,623	30.00	7,500
November 2018	July 1 - September 30, 2018	0.45	5,623	30.00	7,500

(1) Total common unit distribution includes the amount paid to NRP's general partner in accordance with the general partner's 2% general partner interest.

(2) Redemption of preferred units paid in kind plus accrued interest.

(3) Special distribution was made to cover the common unitholders' tax liability resulting from the sale of NRP's construction aggregates business in December 2018.

#### **6. Net Income (Loss) Per Common Unit**

Basic net income (loss) per common unit is computed by dividing net income (loss), after considering income attributable to non-controlling interest, preferred unitholders and the general partner's general partner interest, by the weighted average number of common units outstanding. Diluted net income (loss) per common unit includes the effect of NRP's preferred units, warrants, and unvested unit-based awards if the inclusion of these items is dilutive.

The dilutive effect of the preferred units is calculated using the if-converted method. Under the if-converted method, the preferred units are assumed to be converted at the beginning of the period, and the resulting common units are included in the denominator of the diluted net income (loss) per unit calculation for the period being presented. Distributions declared in the period and undeclared distributions on the preferred units that accumulated during the period are added back to the numerator

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

for purposes of the if-converted calculation. The calculation of diluted net loss per common unit for the years ended December 31, 2020 and 2019 do not include the assumed conversion of the preferred units because the impact would have been anti-dilutive. The calculation of diluted net income per common unit for the year ended December 31, 2018 includes the assumed conversion of the preferred units.

The dilutive effect of the warrants is calculated using the treasury stock method, which assumes that the proceeds from the exercise of these instruments are used to purchase common units at the average market price for the period. Due to NRP's net loss during the years ended December 31, 2020 and 2019, the dilutive effect of the warrants were not included as the impact would have been anti-dilutive. The calculation of the dilutive effect of the warrants for the year ended December 31, 2018 included the net settlement of warrants to purchase 1.75 million common units with a strike price of \$22.81 but did not include the net settlement of warrants to purchase 2.25 million common units with a strike price of \$34.00 because the impact would have been anti-dilutive.

The following tables reconcile the numerators and denominators of the basic and diluted net income (loss) per common unit computations and calculates basic and diluted net income (loss) per common unit:

<b>(In thousands, except per unit data)</b>	<b>For the Year Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Allocation of net income (loss)</b>			
Net income (loss) from continuing operations	\$ (84,819)	\$ (25,414)	\$ 122,360
Less: net income attributable to non-controlling interest	—	—	(510)
Less: income attributable to preferred unitholders	(30,225)	(30,000)	(30,000)
Net income (loss) from continuing operations attributable to common unitholders and the general partner	\$ (115,044)	\$ (55,414)	\$ 91,850
Add (less): net loss (income) from continuing operations attributable to the general partner	2,301	1,108	(1,837)
Net income (loss) from continuing operations attributable to common unitholders	\$ (112,743)	\$ (54,306)	\$ 90,013
Net income from discontinued operations	\$ —	\$ 956	\$ 17,687
Less: net income from discontinued operations attributable to the general partner	—	(19)	(354)
Net income from discontinued operations attributable to common unitholders	\$ —	\$ 937	\$ 17,333
Net income (loss)	\$ (84,819)	\$ (24,458)	\$ 140,047
Less: net income attributable to non-controlling interest	—	—	(510)
Less: income attributable to preferred unitholders	(30,225)	(30,000)	(30,000)
Net income (loss) attributable to common unitholders and the general partner	\$ (115,044)	\$ (54,458)	\$ 109,537
Add (less): net loss (income) attributable to the general partner	2,301	1,089	(2,191)
Net income (loss) attributable to common unitholders	\$ (112,743)	\$ (53,369)	\$ 107,346
<b>Basic income (loss) per common unit</b>			
Weighted average common units—basic	12,261	12,260	12,244
Basic net income (loss) from continuing operations per common unit	\$ (9.20)	\$ (4.43)	\$ 7.35
Basic net income from discontinued operations per common unit	\$ —	\$ 0.08	\$ 1.42
Basic net income (loss) per common unit	\$ (9.20)	\$ (4.35)	\$ 8.77

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

<b>(In thousands, except per unit data)</b>	<b>For the Year Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Diluted income (loss) per common unit</b>			
Weighted average common units—basic	12,261	12,260	12,244
Plus: dilutive effect of preferred units	—	—	7,479
Plus: dilutive effect of warrants	—	—	511
Plus: dilutive effect of unvested unit-based awards	—	—	—
Weighted average common units—diluted	12,261	12,260	20,234
Net income (loss) from continuing operations	\$ (84,819)	\$ (25,414)	\$ 122,360
Less: net income attributable to non-controlling interest	—	—	(510)
Less: income attributable to preferred unitholders	(30,225)	(30,000)	—
Diluted net income (loss) from continuing operations attributable to common unitholders and the general partner	\$ (115,044)	\$ (55,414)	\$ 121,850
Add (less): net loss (income) from continuing operations attributable to the general partner	2,301	1,108	(2,437)
Diluted net income (loss) from continuing operations attributable to common unitholders	\$ (112,743)	\$ (54,306)	\$ 119,413
Diluted net income from discontinued operations attributable to common unitholders	\$ —	\$ 937	\$ 17,333
Net income (loss)	\$ (84,819)	\$ (24,458)	\$ 140,047
Less: net income attributable to non-controlling interest	—	—	(510)
Less: income attributable to preferred unitholders	(30,225)	(30,000)	—
Diluted net income (loss) attributable to common unitholders and the general partner	\$ (115,044)	\$ (54,458)	\$ 139,537
Add (less): diluted net loss (income) attributable to the general partner	2,301	1,089	(2,791)
Diluted net income (loss) attributable to common unitholders	\$ (112,743)	\$ (53,369)	\$ 136,746
Diluted net income (loss) from continuing operations per common unit	\$ (9.20)	\$ (4.43)	\$ 5.90
Diluted net income from discontinued operations per common unit	\$ —	\$ 0.08	\$ 0.86
Diluted net income (loss) per common unit	\$ (9.20)	\$ (4.35)	\$ 6.76

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**7. Segment Information**

The Partnership's segments are strategic business units that offer distinct products and services to different customers in different geographies within the U.S. and that are managed accordingly. NRP has the following two operating segments:

**Coal Royalty and Other**—consists primarily of coal royalty properties and coal-related transportation and processing assets. Other assets include industrial mineral royalty properties, aggregates royalty properties, oil and gas royalty properties and timber. The Partnership's coal reserves are primarily located in Appalachia, the Illinois Basin and the Northern Powder River Basin in the United States. The Partnership's industrial minerals and aggregates properties are located in various states across the United States. The Partnership's oil and gas royalty assets are primarily located in Louisiana and its timber assets are primarily located in West Virginia.

**Soda Ash**—consists of the Partnership's 49% non-controlling equity interest in Ciner Wyoming, a trona ore mining operation and soda ash refinery in the Green River Basin of Wyoming. Ciner Wyoming mines trona and processes it into soda ash that is sold both domestically and internationally into the glass and chemicals industries.

Direct segment costs and certain other costs incurred at the corporate level that are identifiable and that benefit the Partnership's segments are allocated to the operating segments accordingly. These allocated costs generally include salaries and benefits, insurance, property taxes, legal, royalty, information technology and shared facilities services and are included in operating and maintenance expenses on the Partnership's Consolidated Statements of Comprehensive Income (Loss).

Corporate and Financing includes functional corporate departments that do not earn revenues. Costs incurred by these departments include interest and financing, corporate headquarters and overhead, centralized treasury, legal and accounting and other corporate-level activity not specifically allocated to a segment and are included in general and administrative expenses on the Partnership's Consolidated Statements of Comprehensive Income (Loss).

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

The following table summarizes certain financial information for each of the Partnership's business segments:

<b>(In thousands)</b>	<b>Operating Segments</b>		<b>Corporate and Financing</b>	<b>Total</b>
	<b>Coal Royalty and Other</b>	<b>Soda Ash</b>		
<b>For the Year Ended December 31, 2020</b>				
Revenues	\$ 129,011	\$ 10,728	\$ —	\$ 139,739
Gain on asset sales and disposals	581	—	—	581
Operating and maintenance expenses	24,610	185	—	24,795
Depreciation, depletion and amortization	9,198	—	—	9,198
General and administrative expenses	—	—	14,293	14,293
Asset impairments	135,885	—	—	135,885
Other expenses, net	79	—	40,889	40,968
Net income (loss) from continuing operations	(40,180)	10,543	(55,182)	(84,819)
<b>As of December 31, 2020</b>				
Total assets of continuing operations	\$ 656,505	\$ 262,514	\$ 2,858	\$ 921,877
<b>For the Year Ended December 31, 2019</b>				
Revenues	\$ 210,348	\$ 47,089	\$ —	\$ 257,437
Gain on asset sales and disposals	6,498	—	—	6,498
Operating and maintenance expenses	32,489	249	—	32,738
Depreciation, depletion and amortization	14,932	—	—	14,932
General and administrative expenses	—	—	16,730	16,730
Asset impairments	148,214	—	—	148,214
Other expenses, net	—	—	76,735	76,735
Net income (loss) from continuing operations	21,211	46,840	(93,465)	(25,414)
Income from discontinued operations	—	—	—	956
<b>As of December 31, 2019</b>				
Total assets of continuing operations	\$ 817,768	\$ 263,080	\$ 3,353	\$ 1,084,201
Total assets of discontinued operations	—	—	—	1,706
<b>For the Year Ended December 31, 2018</b>				
Revenues	\$ 202,765	\$ 48,306	\$ —	\$ 251,071
Gain on litigation settlement	25,000	—	—	25,000
Gain on asset sales and disposals	2,441	—	—	2,441
Operating and maintenance expenses	29,509	—	—	29,509
Depreciation, depletion and amortization	21,689	—	—	21,689
General and administrative expenses	—	—	16,496	16,496
Asset impairments	18,280	—	—	18,280
Other expenses, net	—	—	70,178	70,178
Net income (loss) from continuing operations	160,728	48,306	(86,674)	122,360
Income from discontinued operations	—	—	—	17,687

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**8. Equity Investment**

The Partnership accounts for its 49% investment in Ciner Wyoming using the equity method of accounting. Activity related to this investment is as follows:

<b>(In thousands)</b>	<b>For the Year Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Balance at beginning of period	\$ 263,080	\$ 247,051	\$ 245,433
Income allocation to NRP's equity interests <sup>(1)</sup>	15,205	52,016	53,095
Amortization of basis difference	(4,477)	(4,927)	(4,789)
Other comprehensive income (loss)	2,916	790	(138)
Distribution	(14,210)	(31,850)	(46,550)
Balance at end of period	<u>\$ 262,514</u>	<u>\$ 263,080</u>	<u>\$ 247,051</u>

(1) Includes reclassifications of accumulated other comprehensive loss to income allocation to NRP equity interest of \$1.7 million, \$0.6 million and \$0.5 million for the year ended December 31, 2020, 2019 and 2018, respectively.

The difference between the amount at which the investment in Ciner Wyoming is carried and the amount of underlying equity in Ciner Wyoming's net assets was \$131.4 million and \$135.8 million as of December 31, 2020 and 2019, respectively. This excess basis relates to property, plant and equipment and right to mine assets. The excess basis difference that relates to property, plant and equipment is being amortized into income using the straight-line method over 27 years. The excess basis difference that relates to right to mine assets is being amortized into income using the units of production method.

The following table represents summarized financial information for Ciner Wyoming as derived from their respective financial statements for the years ended December 31, 2020, 2019, and 2018:

<b>(In thousands)</b>	<b>For the Year Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Net sales	\$ 392,231	\$ 522,843	\$ 486,759
Gross profit	54,838	131,712	104,053
Net income	31,030	106,155	108,357

The financial position of Ciner Wyoming is summarized as follows:

<b>(In thousands)</b>	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Current assets	\$ 164,720	\$ 170,696
Noncurrent assets	294,008	282,387
Current liabilities	55,313	55,339
Noncurrent liabilities	135,776	138,087



**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**9. Mineral Rights, Net**

The Partnership's mineral rights consist of the following:

<b>(In thousands)</b>	<b>December 31,</b>					
	<b>2020</b>			<b>2019</b>		
	<b>Carrying Value</b>	<b>Accumulated Depletion</b>	<b>Net Book Value</b>	<b>Carrying Value</b>	<b>Accumulated Depletion</b>	<b>Net Book Value</b>
Coal properties	\$ 785,623	\$ (346,773)	\$ 438,850	\$ 981,352	\$ (420,448)	\$ 560,904
Aggregates properties	9,039	(2,819)	6,220	41,486	(13,357)	28,129
Oil and gas royalty properties	12,354	(8,593)	3,761	12,395	(7,887)	4,508
Other	13,154	(1,612)	11,542	13,156	(1,601)	11,555
<b>Total mineral rights, net</b>	<b>\$ 820,170</b>	<b>\$ (359,797)</b>	<b>\$ 460,373</b>	<b>\$ 1,048,389</b>	<b>\$ (443,293)</b>	<b>\$ 605,096</b>

Depletion expense related to the Partnership's mineral rights is included in depreciation, depletion and amortization on its Consolidated Statements of Comprehensive Income (Loss) and totaled \$8.8 million, \$12.1 million and \$17.0 million for the years ended December 31, 2020, 2019 and 2018, respectively.

**Sales of Mineral Rights**

During the year ended December 31, 2020, the Partnership recorded a gain of \$0.6 million included in gain on asset sales and disposals on the Consolidated Statements of Comprehensive Income (Loss) related to sales of multiple mineral reserves. During the year ended December 31, 2019, the Partnership recorded a gain of \$6.5 million included in gain on asset sales and disposals on the Consolidated Statements of Comprehensive Income (Loss) primarily related to the disposal of certain coal mineral rights with a \$0 net book value. During the year ended December 31, 2018, the Partnership recorded a cumulative gain of \$2.4 million included in gain on asset sales and disposals on the Consolidated Statements of Comprehensive Income (Loss) related to sales of multiple mineral reserves.

**Impairment of Mineral Rights**

During the years ended December 31, 2020, 2019 and 2018, the Partnership identified facts and circumstances that indicated that the carrying value of certain of its mineral rights exceed future cash flows from those assets and recorded non-cash impairment expense included in asset impairments on the Consolidated Statements of Comprehensive Income (Loss) as follows:

<b>(In thousands)</b>	<b>For the Year Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Coal properties <sup>(1)</sup>	\$ 114,302	\$ 125,806	\$ 5,259
Aggregates properties <sup>(2)</sup>	21,583	103	13,021
<b>Total</b>	<b>\$ 135,885</b>	<b>\$ 125,909</b>	<b>\$ 18,280</b>

- (1) The Partnership recorded \$114.3 million of impairment expense to impair certain assets during the year ended December 31, 2020 primarily related to weakened coal markets that resulted in termination of certain coal leases and changes to lessee mine plans resulting in permanent moves off certain of our coal properties. The Partnership recorded \$125.8 million of impairment expense during the year ended December 31, 2019 primarily due to deterioration in thermal coal markets, lessee capital constraints, thermal coal lease terminations, and expectations of further reductions in global and domestic thermal coal demand due to low natural gas prices and continued pressure on the electric power generation industry over emissions and climate change, resulting in reductions in expected cash flows (combination of lower expected coal sales volumes, sales prices, minimums and/or life of mine assumptions) on certain of our coal properties. During the year ended December 31, 2019, the Partnership recorded \$36.0 million to fully impair certain coal properties. In addition, NRP recorded \$89.8 million of impairment expense on coal royalty properties with \$97 million of net book value, resulting in a fair value of \$7.2 million at December 31, 2019. The fair value of the impaired assets at December 31, 2019 was calculated using a discount rate of 15%. The Partnership recorded \$5.3 million of coal property impairments during the year ended December 31, 2018 primarily as a result of lease terminations, of which it recorded \$5.0 million of impairment expense to fully impair certain coal properties during the three months ended December 31, 2018. NRP compared the net

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

book value of its coal properties to estimated undiscounted future net cash flows. If the net book value exceeded the undiscounted future cash flows, the Partnership recorded an impairment for the excess of the net book value over fair value. A discounted cash flow model was used to estimate fair value. Significant inputs used to determine fair value include estimates of future cash flows from coal sales and minimum payments, discount rate and useful economic life. Estimated cash flows are the product of a process that began with current realized pricing as of the measurement date and included an adjustment for risk related to the future realization of cash flows.

- (2) The Partnership recorded \$21.6 million of aggregates royalty property impairments during the year ended December 31, 2020 primarily related to decreased oil and gas drilling activity which negatively impacted the outlook for NRP's frac sand properties. The Partnership recorded \$0.1 million of aggregates royalty property impairments during the year ended December 31, 2019. During the three months ended December 31, 2018, the Partnership recorded \$13.0 million of impairment expense related to an aggregates property that the Partnership owns and leases to its former construction aggregates business, which mines, produces and sells the aggregates. The fair value of the impaired asset was reduced to \$2.3 million at December 31, 2018 using a discount rate of 11%. NRP compared the net book value of its aggregates and timber properties to estimated undiscounted future net cash flows. If the net book value exceeded the undiscounted cash flows, the Partnership recorded an impairment for the excess of the net book value over fair value. A discounted cash flow model was used to estimate fair value. Significant inputs used to determine fair value include estimates of future cash flows from aggregates sales and minimum payments, discount rate and useful economic life. Estimated cash flows are the product of a process that began with current realized pricing as of the measurement date and included an adjustment for risk related to the future realization of cash flows.

While the Partnership's impairment evaluation as of December 31, 2020 incorporated an estimated impact of the global COVID-19 pandemic, there is significant uncertainty as to the severity and duration of this disruption. If the impact is worse than we currently estimate, an additional impairment charge may be recognized in future periods.

#### 10. Intangible Assets, Net

The Partnership's intangible assets consist of above-market coal royalty and related transportation contracts with subsidiaries of Foresight Energy Resources LLC ("Foresight") pursuant to which the Partnership receives royalty payments for coal sales and throughput fees for the transportation and processing of coal. The Partnership's intangible assets included on its Consolidated Balance Sheets are as follows:

<b>(In thousands)</b>	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Intangible assets at cost	\$ 53,878	\$ 53,878
Less: accumulated amortization	(36,419)	(36,191)
Total intangible assets, net	\$ 17,459	\$ 17,687

Amortization expense included in depreciation, depletion and amortization on the Partnership's Consolidated Statements of Comprehensive Income (Loss) was \$0.2 million, \$2.5 million and \$4.3 million for the years ended December 31, 2020, 2019 and 2018, respectively.

During the year ended December 31, 2019, the Partnership identified facts and circumstances that indicated that the carrying value of certain of its above-market contracts exceed future cash flows from those assets and recorded a non-cash impairment expense of \$22.3 million to fully impair these assets. These impairments are included in asset impairments on the Partnership's Consolidated Statements of Comprehensive Income (Loss) and resulted from deterioration in thermal coal markets, lessee capital constraints, and expectations of further reductions in global and domestic thermal coal demand due to low natural gas prices and continued pressure on the electric power generation industry over emissions and climate change, resulting in reductions in expected cash flows (combination of lower expected coal sales volumes, sales prices and/or life of mine assumptions) on certain of our intangible assets.

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

The estimates of amortization expense for the years ended December 31, as indicated below, are based on current mining plans and are subject to revision as those plans change in future periods.

<b>(In thousands)</b>	<b>Estimated Amortization Expense</b>	
2021	\$	1,155
2022		525
2023		1,199
2024		1,037
2025		950

### 11. Debt, Net

The Partnership's debt consists of the following:

<b>(In thousands)</b>	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>NRP LP debt:</b>		
9.125% senior notes, with semi-annual interest payments in June and December, due June 2025 issued at par ("2025 Senior Notes")	\$ 300,000	\$ 300,000
<b>Opco debt:</b>		
Revolving credit facility	\$ —	\$ —
<b>Senior Notes</b>		
5.05% with semi-annual interest payments in January and July, with annual principal payments in July, due July 2020	\$ —	\$ 6,780
5.55% with semi-annual interest payments in June and December, with annual principal payments in June, due June 2023	7,094	9,458
4.73% with semi-annual interest payments in June and December, with annual principal payments in December, due December 2023	18,013	24,016
5.82% with semi-annual interest payments in March and September, with annual principal payments in March, due March 2024	50,738	63,423
8.92% with semi-annual interest payments in March and September, with annual principal payments in March, due March 2024	16,047	20,059
5.03% with semi-annual interest payments in June and December, with annual principal payments in December, due December 2026	68,524	79,945
5.18% with semi-annual interest payments in June and December, with annual principal payments in December, due December 2026	17,464	20,375
Total Opco Senior Notes	<u>\$ 177,880</u>	<u>\$ 224,056</u>
Total debt at face value	\$ 477,880	\$ 524,056
Net unamortized debt issuance costs	(6,381)	(7,858)
Total debt, net	\$ 471,499	\$ 516,198
Less: current portion of long-term debt	(39,055)	(45,776)
Total long-term debt, net	<u>\$ 432,444</u>	<u>\$ 470,422</u>

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**NRP LP Debt**

***2025 Senior Notes***

The 2025 Senior Notes were issued under an Indenture dated as of April 29, 2019 (the "2025 Indenture"), bear interest at 9.125% per year and mature on June 30, 2025. Interest is payable semi-annually on June 30 and December 30. NRP and NRP Finance have the option to redeem the 2025 Senior Notes, in whole or in part, at any time on or after October 30, 2021, at the redemption prices (expressed as percentages of principal amount) of 104.563% for the 12-month period beginning October 30, 2021, 102.281% for the 12-month period beginning October 30, 2022, and thereafter at 100.000%, together, in each case, with any accrued and unpaid interest to the date of redemption. Furthermore, before October 30, 2021, NRP may on any one or more occasions redeem up to 35% of the aggregate principal amount of the 2025 Senior Notes with the net proceeds of certain public or private equity offerings at a redemption price of 109.125% of the principal amount of 2025 Senior Notes, plus any accrued and unpaid interest, if any, to the date of redemption, if at least 65% of the aggregate principal amount of the 2025 Senior Notes issued under the 2025 Indenture remains outstanding immediately after such redemption and the redemption occurs within 180 days of the closing date of such equity offering. In the event of a change of control, as defined in the 2025 Indenture, the holders of the 2025 Senior Notes may require us to purchase their 2025 Senior Notes at a purchase price equal to 101% of the principal amount of the 2025 Senior Notes, plus accrued and unpaid interest, if any. The 2025 Senior Notes were issued at par.

The 2025 Senior Notes are the senior unsecured obligations of NRP and NRP Finance. The 2025 Senior Notes rank equal in right of payment to all existing and future senior unsecured debt of NRP and NRP Finance and senior in right of payment to any of NRP's subordinated debt. The 2025 Senior Notes are effectively subordinated in right of payment to all future secured debt of NRP and NRP Finance to the extent of the value of the collateral securing such indebtedness and are structurally subordinated in right of payment to all existing and future debt and other liabilities of our subsidiaries, including the Opco Credit Facility and each series of Opco's existing senior notes. None of NRP's subsidiaries guarantee the 2025 Senior Notes. As of December 31, 2020 and 2019, NRP and NRP Finance were in compliance with the terms of the Indenture relating to their 2025 Senior Notes.

***2022 Senior Notes***

During the second quarter of 2019, the Partnership redeemed the 2022 Senior Notes at a redemption price equal to 105.250% of the principal amount of the 2022 Senior Notes, plus accrued and unpaid interest. In connection with the early redemption, the Partnership paid an \$18.1 million call premium and also wrote off \$10.4 million of unamortized debt issuance costs and debt discount. These expenses are included in loss on extinguishment of debt on the Partnership's Consolidated Statements of Comprehensive Income (Loss).

**Opco Debt**

All of Opco's debt is guaranteed by its wholly owned subsidiaries and is secured by certain of the assets of Opco and its wholly owned subsidiaries other than NRP Trona LLC. As of December 31, 2020 and 2019, Opco was in compliance with the terms of the financial covenants contained in its debt agreements.

***Opco Credit Facility***

In April 2019, the Partnership entered into the Fourth Amendment (the "Fourth Amendment") to the Opco Credit Facility (the "Opco Credit Facility"). The Fourth Amendment extends the term of the Opco Credit Facility until April 2023. Lender commitments under the Opco Credit Facility remain at \$100.0 million.

Indebtedness under the Opco Credit Facility bears interest, at Opco's option, at:

- the higher of (i) the prime rate as announced by the agent bank; (ii) the federal funds rate plus 0.50%; or (iii) LIBOR plus 1%, in each case plus an applicable margin ranging from 2.50% to 3.50%; or
- a rate equal to LIBOR plus an applicable margin ranging from 3.50% to 4.50%.

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

During the years ended December 31, 2020 and 2019, the Partnership did not have any borrowings outstanding under the Opco Credit Facility and had \$100.0 million in available borrowing capacity at both December 31, 2020 and 2019. Opco will incur a commitment fee on the unused portion of the revolving credit facility at a rate of 0.50% per annum. Opco may prepay all amounts outstanding under the Opco Credit Facility at any time without penalty.

The Opco Credit Facility contains financial covenants requiring Opco to maintain:

- A leverage ratio of consolidated indebtedness to EBITDDA (as defined in the Opco Credit Facility) not to exceed 4.0x; provided, however, that if the Partnership increases its quarterly distribution to its common unitholders above \$0.45 per common unit, the maximum leverage ratio under the Opco Credit Facility will permanently decrease from 4.0x to 3.0x; and
- a fixed charge coverage ratio of consolidated EBITDDA to consolidated fixed charges (consisting of consolidated interest expense and consolidated lease expense) of not less than 3.5 to 1.0.

The Opco Credit Facility contains certain additional customary negative covenants that, among other items, restrict Opco's ability to incur additional debt, grant liens on its assets, make investments, sell assets and engage in business combinations. Included in the investment covenant are restrictions upon Opco's ability to acquire assets where Opco does not maintain certain levels of liquidity. In addition, Opco is required to use 75% of the net cash proceeds of certain non-ordinary course asset sales to repay the Opco Credit Facility (without any corresponding commitment reduction) and use the remaining 25% of the net cash proceeds to offer to repay its Senior Notes on a pro-rata basis, as described below under "—Opco Senior Notes." The Opco Credit Facility also contains customary events of default, including cross-defaults under Opco's Senior Notes.

The Opco Credit Facility is collateralized and secured by liens on certain of Opco's assets with carrying values of \$364.5 million and \$399.7 million classified as mineral rights, net and other long-term assets, net on the Partnership's Consolidated Balance Sheets as of December 31, 2020 and 2019, respectively. The collateral includes (1) the equity interests in all of Opco's wholly owned subsidiaries, other than BRP LLC and NRP Trona LLC (which owns a 49% non-controlling equity interest in Ciner Wyoming), (2) the personal property and fixtures owned by Opco's wholly owned subsidiaries, other than NRP Trona LLC, (3) Opco's material coal royalty revenue producing properties, and (4) certain of Opco's coal-related infrastructure assets.

***Opco Senior Notes***

Opco has issued several series of private placement senior notes (the "Opco Senior Notes") with various interest rates and principal due dates. As of December 31, 2020 and 2019, the Opco Senior Notes had cumulative principal balances of \$177.9 million and \$224.1 million, respectively. Opco made mandatory principal payments on the Opco Senior Notes of \$46.2 million, \$117.4 million and \$80.7 million during the years ended December 31, 2020, 2019 and 2018, respectively. The payments made during the year ended December 31, 2019 included a \$49.3 million pre-payment as a result of the sale of the Partnership's construction aggregates business.

The Note Purchase Agreements relating to the Opco Senior Notes contain covenants requiring Opco to:

- maintain a ratio of consolidated indebtedness to consolidated EBITDDA (as defined in the note purchase agreement) of no more than 4.0 to 1.0 for the four most recent quarters;
- not permit debt secured by certain liens and debt of subsidiaries to exceed 10% of consolidated net tangible assets (as defined in the note purchase agreement); and
- maintain the ratio of consolidated EBITDDA (as defined in the note purchase agreement) to consolidated fixed charges (consisting of consolidated interest expense and consolidated operating lease expense) at not less than 3.5 to 1.0.

In addition, the Note Purchase Agreements include a covenant that provides that, in the event NRP Operating or any of its subsidiaries is subject to any additional or more restrictive covenants under the agreements governing its material indebtedness (including the Opco Credit Facility and all renewals, amendments or restatements thereof), such covenants shall be deemed to be incorporated by reference in the Note Purchase Agreements and the holders of the Notes shall receive the benefit of such additional or more restrictive covenants to the same extent as the lenders under such material indebtedness agreement.

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

The 8.92% Opco Senior Notes also provides that in the event that Opco's leverage ratio of consolidated indebtedness to consolidated EBITDDA (as defined in the Note Purchase Agreements) exceeds 3.75 to 1.00 at the end of any fiscal quarter, then in addition to all other interest accruing on these notes, additional interest in the amount of 2.00% per annum shall accrue on the notes for the two succeeding quarters and for as long thereafter as the leverage ratio remains above 3.75 to 1.00. Opco has not exceeded the 3.75 to 1.00 ratio at the end of any fiscal quarter through December 31, 2020.

In September 2016, Opco amended the Opco Senior Notes. Under this amendment, Opco agreed to use certain asset sale proceeds to make mandatory prepayment offers to the holders of the Opco Senior Notes using an amount of net cash proceeds from certain asset sales that will be calculated pro-rata based on the amount of Opco Senior Notes then outstanding compared to the other total Opco senior debt outstanding that is being prepaid.

The mandatory prepayment offers described above will be made pro-rata across each series of outstanding Opco Senior Notes and will not require any make-whole payment by Opco. In addition, the remaining principal and interest payments on the Opco Senior Notes will be adjusted accordingly based on the amount of Opco Senior Notes actually prepaid. The prepayments do not affect the maturity dates of any series of the Opco Senior Notes.

**Consolidated Principal Payments**

The consolidated principal payments due are set forth below:

<b>(In thousands)</b>	<b>NRP LP</b>	<b>Opco</b>		<b>Total</b>
	<b>Senior Notes</b>	<b>Senior Notes</b>	<b>Credit Facility</b>	
2021	\$ —	\$ 39,396	\$ —	\$ 39,396
2022	—	39,396	—	39,396
2023	—	39,396	—	39,396
2024	—	31,028	—	31,028
2025	300,000	14,332	—	314,332
Thereafter	—	14,332	—	14,332
	<u>\$ 300,000</u>	<u>\$ 177,880</u>	<u>\$ —</u>	<u>\$ 477,880</u>

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**12. Fair Value Measurements****Fair Value of Financial Assets and Liabilities**

The Partnership's financial assets and liabilities consist of cash and cash equivalents, a contract receivable and debt. The carrying amounts reported on the Consolidated Balance Sheets for cash and cash equivalents approximate fair value due to their short-term nature. The Partnership uses available market data and valuation methodologies to estimate the fair value of its debt and contract receivable.

The following table shows the carrying value and estimated fair value of the Partnership's debt and contract receivable:

(In thousands)	Fair Value Hierarchy Level	December 31,			
		2020		2019	
		Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
<b>Debt:</b>					
NRP 2025 Senior Notes	1	\$ 295,160	\$ 274,500	\$ 294,084	\$ 269,250
Opco Senior Notes <sup>(1)</sup>	3	176,339	162,760	222,114	201,090
Opco Credit Facility	3	—	—	—	—
<b>Assets:</b>					
Contract receivable, net (current and long-term) <sup>(2)</sup>	3	\$ 35,313	\$ 27,025	\$ 38,945	\$ 33,460

- (1) The fair value of the Opco Senior Notes are estimated by management using quotations obtained for the NRP 2025 Senior Notes on the closing trading prices near period end, which were at 92% of par value at December 31, 2020.
- (2) The fair value of the Partnership's contract receivable is determined based on the present value of future cash flow projections related to the underlying asset at a discount rate of 15% at December 31, 2020.

NRP has embedded derivatives in the preferred units related to certain conversion options, redemption features and the change of control provision that are accounted for separately from the preferred units as assets and liabilities at fair value on the Partnership's Consolidated Balance Sheets. Level 3 valuation of the embedded derivatives are based on numerous factors including the likelihood of the event occurring. The embedded derivatives are revalued quarterly and changes in their fair value would be recorded in other expenses, net on the Partnership's Consolidated Statements of Comprehensive Income (Loss). The embedded derivatives had zero value as of December 31, 2020 and 2019.

**Fair Value of Non-Financial Assets**

The Partnership discloses or recognizes its non-financial assets, such as impairments of coal and aggregates properties and other assets, at fair value on a nonrecurring basis. Refer to [Note 9. Mineral Rights, Net](#) and [Note 10. Intangible Assets, Net](#) for additional disclosures related to the fair value associated with the impaired assets.

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

### 13. Related Party Transactions

#### Affiliates of our General Partner

The Partnership's general partner does not receive any management fee or other compensation for its management of NRP. However, in accordance with the partnership agreement, the general partner and its affiliates are reimbursed for services provided to the Partnership and for expenses incurred on the Partnership's behalf. Employees of Quintana Minerals Corporation ("QMC") and Western Pocahontas Properties Limited Partnership ("WPPLP"), affiliates of the Partnership, provide their services to manage the Partnership's business. QMC and WPPLP charge the Partnership the portion of their employee salary and benefits costs related to their employee services provided to NRP. These QMC and WPPLP employee management service costs are presented as operating and maintenance expenses and general and administrative expenses on the Partnership's Consolidated Statements of Comprehensive Income (Loss). NRP also reimburses overhead costs incurred by its affiliates to manage the Partnership's business. These overhead costs include certain rent, information technology, administration of employee benefits and other corporate services incurred by or on behalf of the Partnership's general partner and its affiliates and are presented as operating and maintenance expenses and general and administrative expenses on the Partnership's Consolidated Statements of Comprehensive Income (Loss).

Direct general and administrative expenses charged to the Partnership by QMC and WPPLP are included on the Partnership's Consolidated Statement of Comprehensive Income (Loss) as follows:

<b>(In thousands)</b>	<b>For the Year Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Operating and maintenance expenses	\$ 6,294	\$ 6,436	\$ 6,170
General and administrative expenses	3,539	3,548	3,658

The Partnership had accounts payable to QMC of \$0.4 million on its Consolidated Balance Sheets as of December 31, 2020 and 2019 and \$0.3 million and \$0.1 million of accounts payable to WPPLP as of December 31, 2020 and 2019, respectively.

During the years ended December 31, 2020, 2019 and 2018, the Partnership recognized \$0.4 million, \$4.0 million and \$5.4 million in operating and maintenance expenses, respectively, on its Consolidated Statements of Comprehensive Income (Loss) related to an overriding royalty agreement with WPPLP. At December 31, 2020, the Partnership had \$0.3 million of other long-term assets, net on its Consolidated Balance Sheets related to a prepaid royalty for this agreement. At December 31, 2019, the Partnership had \$0.1 million of accounts payable to WPPLP on its Consolidated Balance Sheets related to this agreement.

#### Industrial Minerals Group LLC

Prior to December 31, 2019, Corbin J. Robertson, III, a Director of GP Natural Resource Partners LLC, held a minority ownership interest in Industrial Minerals Group LLC ("Industrial Minerals"), which, through its subsidiaries, leases one of NRP's coal royalty properties in Central Appalachia. Coal royalty related revenues from Industrial Minerals totaled \$1.7 million and \$0.8 million for the years ended December 31, 2019 and 2018, respectively. The Partnership had accounts receivable from Industrial Minerals of \$0.7 million on its Consolidated Balance Sheets as of December 31, 2019.

#### Quinwood Coal Company Royalty

Quinwood Coal Partners LP ("Quinwood"), an entity controlled by Corbin J. Robertson, III, leases two coal properties from NRP in Central Appalachia. Coal related revenues from Quinwood totaled \$0.0 million, \$0.2 million and \$0.0 million for the years ended December 31, 2020, 2019 and 2018, respectively.



**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**Quintana Capital Group GP, Ltd.**

Corbin J. Robertson, Jr. is a principal in Quintana Capital Group GP, Ltd. ("Quintana Capital"), which controls several private equity funds focused on investments in the energy business. In connection with the formation of Quintana Capital, the Partnership adopted a formal conflicts policy that establishes the opportunities that will be pursued by the Partnership and those that will be pursued by Quintana Capital. The governance documents of Quintana Capital's affiliated investment funds reflect the guidelines set forth in the Partnership's conflicts policy. At December 31, 2020, a fund controlled by Quintana Capital owned a substantial interest in Corsa Coal Corp. ("Corsa"), a coal mining company traded on the TSX Venture Exchange that was one of the Partnership's lessees in Tennessee. During the second quarter of 2018, Corsa assigned its lease with NRP to a third party and is no longer deemed a related party as of such date. Coal related revenues from Corsa totaled \$0.5 million for the year ended December 31, 2018.

**14. Major Customers**

Revenues from customers that exceeded 10 percent of total revenues for any of the periods presented below are as follows:

(In thousands)	For the Year Ended December 31,					
	2020		2019		2018	
	Revenues	Percent	Revenues	Percent	Revenues	Percent
Foresight <sup>(1)(2)</sup>	\$ 35,704	26 %	\$ 58,923	23 %	\$ 54,595	22 %
Alpha Metallurgical Resources, Inc. (formerly Contura Energy Inc.) <sup>(1)(3)</sup>	33,227	24 %	40,743	16 %	24,580	10 %

- (1) Revenues from Foresight and Alpha Metallurgical Resources, Inc. (formerly Contura Energy Inc.) are included within the Partnership's Coal Royalty and Other segment.
- (2) In June 2020, the Partnership entered into lease amendments with Foresight pursuant to which Foresight agreed to pay NRP fixed cash payments to satisfy all obligations arising out of the existing various coal mining leases and transportation infrastructure fee agreements between the Partnership and Foresight for calendar years 2020 and 2021.
- (3) In the fourth quarter of 2018, Contura Energy and Alpha Natural Resources merged. Revenues during the year ended December 31, 2020 and 2019 relate to the combined company, while revenues during the year ended December 31, 2018 do not include revenues from Alpha Natural Resources until the date of the merger. In February 2021, Contura Energy changed its name to Alpha Metallurgical Resources, Inc.

**15. Commitments and Contingencies**

**Legal**

NRP is involved, from time to time, in various legal proceedings arising in the ordinary course of business. While the ultimate results of these proceedings cannot be predicted with certainty, Partnership management believes these ordinary course matters will not have a material effect on the Partnership's financial position, liquidity or operations.

In November 2019, the District Court of Harris County, Texas, 157th Judicial District, issued a ruling in the contingent consideration payment dispute that Anadarko Holding Company and its subsidiary, Big Island Trona Company (together, "Anadarko") brought against NRP in July 2017. The Trial Court ruled in NRP's favor in all respects and ordered that Anadarko take nothing. Anadarko did not appeal the trial court ruling, and accordingly this lawsuit was concluded in the first quarter of 2020 with no liability to the Partnership.

**Environmental Compliance**

The operations the Partnership's lessees conduct on its properties, as well as the industrial minerals, aggregates and oil and gas operations in which the Partnership has interests, are subject to federal and state environmental laws and regulations. See "[Items 1. and 2. Business and Properties—Regulation and Environmental Matters.](#)" As an owner of surface interests in some properties, the Partnership may be liable for certain environmental conditions occurring on the surface properties. The

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

terms of substantially all of the Partnership's coal leases require the lessee to comply with all applicable laws and regulations, including environmental laws and regulations. Lessees post reclamation bonds assuring that reclamation will be completed as required by the relevant permit, and substantially all of the leases require the lessee to indemnify the Partnership against, among other things, environmental liabilities. Some of these indemnifications survive the termination of the lease. The Partnership makes regular visits to the mines to ensure compliance with lease terms, but the duty to comply with all regulations rests with the lessees. The Partnership believes that its lessees will be able to comply with existing regulations and does not expect that any lessee's failure to comply with environmental laws and regulations will have a material impact on the Partnership's financial condition or results of operations. The Partnership has neither incurred, nor is aware of, any material environmental charges imposed on the Partnership related to its properties for the period ended December 31, 2020. The Partnership is not associated with any material environmental contamination that may require remediation costs. However, the Partnership's lessees are required to conduct reclamation work on the properties under lease to them. Because the Partnership is not the permittee of the mines being reclaimed, the Partnership is not responsible for the costs associated with these reclamation operations.

As a former owner of the working interests in oil and natural gas operations, the Partnership is responsible for its proportionate share of any losses and liabilities, including environmental liabilities, arising from uninsured and underinsured events during the period it was an owner.

## **16. Unit-Based Compensation**

### **2017 Long-Term Incentive Plan**

In December 2017, the 2017 Long-Term Incentive Plan (the "2017 LTIP") was approved and it became effective in January 2018. The 2017 LTIP authorizes 800,000 common units that are available for delivery by the Partnership pursuant to awards under the plan. The term is 10 years from the date of approval of the Board of Directors or, if earlier, the date the 2017 LTIP is terminated by the Board of Directors or the committee appointed by the Board of Directors to administer the 2017 LTIP, or the date all available common units available have been delivered. Common units delivered pursuant to the 2017 LTIP will consist, in whole or part, of (i) common units acquired in the open market, (ii) common units acquired from the Partnership (including newly issued units), any of our affiliates or any other person or (iii) any combination of the foregoing.

Employees, consultants and non-employee directors of the Partnership, the General Partner, GP LLC and their affiliates are generally eligible to receive awards under the 2017 LTIP. The 2017 LTIP provides for the issuance of a variety of equity-based grants, including grants of (i) options, (ii) unit appreciation rights, (iii) restricted units, (iv) phantom units, (v) cash awards, (vi) performance awards, (vii) distribution equivalent rights, and (viii) other unit-based awards. The plan is administered by the Compensation, Nominating and Governance Committee ("CNG Committee") of the Board of Directors, which determines the terms and conditions of awards granted under the 2017 LTIP. The Partnership recognizes forfeitures for any awards issued under this plan as they occur.

#### ***Unit-Based Awards***

Unit-based awards under the 2017 LTIP are generally issued to certain employees and non-employee directors of the Partnership. Awards granted to employees either vest 3 years following the grant date or vest ratably over the 3 year period following the grant date. Awards granted to non-employee directors vest over a 1 year period. Directors are given the option to take immediate issuance of the vested awards or defer such issuance until a later date. Upon deferral of issuance, such units will continue to accumulate distribution equivalent rights ("DERs") until issuance.

In connection with the phantom unit awards, the CNG Committee also granted tandem DERs, which entitle the holders to receive distributions equal to the distributions paid on the Partnership's common units between the date the units are granted and the settlement date. The DERs are payable in cash upon vesting but may be subject to forfeiture if the grantee ceases employment prior to vesting.

The awards granted in 2020, 2019 and 2018 were valued using the closing price of NRP's units as of the grant date. The grant date fair value of these awards granted during the years ended December 31, 2020, 2019 and 2018 were \$3.5 million, \$5.4 million and \$2.2 million, respectively. Total unit-based compensation expense associated with these awards was \$3.6 million, \$2.4 million and \$1.1 million for the years ended December 31, 2020, 2019 and 2018, respectively, and is included in general and administrative expenses and operating and maintenance expenses on the Partnership's Consolidated Statements of

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

Comprehensive Income (Loss). The unamortized cost associated with unvested outstanding awards as of December 31, 2020 is \$3.7 million, which is to be recognized over a weighted average period of 1.6 years. The unamortized cost associated with unvested outstanding awards as of December 31, 2019 was \$3.5 million.

A summary of the unit activity in the outstanding grants during 2020 is as follows:

<b>(In thousands)</b>	<b>Common Units</b>	<b>Weighted Average Exercise Price</b>
Outstanding grants at January 1, 2020	157	\$ 37.48
Granted	203	\$ 17.20
Fully vested and issued	—	\$ —
Forfeitures	(5)	\$ 17.20
Outstanding at December 31, 2020	355	\$ 26.20

### 17. Financing Transaction

The Partnership owns rail loadout and associated infrastructure at the Sugar Camp mine in the Illinois Basin operated by a subsidiary of Foresight. The infrastructure at the Sugar Camp mine is leased to a subsidiary of Foresight and is accounted for as a financing transaction (the "Sugar Camp lease"). The Sugar Camp lease expires in 2032 with renewal options for up to 80 additional years. Minimum payments are \$5.0 million per year through the end of the lease term. The \$5.0 million due to the Partnership in 2020 and 2021 is included in the fixed cash payments from Foresight resulting from contract modifications entered into during the second quarter of 2020 as discussed in [Note 14. Major Customers](#). The Partnership is also entitled to variable payments in the form of throughput fees determined based on the amount of coal transported and processed utilizing the Partnership's assets. In the event the Sugar Camp lease is renewed beyond 2032, payments become a fixed \$10 thousand per year for the remainder of the renewed term.

### 18. Credit Losses

The Partnership is exposed to credit losses through collection of its trade receivables resulting from contracts with customers and a long-term receivable resulting from a financing transaction with a customer. The Partnership records an allowance for current expected credit losses on these receivables based on the loss-rate method. NRP assessed the likelihood of collection of its receivables utilizing historical loss rates, current market conditions that included the estimated impact of the global COVID-19 pandemic, industry and macroeconomic factors, reasonable and supportable forecasts and facts or circumstances of individual customers and properties. Examples of these facts or circumstances include, but are not limited to, contract disputes or renegotiations with the customer and evaluation of short and long-term economic viability of the contracted property. For its long-term contract receivable, management reverts to the historical loss experience immediately after the reasonable and supportable forecast period ends.

As of December 31, 2020, NRP recorded the following current expected credit loss ("CECL") related to its receivables and long-term contract receivable:

<b>(In thousands)</b>	<b>Gross</b>	<b>CECL Allowance</b>	<b>Net</b>
Receivables	\$ 18,512	\$ (2,358)	\$ 16,154
Long-term contract receivable	34,818	(1,554)	33,264
Total	\$ 53,330	\$ (3,912)	\$ 49,418

NRP recorded \$0.0 million in operating and maintenance expenses on its Consolidated Statement of Comprehensive Income (Loss) related to the change in CECL allowance during the year ended December 31, 2020.

NRP has procedures in place to monitor its ongoing credit exposure through timely review of counterparty balances against contract terms and due dates, account and financing receivable reconciliations, bankruptcy monitoring, lessee audits and dispute resolution. The Partnership may employ legal counsel or collection specialists to pursue recovery of defaulted receivables.

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**19. Leases**

As of December 31, 2020, the Partnership had one operating lease for an office building that is owned by WPPLP. On January 1, 2019, the Partnership entered into a new lease of the building with a five-year base term and five additional five-year renewal options. Upon lease commencement and as of December 31, 2019 and 2020, the Partnership was reasonably certain to exercise all renewal options included in the lease and capitalized the right-of-use asset and corresponding lease liability on its Consolidated Balance Sheets using the present value of the future lease payments over 30 years. The Partnership's right-of-use asset and lease liability included within other long-term assets, net and other non-current liabilities, respectively, on its Consolidated Balance Sheets totaled \$3.5 million at both December 31, 2019 and 2020. During the years ended December 31, 2020 and 2019, the Partnership incurred total operating lease expenses of \$0.5 million, included in both operating and maintenance expenses and general and administrative expenses on its Consolidated Statements of Comprehensive Income (Loss).

The following table details the maturity analysis of the Partnership's operating lease liability and reconciles the undiscounted cash flows to the operating lease liability included on its Consolidated Balance Sheet:

Remaining Annual Lease Payments (In thousands)	December 31, 2020	
2021	\$	483
2022		483
2023		483
2024		483
2025		483
After 2025		11,114
Total lease payments <sup>(1)</sup>	\$	13,529
Less: present value adjustment <sup>(2)</sup>		(10,033)
Total operating lease liability	\$	3,496

(1) The remaining lease term of the Partnership's operating lease is 28 years.

(2) The present value of the operating lease liability on the Partnership's Consolidated Balance Sheets was calculated using a 13.5% discount rate which represents the Partnership's estimated incremental borrowing rate under the lease. As the Partnership's lease does not provide an implicit rate, the Partnership estimated the incremental borrowing rate at the time the lease was entered into by utilizing the rate of the Partnership's secured debt and adjusting it for factors that reflect the profile of borrowing over the 30-year expected lease term.

**20. Discontinued Operations**

In December 2018, the Partnership sold VantaCore Partners LLC, its construction aggregates materials business for \$205 million, before customary purchase price adjustments and transaction expenses, and recorded a gain of \$13.1 million, and in July 2016, the Partnership sold its non-operated oil and gas working interest assets. The Partnership's exit from both its construction aggregates business and non-operated oil and gas working interest business represented strategic shifts to reduce debt and focus on its Coal Royalty and Other and Soda Ash business segments. As a result, the Partnership classified the assets and liabilities, operating results and cash flows of these businesses as discontinued operations on its Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income (Loss) and Consolidated Statements of Cash Flows for all periods presented.

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

The following table presents the carrying amounts of the Partnership's assets and liabilities of discontinued operations on the Consolidated Balance Sheet at December 31, 2019:

<b>(In thousands)</b>	<b>Construction Aggregates</b>	<b>NRP Oil and Gas</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Accounts receivable, net	\$ —	\$ 1,706	\$ 1,706
Total assets of discontinued operations	<u>\$ —</u>	<u>\$ 1,706</u>	<u>\$ 1,706</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 42	\$ —	\$ 42
Accrued liabilities	23	—	23
Total liabilities of discontinued operations	<u>\$ 65</u>	<u>\$ —</u>	<u>\$ 65</u>

The following tables present summarized financial results of the Partnership's discontinued operations on the Consolidated Statements of Comprehensive Income (Loss):

<b>(In thousands)</b>	<b>For the Year Ended December 31, 2019</b>		
	<b>Construction Aggregates</b>	<b>NRP Oil and Gas</b>	<b>Total</b>
Revenues and other income			
Oil and gas	\$ —	\$ 2	\$ 2
Gain on asset sales and disposals	280	—	280
Total revenues and other income	<u>\$ 280</u>	<u>\$ 2</u>	<u>\$ 282</u>
Operating expenses			
Operating and maintenance expenses	\$ 27	\$ 16	\$ 43
Total operating expenses	<u>\$ 27</u>	<u>\$ 16</u>	<u>\$ 43</u>
Other income	\$ —	\$ 717	\$ 717
Income from discontinued operations	<u>\$ 253</u>	<u>\$ 703</u>	<u>\$ 956</u>

**NATURAL RESOURCE PARTNERS L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

<b>(In thousands)</b>	<b>For the Year Ended December 31, 2018</b>		
	<b>Construction Aggregates</b>	<b>NRP Oil and Gas</b>	<b>Total</b>
<b>Revenues and other income</b>			
Construction aggregates	\$ 116,066	\$ —	\$ 116,066
Road construction and asphalt paving services	18,400	—	18,400
Oil and gas	—	(3)	(3)
Gain on asset sales and disposals	13,414	—	13,414
Total revenues and other income	\$ 147,880	\$ (3)	\$ 147,877
<b>Operating expenses</b>			
Operating and maintenance expenses	\$ 117,568	\$ 134	\$ 117,702
Depreciation, depletion and amortization	12,218	—	12,218
Asset impairments	232	—	232
Total operating expenses	\$ 130,018	\$ 134	\$ 130,152
Interest expense	\$ (38)	\$ —	\$ (38)
Income (loss) from discontinued operations	\$ 17,824	\$ (137)	\$ 17,687

Capital expenditures related to the Partnership's discontinued operations were \$10.9 million during the year ended December 31, 2018, of which \$0.9 million were funded with accounts payable or accrued liabilities.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of December 31, 2020. This evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer of GP Natural Resource Partners LLC, our managing general partner. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of December 31, 2020 at the reasonable assurance level in producing the timely recording, processing, summary and reporting of information and in accumulation and communication of information to management to allow for timely decisions with regard to required disclosures.

**Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer of GP Natural Resource Partners LLC, our managing general partner, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2020 based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission "2013 Framework" (COSO). Based on that evaluation, as of December 31, 2020, our management concluded that our internal control over financial reporting was effective at a reasonable assurance level based on those criteria. No changes were made to our internal control over financial reporting during the last fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Ernst & Young, LLP, the independent registered public accounting firm who audited the Partnership's consolidated financial statements included in this Annual Report on Form 10-K, has issued a report on the Partnership's internal control over financial reporting, which is included herein.

## Report of Independent Registered Public Accounting Firm

The Partners of Natural Resource Partners L.P.

### Opinion on Internal Control Over Financial Reporting

We have audited Natural Resource Partners L.P.'s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Natural Resource Partners L.P. (the Partnership) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Natural Resource Partners L.P. as of December 31, 2020 and 2019, the related consolidated statements of comprehensive income (loss), partners' capital and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and our report dated March 15, 2021 expressed an unqualified opinion thereon.

### Basis for Opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Houston, Texas  
March 15, 2021



**ITEM 9B. OTHER INFORMATION**

**None.**

**PART III****ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE MANAGING GENERAL PARTNER AND CORPORATE GOVERNANCE**

As a master limited partnership we do not employ any of the people responsible for the management of our properties. Instead, we reimburse affiliates of our managing general partner, GP Natural Resource Partners LLC, for their services. The following table sets forth information concerning the directors and officers of GP Natural Resource Partners LLC as of the date of this Annual Report on Form 10-K. Each officer and director is elected for their respective office or directorship on an annual basis. Subject to Board Representation and Observation Rights Agreement with Blackstone and GoldenTree, Mr. Robertson is entitled to appoint the members of the Board of Directors of GP Natural Resource Partners LLC. Mr. Robertson has delegated the right to appoint one director to Blackstone.

<b>Name</b>	<b>Age</b>	<b>Position with the General Partner</b>
Corbin J. Robertson, Jr.	73	Chairman of the Board and Chief Executive Officer
Craig W. Nunez	59	President and Chief Operating Officer
Christopher J. Zolas	46	Chief Financial Officer and Treasurer
Kevin J. Craig	52	Executive Vice President
Kathryn S. Wilson	46	Vice President, General Counsel and Secretary
Gregory F. Wooten	65	Senior Vice President, Chief Engineer
Galdino J. Claro	61	Director
Alexander D. Greene	62	Director
S. Reed Morian	75	Director
Paul B. Murphy, Jr.	61	Director
Richard A. Navarre	60	Director
Corbin J. Robertson, III	50	Director
Stephen P. Smith	60	Director
Leo A. Vecellio, Jr.	74	Director

*Corbin J. Robertson, Jr.* has served as Chief Executive Officer and Chairman of the Board of Directors of GP Natural Resource Partners LLC since 2002. Mr. Robertson has vast business experience having founded and served as a director and as an officer of multiple companies, both private and public, and has served on the boards of numerous non-profit organizations. He has served as the Chief Executive Officer and Chairman of the Board of the general partner of Great Northern Properties Limited Partnership since 1992 and Quintana Minerals Corporation since 1978, as Chairman of the Board of Directors of New Gauley Coal Corporation since 1986, and the general partner of Western Pocahontas Properties Limited Partnership since 1986. Mr. Robertson is also Chief Executive Officer and a member of the Board of Managers of Pocahontas Royalties LLC. He also serves as a Principal with Quintana Capital Group, Chairman of the Board of the Cullen Trust for Higher Education and on the boards of the American Petroleum Institute, the National Petroleum Council, the Baylor College of Medicine and the Spirit Golf Association. In 2006, Mr. Robertson was inducted into the Texas Business Hall of Fame. Mr. Robertson is the father of Corbin J. Robertson, III.

*Craig W. Nunez* has served as President and Chief Operating Officer of GP Natural Resource Partners LLC since August 2017 and previously served as Chief Financial Officer and Treasurer of GP Natural Resource Partners LLC from January 2015 to August 2017. Prior to joining NRP, Mr. Nunez was an owner and Chief Executive Officer of Bocage Group, a private investment company specializing in energy, natural resources and master limited partnerships since March 2012. In addition, until joining NRP, he was a FINRA-registered Investment Advisor Representative with Searle & Co since July 2012 and served as an Executive Advisor to Capital One Asset Management since January 2014. From September 2011 through March 2012, Mr. Nunez served as the Executive Vice President and Chief Financial Officer of Quicksilver Resources Canada, Inc. Mr. Nunez was Senior Vice President and Treasurer of Halliburton Company from January 2007 until September 2011, and Vice President and Treasurer of Halliburton Company from February 2006 to January 2007. Prior to that, he was Treasurer of Colonial Pipeline Company from November 1995 to February 2006. Mr. Nunez has been involved in numerous charitable organizations and currently serves on the boards of Goodwill Industries of Houston and Medical Bridges, Inc.

*Christopher J. Zolas* has served as Chief Financial Officer and Treasurer of GP Natural Resource Partners LLC since August 2017 and previously served as Chief Accounting Officer of GP Natural Resource Partners from March 2015 to August 2017. Prior to joining NRP, Mr. Zolas served as Director of Financial Reporting at Cheniere Energy, Inc., a publicly traded energy company, where he performed financial statement preparation and analysis, technical accounting and SEC reporting for five separate SEC registrants, including a master limited partnership. Mr. Zolas joined Cheniere Energy, Inc. in 2007 as Manager of SEC Reporting and Technical Accounting and was promoted to Director in 2009. Prior to joining Cheniere Energy, Inc., Mr. Zolas worked in public accounting with KPMG LLP from 2002 to 2007.

*Kevin J. Craig* was named Executive Vice President of GP Natural Resource Partners LLC in February 2021, after serving as Executive Vice President, Coal of GP Natural Resource Partners since September 2014. Mr. Craig was the Vice President of Business Development for GP Natural Resource Partners LLC since 2005. Mr. Craig also represents NRP as one of its appointees to the Board of Managers of Ciner Wyoming LLC. Mr. Craig joined NRP in 2005 from CSX Transportation. He has extensive marketing, finance and operations experience within the energy industry. Mr. Craig served as a member of the West Virginia House of Delegates having been elected in 2000 and re-elected in 2002, 2004, 2006, 2008, 2010 and 2012. In addition to other leadership positions, Delegate Craig served as Chairman of the Committee on Energy. Mr. Craig did not seek re-election in 2014 and his term ended January 2015. Prior to joining CSX, he served as a Captain in the United States Army. Mr. Craig has served as the Chairman of the Huntington Regional Chamber of Commerce Board of Directors and continues as a member of both the West Virginia Chamber of Commerce and the Huntington Regional Chamber of Commerce's respective board of directors. He serves as a member of the Board of Directors of Encova Mutual Insurance Company and the West Virginia University Board of Governors.

*Kathryn S. Wilson* has served as Vice President, General Counsel and Secretary of GP Natural Resource Partners LLC since December 2013. Ms. Wilson served as Associate General Counsel from March 2013 to December 2013. Since October 2013, Ms. Wilson has also served as General Counsel and Secretary of each of New Gauley Coal Corporation and the general partner of Western Pocahontas Properties Limited Partnership. She served as General Counsel of Quintana Minerals Corporation from October 2013 to November 2018 and as General Counsel of the General Partner of Great Northern Properties Limited Partnership from October 2013 to June 2019. Ms. Wilson practiced corporate and securities law with Vinson & Elkins L.L.P. from September 2001 to February 2010 and from November 2011 to February 2013. Ms. Wilson served as General Counsel of Antero Resources Corporation from March 2010 to June 2011.

*Gregory F. Wooten* was named Senior Vice President, Chief Engineer of GP Natural Resource Partners LLC in February 2021, after serving as Vice President, Chief Engineer of GP Natural Resource Partners LLC since December 2013. Mr. Wooten joined NRP in 2007, serving as Regional Manager. Prior to joining NRP, Mr. Wooten served as Vice President, Chief Operating Officer and Chief Engineer of Dingess Rum Properties, Inc., where he managed coal, oil, gas and timber properties from 1982 until 2007. Mr. Wooten has over 35 years of experience in the coal industry, working as a planning and production engineer and is a member of the American Institute of Mining, Metallurgical, and Petroleum Engineers. Mr. Wooten also serves as the President of the National Council of Coal Lessors and is a board member of the West Virginia, Kentucky, Indiana and Montana Coal Associations. He also serves on the board of the Cabell-Huntington Hospital.

*Galdino J. Claro* joined the Board of Directors of GP Natural Resource Partners LLC in March 2018. Mr. Claro has 30 years of worldwide executive leadership experience in the primary and secondary metals industries. From October 2013 to August 2017, Mr. Claro served as the Group Chief Executive Officer and Managing Director of Sims Metal Management where he was also a member of the Safety, Health, Environment and Sustainability Committee, the Nomination Governance Committee and the Finance Investment Committee. Before joining Sims Metal Management, Mr. Claro served for four years as the Chief Executive Officer of Harsco Metals and Minerals. He joined Harsco from Aleris, where he served as CEO of Aleris Americas. Before that, he was the CEO of the Metals Processing Group of Heico Companies LLC. During his career with Alcoa Inc., Mr. Claro served for five years as the President of Alcoa China and for six years in Europe as the Vice President of Soft Alloys Extrusions and the President of Alcoa Europe Extrusions. While in South America, Mr. Claro worked for several different divisions of Alcoa Alumni SA as plant manager, technology manager, new products development director and Managing Director of Alcoa Cargo-Van. Before joining Alcoa in 1985, Mr. Claro started his career at Honda-Motogear as a Quality Control Manager where he worked for three years in both Brazil and Japan.

*Alexander D. Greene* joined the Board of Directors of GP Natural Resource Partners LLC in March 2019. Mr. Greene brings extensive corporate finance and private equity experience to his role on the Board, with more than 35 years investing in businesses where operational improvement and strategic guidance were primary drivers of value creation and as a financial advisor to large and mid-cap companies, boards of directors and other constituencies in complex leveraged finance, merger and acquisition and recapitalization transactions. Mr. Greene is a director of Ambac Financial Group, Inc., Element Fleet Management Corp. and is Chairman of the Board of USA Truck, Inc. In addition, Mr. Greene recently served as Chairman of the Board of Modular Space Corporation prior to its sale to Williams Scotsman in 2018. From 2005 to 2014 he was a Managing Partner and head of U.S. Private Equity at Brookfield Asset Management, a global asset management company. Prior to Brookfield, Mr. Greene was a Managing Director and co-head of Carlyle Strategic Partners, a private equity fund, and a Managing Director and investment banker at Wasserstein Perella & Co. and Whitman Heffernan Rhein & Co. Mr. Greene is a volunteer firefighter and president of the Armonk Independent Fire Company and serves on the Budget and Finance Advisory Committee for the Town of North Castle, New York. Mr. Greene has been designated to serve as a director of GP Natural Resource Partners LLC by Blackstone Tactical Opportunities, pursuant to its right to designate a director to the Board of Directors of GP Natural Resource Partners LLC.

*S. Reed Morian* joined the Board of Directors of GP Natural Resource Partners LLC in 2002. Mr. Morian has vast executive business experience having served as Chairman and Chief Executive Officer of several companies since the early 1980s and serving on the board of other companies. Mr. Morian has served as a member of the Board of Directors of the general partner of Western Pocahontas Properties Limited Partnership since 1986, New Gauley Coal Corporation since 1992 and the general partner of Great Northern Properties Limited Partnership since 1992. Mr. Morian also serves on the Board of Managers of Pocahontas Royalties, LLC. Mr. Morian worked for Dixie Chemical Company from 1971 to 2006 and served as its Chairman and Chief Executive Officer from 1981 to 2006. He has also served as Chairman, Chief Executive Officer and President of DX Holding Company since 1989. He formerly served on the Board of Directors for the Federal Reserve Bank of Dallas-Houston Branch from April 2003 until December 2008 and as a Director of Prosperity Bancshares, Inc. from March 2005 until April 2009. He is currently serving on the Board of Directors of Gulf Capital Bank in Houston.

*Paul B. Murphy, Jr.* joined the Board of Directors of GP Natural Resource Partners LLC in March 2018. Mr. Murphy is the Chairman and Chief Executive Officer and a Director of Cadence Bancorporation and Chairman of Cadence Bank, N.A. He has served at Cadence and its predecessors since December 2009. Cadence is a \$18 billion bank holding company headquartered in Houston and it is traded on the NYSE (CADE). Previously, Mr. Murphy spent 20 years at Amegy Bank of Texas, helping to steer that institution from \$75 million in assets and a single location to assets of \$11 billion and 85 banking centers at the time of his departure as the Chief Executive Officer and a Director in 2009. Mr. Murphy is an advocate of the community and is a board member of Oceaneering International, Inc., Hope and Healing Center and Institute, Houston Hispanic Chamber of Commerce, and the City of Houston Complete Advisory Board.

*Richard A. Navarre* joined the Board of Directors of GP Natural Resource Partners LLC in October 2013. Mr. Navarre brings extensive financial, strategic planning, public company and coal industry experience to the Board of Directors. Mr. Navarre is CEO and President of Covia Holdings, a leading provider of high quality minerals and material solutions for the industrial and energy markets. From 1993 until 2012, Mr. Navarre held several executive positions with Peabody Energy Corporation, including President-Americas, President and Chief Commercial Officer, Executive Vice President of Corporate Development and Chief Financial Officer. Mr. Navarre serves on the Board of Directors of Civeo Corporation, where he serves as Chairman, Covia Holdings (where he served as Chairman from 2018 through 2020), and Arch Resources, where he serves as Chairman of the Compensation Committee and member of the Nominating and Governance Committee. He is a member of the Hall of Fame of the College of Business and a member of the Board of Advisors of the College of Business and Analytics of Southern Illinois University Carbondale. He is the former Chairman of the Bituminous Coal Operators' Association. Mr. Navarre is a Certified Public Accountant. Mr. Navarre also has been involved in numerous civic and charitable organizations throughout his career.

*Corbin J. Robertson, III* joined the Board of Directors of GP Natural Resource Partners LLC in May 2013. Mr. Robertson has experience with investments in a variety of energy businesses, having served both in management of private equity firms and having served on several boards of directors. Mr. Robertson has served as a Co-Managing Partner of LKCM Headwater Investments GP, LLC, LKCM Headwater Investments I, L.P., LKCM Headwater Investments II, LP, LKCM Headwater Investments II Sidecar, LP, LKCM Headwater Investments III, private equity funds that began June 2011. He has served as the Chief Executive Officer of the general partner of Western Pocahontas Properties Limited Partnership since May 2008, and has served on the Board of Directors of Quintana Minerals Corporation since 2007 and Western Pocahontas since October 2012. Mr. Robertson also has served on the Board of Managers of Premium Resources, LLC since 2016. Mr. Robertson also co-founded Quintana Energy Partners, an energy-focused private equity firm in 2006, and served as a Managing Director thereof from 2006 until December 2010. Mr. Robertson has served on the Board of Directors for Quintana Minerals Corporation since October 2007, and previously served as Vice President-Acquisitions for GP Natural Resource Partners LLC from 2003 until 2005. Mr. Robertson also serves on the Board of Directors of Quality Magnetite, Quinwood Coal and LL&B Minerals, each of which is in the energy business. Mr. Robertson is the son of Corbin J. Robertson, Jr.

*Stephen P. Smith* joined the Board of Directors of GP Natural Resource Partners LLC in 2004. Mr. Smith brings extensive public company financial experience in the power and energy industries to the Board of Directors. Mr. Smith formerly served as Chief Financial Officer, Chief Accounting Officer and Director of the general partner of Columbia Pipeline Partners L.P. from September 2014 until June 2016. Mr. Smith also formerly served as Executive Vice President and Chief Financial Officer of Columbia Pipeline Group from July 2015 to June 2016. Mr. Smith served as Executive Vice President and Chief Financial Officer for NiSource, Inc. from August 2008 to June 2015. Prior to joining NiSource, he held several positions with American Electric Power Company, Inc, including Senior Vice President - Shared Services from January 2008 to June 2008, Senior Vice President and Treasurer from January 2004 to December 2007, and Senior Vice President - Finance from April 2003 to December 2003.

*Leo A. Vecellio, Jr.* joined the Board of Directors of GP Natural Resource Partners LLC in May 2007. Mr. Vecellio brings extensive experience in the aggregates and coal mine development industry to the Board of Directors. Mr. Vecellio and his family have been in the aggregates materials and construction business since the late 1930s. Since November 2002, Mr. Vecellio has served as Chairman and Chief Executive Officer of Vecellio Group, Inc, a major aggregates producer, contractor and oil terminal developer/operator in the Mid-Atlantic and Southeastern states. For nearly 30 years prior to that time Mr. Vecellio served in various capacities with Vecellio & Grogan, Inc., having most recently served as Chairman and Chief Executive Officer from April 1996 to November 2002. Mr. Vecellio is the former Chairman of the American Road and Transportation Builders and is a longtime member of the Florida Council of 100, as well as many other civic and charitable organizations.

## **Corporate Governance**

### ***Board Meetings and Executive Sessions***

The Board met seven times in 2020. During 2020, our non-management directors met in executive session several times. The presiding director was Mr. Vecellio, the Chairman of our Compensation, Nominating and Governance Committee, or CNG Committee. In addition, our independent directors met several times in executive session in 2020. Mr. Vecellio was the presiding director at those meetings. Interested parties may communicate with our non-management directors by writing a letter to the Chairman of the CNG Committee, NRP Board of Directors, 1201 Louisiana Street, Suite 3400, Houston, Texas 77002.

### ***Independence of Directors***

The Board of Directors has affirmatively determined that Messrs. Claro, Navarre, Smith, and Vecellio are independent based on all facts and circumstances considered by the Board, including the standards set forth in Section 303A.02(a) of the NYSE's listing standards. Because we are a limited partnership as defined in Section 303A of the NYSE's listing standards, we are not required to have a majority of independent directors on the Board. The Board has an Audit Committee, a Compensation, Nominating and Governance Committee, and a Conflicts Committee, each of which is staffed solely by independent directors.

### ***Audit Committee***

Our Audit Committee is comprised of Mr. Smith, who serves as chairman, Mr. Claro and Mr. Navarre. Mr. Smith and Mr. Navarre are "Audit Committee Financial Experts" as determined pursuant to Item 407 of Regulation S-K. During 2020, the Audit Committee met six times.

### ***Report of the Audit Committee***

Our Audit Committee is composed entirely of independent directors. The members of the Audit Committee meet the independence and experience requirements of the New York Stock Exchange. The Audit Committee has adopted, and annually reviews, a charter outlining the practices it follows. The charter complies with all current regulatory requirements. The Audit Committee Charter is available on our website at [www.nrplp.com](http://www.nrplp.com) and is available in print upon request.

During 2020, at each of its meetings, the Audit Committee met with the senior members of our financial management team, our general counsel and our independent auditors. The Audit Committee had private sessions at certain of its meetings with our independent auditors and the senior members of our financial management team and the general counsel at which candid discussions of financial management, accounting and internal control and legal issues took place.

The Audit Committee approved the engagement of Ernst & Young LLP as our independent auditors for the year ended December 31, 2020 and reviewed with our financial managers and the independent auditors overall audit scopes and plans, the results of internal and external audit examinations, evaluations by the auditors of our internal controls and the quality of our financial reporting.

Management has reviewed the audited financial statements in the Annual Report with the Audit Committee, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant accounting judgments and estimates, and the clarity of disclosures in the financial statements. In addressing the quality of management's accounting judgments, members of the Audit Committee asked for management's representations and reviewed certifications prepared by the Chief Executive Officer and Chief Financial Officer that our unaudited quarterly and audited consolidated financial statements fairly present, in all material respects, our financial condition and results of operations, and have expressed to both management and auditors their general preference for conservative policies when a range of accounting options is available.

The Audit Committee has discussed with the independent auditors the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board ("PCAOB") and the Commission. The Audit Committee has received the written disclosures and the letter from the independent accountant required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

In performing all of these functions, the Audit Committee acts only in an oversight capacity. The Audit Committee reviews our Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K prior to filing with the Securities and Exchange Commission. In 2020, the Audit Committee also reviewed quarterly earnings announcements with management and representatives of the independent auditor in advance of their issuance. In its oversight role, the Audit Committee relies on the work and assurances of our management, which has the primary responsibility for financial statements and reports, and of the independent auditors, who, in their report, express an opinion on the conformity of our annual financial statements with U.S. generally accepted accounting principles.

In reliance on these reviews and discussions, and the report of the independent auditors, the Audit Committee has recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2020, for filing with the Securities and Exchange Commission.

Stephen P. Smith, Chairman  
Galdino J. Claro  
Richard A. Navarre

### ***Compensation, Nominating and Governance Committee***

Executive officer compensation is administered by the CNG Committee, which is currently comprised of three members: Mr. Vecellio, as Chairman, Mr. Navarre and Mr. Smith. Mr. Navarre joined the CNG committee effective August 7, 2020. Russell D. Gordy served as a member of the CNG Committee in 2020 until his resignation from the board effective August 6, 2020. During 2020, the CNG Committee met two times. Our Board of Directors appoints the CNG Committee and delegates to the CNG Committee responsibility for:

- reviewing and approving the compensation for our executive officers in light of the time that each executive officer allocates to our business;
- reviewing and recommending the annual and long-term incentive plans in which our executive officers participate and approving awards thereunder; and
- reviewing and approving compensation for the Board of Directors.

Our Board of Directors has determined that each CNG Committee member is independent under the listing standards of the NYSE and the rules of the SEC.

Pursuant to its charter, the CNG Committee is authorized to obtain at NRP's expense compensation surveys, reports on the design and implementation of compensation programs for directors and executive officers and other data that the CNG Committee considers as appropriate. In addition, the CNG Committee has the sole authority to retain and terminate any outside counsel or other experts or consultants engaged to assist it in the evaluation of compensation of our directors and executive officers. The CNG Committee Charter is available in print upon request.

### ***Partnership Agreement***

Investors may view our partnership agreement and the amendments to the partnership agreement on our website at [www.nrplp.com](http://www.nrplp.com). The partnership agreement is also filed with the SEC and is available in print to any unitholder that requests them.

### ***Corporate Governance Guidelines and Code of Business Conduct and Ethics***

We have adopted Corporate Governance Guidelines. We have also adopted a Code of Business Conduct and Ethics that applies to our management, and complies with Item 406 of Regulation S-K. Our Corporate Governance Guidelines and our Code of Business Conduct and Ethics are available on our website at [www.nrplp.com](http://www.nrplp.com) and are available in print upon request.

### ***NYSE Certification***

Pursuant to Section 303A of the NYSE Listed Company Manual, in 2020, Corbin J. Robertson, Jr. certified to the NYSE that he was not aware of any violation by the Partnership of NYSE corporate governance listing standards.

**ITEM 11. EXECUTIVE COMPENSATION****Smaller Reporting Company Status**

We are a “smaller reporting company,” as such term is defined in the rules promulgated under the Securities Exchange Act of 1934, as amended, and we have elected to provide our executive compensation disclosure in accordance with such rules. Accordingly, we have provided compensation disclosure for our principal executive officer and the two most highly compensated executive officers other than our principal executive officer and have omitted the compensation discussion and analysis and the compensation committee reports as permitted by the rules.

**Summary Compensation Table**

The following table sets forth the amounts reimbursed to affiliates of our general partner for our named executive officers’ compensation for the years ended December 31, 2019 and 2020:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(1)</sup>	All Other Compensation (\$) <sup>(2)</sup>	Total (\$)
<b>Corbin J. Robertson, Jr.—Chief Executive Officer</b>						
	2020	—	825,188	1,210,467	—	2,035,655
	2019	—	938,868	1,306,222	—	2,245,090
<b>Craig W. Nunez—President and Chief Operating Officer</b>						
	2020	515,000	358,778	657,866	17,100	1,548,744
	2019	500,000	408,204	653,111	16,800	1,578,115
<b>Christopher J. Zolas—Chief Financial Officer</b>						
	2020	365,000	203,423	276,989	17,100	862,512
	2019	355,000	284,000	492,581	16,800	1,148,381

(1) Amounts represent the grant date fair value of phantom unit awards determined in accordance with Accounting Standards Codification Topic 718 determined without regard to forfeitures. For information regarding the assumptions used in calculating these amounts, see "[Item 8. Financial Statements and Supplementary Data—Note 16. Unit-Based Compensation](#)" elsewhere in this Annual Report on Form 10-K for more information.

(2) Includes portions of 401(k) matching allocated to Natural Resource Partners by Quintana and Western Pochahontas.

**Narrative to the Summary Compensation Table**

As a publicly traded partnership, we have a unique employment and compensation structure that is different from that of a typical public corporation. Our named executive officers are based in Houston, Texas and employed by Quintana Minerals Corporation (“Quintana”). Quintana is controlled by our Chairman and Chief Executive Officer and is an affiliate of NRP. While our named executive officers are employed by an affiliate of NRP, each of them has been appointed to serve as an executive officer of GP Natural Resource Partners LLC (“GP LLC”), the general partner of NRP (GP) LLC (“NRP GP”), the general partner of NRP. For a more detailed description of our structure, see "[Items 1. and 2. Business and Properties—Partnership Structure and Management](#)" in this Annual Report on Form 10-K.

*Base Salaries*

With the exception of Mr. Robertson, who does not receive a salary for his services as Chief Executive Officer, our named executive officers are paid an annual base salary by Quintana for services rendered to us by the named executive officers during the fiscal year. We then reimburse Quintana based on the time allocated by each named executive officer to our business. The base salaries of our named executive officers are reviewed on an annual basis as well as at the time of a promotion or other material change in responsibilities.



### *Short-Term Cash Incentive Compensation*

Each named executive officer received a discretionary short-term cash incentive award approved in February 2021 by the CNG Committee. With respect to 2020, the CNG Committee, using recommendations from its independent compensation consultant, Longnecker & Associates, determined that cash bonuses would be paid based on a percentage of base salary. In addition, the CNG Committee determined that it would consider certain criteria to determine bonus amounts, but that the criteria utilized at the time of determination, as well as the relative weight of those criteria, would be generally discretionary and subject to change based on developments at the Partnership.

### *Long-Term Incentive Compensation*

Phantom units awarded to named executive officers under the Natural Resource Partners L.P. 2017 Long-Term Incentive Plan (the “2017 Plan”) in 2020 are described in greater detail in the table and associated narrative below.

### *Perquisites and Other Personal Benefits*

Quintana maintains employee benefit plans that provide our named executive officers and other employees with the opportunity to enroll in health, dental and life insurance plans. Each of these benefit plans require the employee to pay a portion of the health and dental premiums, with the company paying the remainder. These benefits are offered on the same basis to all employees of Quintana, and the company costs are reimbursed by us to the extent the employee allocates time to our business.

In 2020, Quintana maintained tax-qualified 401(k) plans. During 2020, Quintana matched 100% of the first 6.0% of the employee contributions under their respective 401(k) plans. As with the other contributions, any amounts contributed by Quintana are reimbursed by us based on the time allocated by the employee to our business. Neither NRP nor Quintana maintains a pension plan or a defined benefit retirement plan.

### *Employment Agreements Contracts and Potential Payments Upon a Termination of Employment or a Change in Control*

None of our named executive officers have an employment agreement. All phantom units awarded under the 2017 Plan to date will vest upon a change in control of NRP and upon the death or disability of the named executive officer. Phantom units awarded in 2020 will also vest upon termination of employment of the named executive officer without “cause” or for “good reason.”

### **Outstanding Equity Awards at December 31, 2020**

Awards made to our named executive officers under the 2017 Plan have been made in phantom units that settle in common units on a one-for-one basis with tandem distribution equivalent rights (“DERs”). The phantom unit awards made in 2020 time-vest ratably over the three-year period following the grant date and accrue DERs to be paid in cash upon each settlement. Phantom units awarded in 2018 and 2019 time-vest on the third anniversary of the grant date and accrue DERs to be paid in cash upon settlement. The table below shows the total number of outstanding phantom unit awards under the 2017 Plan held by each named executive officer at December 31, 2020:

<b>Named Executive Officer</b>	<b>Unvested 2017 Plan Phantom Units</b>	<b>Aggregate Market Value of Unvested 2017 Plan Phantom Units <sup>(1)</sup></b>
Corbin J. Robertson, Jr.	116,267 <sup>(2)</sup>	\$ 1,598,671
Craig W. Nunez	61,194 <sup>(3)</sup>	841,418
Christopher J. Zolas	33,739 <sup>(4)</sup>	463,911

(1) Based on a unit price of \$13.75, the closing price for the common units on December 31, 2020

(2) 37,851 phantom units vesting in February 2021, 54,957 phantom units vesting in February 2022 and 23,459 phantom units vesting in February 2023.

(3) 19,946 phantom units vesting in February 2021, 28,498 phantom units vesting in February 2022 and 12,750 phantom units vesting in February 2023.

(4) 11,125 phantom units vesting in February 2021, 17,246 phantom units vesting in February 2022 and 5,368 phantom units vesting in February 2023.

**Directors' Compensation for the Year Ended December 31, 2020**

For more information regarding the Board and committees thereof, see "[Item 10. Directors and Executive Officers of the Managing General Partner and Corporate Governance](#)" elsewhere in this Annual Report on Form 10-K. Director compensation during 2020 consisted of a \$75,000 cash retainer and an award of phantom units under the 2017 Plan. The phantom units awarded to Board members in 2020 vest after one year; however, the Board members had the option in advance of receipt of the award to elect to defer settlement of the award until after 90 days following such director's retirement or earlier departure from the Board. In addition, members of Board committees received \$5,000 for each committee served on, and the chairman of the audit, compensation, nominating and governance and conflicts committees received an additional \$20,000, \$15,000 and \$10,000, respectively, for acting as chairman.

The table below shows the directors' compensation for the year ended December 31, 2020:

Name of Director	Fees Earned or Paid in Cash	2017 Plan Common Unit Awards <sup>(1)</sup>	Total Compensation
Russell D. Gordy <sup>(2)</sup>	\$ 60,000	\$ —	\$ 60,000
S. Reed Morian	75,000	84,813	159,813
Richard A. Navarre <sup>(3)</sup>	96,997	84,813	181,810
Corbin J. Robertson, III	75,000	84,813	159,813
Stephen P. Smith <sup>(4)</sup>	105,000	84,813	189,813
Leo A. Vecellio, Jr.	100,000	84,813	184,813
Paul B. Murphy, Jr.	75,000	84,813	159,813
Galdino J. Claro	85,000	84,813	169,813
Alexander D. Greene <sup>(5)</sup>	—	—	—

- (1) Amounts represent the grant date fair value of phantom unit awards determined in accordance with Accounting Standards Codification Topic 718 determined without regard to forfeitures. For information regarding the assumptions used in calculating these amounts, see [Note 16](#) to the audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. All of the phantom units reported in this column were outstanding on December 31, 2020 and will vest on February 13, 2021.
- (2) Mr. Gordy resigned from the Board effective August 7, 2020. Mr. Gordy served on our compensation, nominating, and governance committee in 2020 until his resignation from the Board.
- (3) Mr. Navarre elected to defer settlement of his common units awarded under the 2017 Plan in 2018 and 2019 until 90 days following his retirement or earlier departure from the Board. Mr. Navarre joined the compensation, nominating, and governance committee effective August 7, 2020. As of December 31, 2020, 9,285 phantom units previously awarded to Mr. Navarre were outstanding but only 4,931 were unvested.
- (4) Mr. Smith elected to defer settlement of his common units awarded under the 2017 Plan in 2018, 2019 and 2020 until 90 days following his retirement or earlier departure from the Board. As of December 31, 2020, 9,285 phantom units previously awarded to Mr. Smith were outstanding but only 4,931 were unvested.
- (5) Mr. Greene did not receive Board compensation as the Blackstone designee to the Board.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following tables set forth, as of March 1, 2021, the amount and percentage of our common units and preferred units beneficially held by (1) each person known to us to beneficially own 5% or more of any class of our units, (2) by each of our directors and named executive officers and (3) by all directors and executive officers as a group. Unless otherwise noted, each of the named persons and members of the group has sole voting and investment power with respect to the units shown.

Name of Beneficial Owner	Common Units	Percentage of Common Units <sup>(1)</sup>
Corbin J. Robertson, Jr. <sup>(2)</sup>	2,434,352	19.7 %
Western Pocahontas Corporation <sup>(3)</sup>	1,739,007	14.1 %
Western Pocahontas Properties Limited Partnership <sup>(4)</sup>	1,727,986	14.0 %
JPMorgan Chase & Co. <sup>(5)</sup>	1,028,351	8.3 %
The Goldman Sachs Group, Inc. <sup>(6)</sup>	984,950	8.0 %
Steven A. Tananbaum. <sup>(7)</sup>	812,089	6.6 %
Craig W. Nunez	12,097	*
Christopher J. Zolas	6,970	*
Galdino J. Claro	9,045	*
Alexander D. Greene	—	—
S. Reed Morian <sup>(8)</sup>	625,444	5.1 %
Paul B. Murphy, Jr.	8,738	*
Richard A. Navarre <sup>(9)</sup>	5,931	*
Corbin J. Robertson III <sup>(10)</sup>	243,587	2.0 %
Stephen P. Smith <sup>(11)</sup>	355	*
Leo A. Vecellio, Jr.	11,285	*
Directors and Officers as a Group <sup>(12)</sup>	3,373,897	27.3 %

\* Less than one percent.

- (1) 12,351,306 common units issued and outstanding as of March 1, 2021.
- (2) Mr. Robertson, Jr. may be deemed to beneficially own 528,818 common units owned in his individual capacity, 1,739,007 common units in his capacity as controlling shareholder of Western Pocahontas Corporation, 156,000 common units in his capacity as the sole member of Robertson Coal Management LLC, which is the sole member of GP Natural Resource Partners, which is the general partner of NRP (GP) LP, 5,293 common units in his capacity as controlling shareholder of GNP Management Corporation and 5,234 common units held by his spouse, Barbara M. Robertson. Mr. Robertson, Jr.'s address is 1415 Louisiana Street, Suite 2400, Houston, Texas 77002.
- (3) Western Pocahontas Corporation has sole voting and sole dispositive power with respect to 11,021 common units and shared voting and shared dispositive power with respect to 1,727,986 common units in its capacity as the general partner of Western Pocahontas Properties Limited Partnership. The business address of Western Pocahontas Corporation is 5260 Irwin Road, Huntington, West Virginia 25705.
- (4) Western Pocahontas Properties Limited Partnership has sole voting and sole dispositive power with respect to 0 common units and shared voting and shared dispositive power with respect to 1,727,986 common units. The business address of Western Pocahontas Properties Limited Partnership is 5260 Irwin Road, Huntington, West Virginia 25705.
- (5) According to a Schedule 13G filing with the SEC on January 11, 2021, JPMorgan Chase & Co. holds sole voting power and sole dispositive power with respect to 1,028,351 common units. The business address of JPMorgan Chase & Co. is 383 Madison Avenue., New York, NY 10179.
- (6) According to a Schedule 13G filing with the SEC on February 11, 2021, The Goldman Sachs Group holds shared voting power and shared dispositive power with respect to 984,950 common units in the Partnership. The business address of The Goldman Sachs Group is 200 West Street, New York, NY 10282.

- (7) According to a Schedule 13G filing with the SEC on February 11, 2021, Steven A. Tananbaum holds sole voting power and sole dispositive power with respect to 251,639 common units in the Partnership and shared voting power and shared dispositive power with respect to 560,450 common units in the Partnership. Mr. Tananbaum serves as the managing member of GoldenTree Asset Management LLC (“IMGP”), which serves as the general partner of GoldenTree Asset Management LP. GoldenTree Asset Management LP and IMGP hold shared voting power and shared dispositive power with respect to 560,450 common units in the Partnership. The business address of Steven A. Tananbaum, GoldenTree Asset Management LP and IMGP is 300 Park Avenue, 21st Floor, New York, NY 10022.
- (8) Mr. Morian may be deemed to beneficially own 344,863 common units owned by Shadder Investments and 60,097 common units owned by Mocol Properties.
- (9) Does not include 4,354 common units awarded pursuant to NRP’s long-term incentive plan that Mr. Navarre has elected to defer settlement of until 90 days following the date that he no longer serves on NRP’s board.
- (10) Mr. Robertson III may be deemed to beneficially own 9,783 common units held CIII Capital Management, LLC, 10,000 common units held by BHJ Investments, 19,663 common units held by The Corbin James Robertson III 2009 Family Trust and 39 common units held by his spouse, Brooke Robertson. The address for CIII Capital Management, LLC is 1415 Louisiana Street, Suite 2400, Houston, Texas 77002, the address for BHJ Investments is 1415 Louisiana Street, Suite 2400, Houston, Texas 77002 and the address for The Corbin James Robertson III 2009 Family Trust is 1415 Louisiana Street, Suite 2400, Houston, Texas 77002. The following common units are pledged as collateral for loans: 51,987 common units owned by Mr. Robertson III.
- (11) Does not include 9,285 common units awarded pursuant to NRP’s long-term incentive plan that Mr. Smith has elected to defer settlement of until 90 days following the date that he no longer serves on NRP’s board. Mr. Smith may be deemed to beneficially own 355 common units owned by the SP Smith 2002 Revocable Trust.
- (12) NRP’s directors and executive officers as a group consists of 14 individuals.

Name of Beneficial Owner	Preferred Units	Percentage of Preferred Units
The Blackstone Group Inc. <sup>(1)</sup>	146,808	57 %
GoldenTree Asset Management, LP <sup>(2)</sup>	110,749	43 %

- (1) The preferred units are owned by funds managed by The Blackstone Group Inc., whose address is 345 Park Ave, New York, NY 10154. The Blackstone Group Inc. is controlled by its founder, Stephen A. Schwarzman.
- (2) The preferred units are owned by funds managed by GoldenTree Asset Management, LP, whose address is 300 Park Ave, New York, NY 10022. Steven A. Tananbaum serves as senior managing member of GoldenTree Asset Management LLC, the general partner of GoldenTree Asset Management, LP.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

### Relationships with Entities Associated with Corbin J. Robertson, Jr.

Western Pocahontas Properties Limited Partnership, New Gauley Coal Corporation, and Great Northern Properties Limited Partnership are three privately held companies that are primarily engaged in owning and managing mineral properties. We refer to these companies collectively as the WPP Group. Corbin J. Robertson, Jr. owns the general partner of Western Pocahontas Properties, 85% of the general partner of Great Northern Properties Limited Partnership and is the Chairman and Chief Executive Officer of New Gauley Coal Corporation.

### *Omnibus Agreement*

As part of the omnibus agreement entered into concurrently with the closing of our initial public offering, the WPP Group and any entity controlled by Corbin J. Robertson, Jr., which we refer to in this section as the "GP affiliates," each agreed that neither they nor their affiliates will, directly or indirectly, engage or invest in entities that engage in the following activities (each, a "restricted business") in the specific circumstances described below:

- the entering into or holding of leases with a party other than an affiliate of the GP affiliate for any GP affiliate-owned fee coal reserves within the United States; and
- the entering into or holding of subleases with a party other than an affiliate of the GP affiliate for coal reserves within the United States controlled by a paid-up lease owned by any GP affiliate or its affiliate.

"Affiliate" means, with respect to any GP affiliate or, any other entity in which such GP affiliate owns, through one or more intermediaries, 50% or more of the then outstanding voting securities or other ownership interests of such entity. Except as described below, the WPP Group and their respective controlled affiliates will not be prohibited from engaging in activities in which they compete directly with us.

A GP affiliate may, directly or indirectly, engage in a restricted business if:

- the GP affiliate was engaged in the restricted business at the closing of the offering; provided that if the fair market value of the asset or group of related assets of the restricted business subsequently exceeds \$10 million, the GP affiliate must offer the restricted business to us under the offer procedures described below.
- the asset or group of related assets of the restricted business have a fair market value of \$10 million or less; provided that if the fair market value of the assets of the restricted business subsequently exceeds \$10 million, the GP affiliate must offer the restricted business to us under the offer procedures described below.
- the asset or group of related assets of the restricted business have a fair market value of more than \$10 million and the general partner (with the approval of the conflicts committee) has elected not to cause us to purchase these assets under the procedures described below.
- its ownership in the restricted business consists solely of a non-controlling equity interest.

For purposes of this paragraph, "fair market value" means the fair market value as determined in good faith by the relevant GP affiliate.

The total fair market value in the good faith opinion of the WPP Group of all restricted businesses engaged in by the WPP Group, other than those engaged in by the WPP Group at closing of our initial public offering (and except as described below under "—Pocahontas Royalties LLC"), may not exceed \$75 million. For purposes of this restriction, the fair market value of any entity engaging in a restricted business purchased by the WPP Group will be determined based on the fair market value of the entity as a whole, without regard for any lesser ownership interest to be acquired.

If the WPP Group desires to acquire a restricted business or an entity that engages in a restricted business with a fair market value in excess of \$10 million and the restricted business constitutes greater than 50% of the value of the business to be acquired, then the WPP Group must first offer us the opportunity to purchase the restricted business. If the WPP Group desires to acquire a restricted business or an entity that engages in a restricted business with a value in excess of \$10 million and the restricted business constitutes 50% or less of the value of the business to be acquired, then the GP affiliate may purchase the restricted business first and then offer us the opportunity to purchase the restricted business within six months of acquisition.

For purposes of this paragraph, "restricted business" excludes a general partner interest or managing member interest, which is addressed in a separate restriction summarized below. For purposes of this paragraph only, "fair market value" means the fair market value as determined in good faith by the relevant GP affiliate.

If we want to purchase the restricted business and the GP affiliate and the general partner, with the approval of the conflicts committee, agree on the fair market value and other terms of the offer within 60 days after the general partner receives the offer from the GP affiliate, we will purchase the restricted business as soon as commercially practicable. If the GP affiliate and the general partner, with the approval of the conflicts committee, are unable to agree in good faith on the fair market value and other terms of the offer within 60 days after the general partner receives the offer, then the GP affiliate may sell the restricted business to a third party within two years for no less than the purchase price and on terms no less favorable to the GP affiliate than last offered by us. During this two-year period, the GP affiliate may operate the restricted business in competition with us, subject to the restriction on total fair market value of restricted businesses owned in the case of the WPP Group.

If, at the end of the two year period, the restricted business has not been sold to a third party and the restricted business retains a value, in the good faith opinion of the relevant GP affiliate, in excess of \$10 million, then the GP affiliate must reoffer the restricted business to the general partner. If the GP affiliate and the general partner, with the approval of the conflicts committee, agree on the fair market value and other terms of the offer within 60 days after the general partner receives the second offer from the GP affiliate, we will purchase the restricted business as soon as commercially practicable. If the GP Affiliate and the general partner, with the concurrence of the conflicts committee, again fail to agree after negotiation in good faith on the fair market value of the restricted business, then the GP affiliate will be under no further obligation to us with respect to the restricted business, subject to the restriction on total fair market value of restricted businesses owned.

In addition, if during the two-year period described above, a change occurs in the restricted business that, in the good faith opinion of the GP affiliate, affects the fair market value of the restricted business by more than 10 percent and the fair market value of the restricted business remains, in the good faith opinion of the relevant GP affiliate, in excess of \$10 million, the GP affiliate will be obligated to reoffer the restricted business to the general partner at the new fair market value, and the offer procedures described above will recommence.

If the restricted business to be acquired is in the form of a general partner interest in a publicly held partnership or a managing member interest in a publicly held limited liability company, the WPP Group may not acquire such restricted business even if we decline to purchase the restricted business. If the restricted business to be acquired is in the form of a general partner interest in a non-publicly held partnership or a managing member of a non-publicly held limited liability company, the WPP Group may acquire such restricted business subject to the restriction on total fair market value of restricted businesses owned and the offer procedures described above.

The omnibus agreement may be amended at any time by the general partner, with the concurrence of the conflicts committee. The respective obligations of the WPP Group under the omnibus agreement terminate when the WPP Group and its affiliates cease to participate in the control of the general partner.

### ***Pocahontas Royalties LLC***

On February 28, 2020, Pocahontas Royalties LLC ("Pocahontas Royalties") completed the acquisition of a private company that owns approximately one million acres of mineral reserves and leases coal reserves to coal mine operators in Central Appalachia. Pocahontas Royalties is controlled by Corbin J. Robertson, Jr. and members of his family. Reed Morian, one of the directors of GP Natural Resource Partners LLC, also serves on the Board of Managers of Pocahontas Royalties.

In connection with the closing of the acquisition, we and Pocahontas Royalties entered into a limited waiver of the omnibus agreement pursuant to which we waived the provision of the omnibus agreement that restricts Mr. Robertson and his affiliates (other than NRP) from owning, operating or investing in fee coal reserves in the United States with an aggregate fair market value in excess of \$75 million. Mr. Robertson had previously offered NRP the opportunity to participate in the acquisition and we determined, after due consideration, not to participate.

In addition, on February 28, 2020, we and Pocahontas Royalties entered into a right of first offer agreement pursuant to which Pocahontas Royalties granted us the exclusive right of first offer to purchase any assets (or entities holding such assets) proposed to be sold at any time by Pocahontas Royalties or any of its subsidiaries with a fair market value exceeding \$2 million (individually or in the aggregate), excluding surface acreage, assets or rights (other than surface rights that are appurtenant to or

necessary for the development of mineral reserves). Provided that Pocahontas Royalties has provided us the opportunity to make a first offer within the time periods specified in the agreement, Pocahontas Royalties will be under no obligation to accept any offer timely made by us and may determine, in its sole discretion, to consummate a transaction with a third party free and clear of any obligations to us.

***Quintana Capital Group GP, Ltd.***

Corbin J. Robertson, Jr. is a principal in Quintana Capital Group GP, Ltd., which controls several private equity funds focused on investments in the energy business. NRP's Board of Directors has adopted a formal conflicts policy that establishes the opportunities that will be pursued by NRP and those that will be pursued by Quintana Capital. The basic tenets of the policy are set forth below.

NRP's business strategy has historically focused on:

- The ownership of natural resource properties in North America, including, but not limited to coal, aggregates and industrial minerals, and oil and gas. NRP leases these properties to mining or operating companies that mine or produce the resources and pay NRP a royalty.
- The ownership and operation of transportation, storage and related logistics activities related to extracted hard minerals.

The businesses and investments described in this paragraph are referred to as the "NRP Businesses."

NRP's acquisition strategy also includes:

- The ownership of non-operating working interests in oil and gas properties.
- The ownership of non-controlling equity interests in companies involved in natural resource development and extraction.
- The operation of construction aggregates mining and production businesses.

The businesses and investments described in this paragraph are referred to as the "Shared Businesses."

NRP's business strategy does not, and is not expected to, include:

- The ownership of equity interests in companies involved in the mining or extraction of coal.
- Investments that do not generate "qualifying income" for a publicly traded partnership under U.S. tax regulations.
- Investments outside of North America.
- Midstream or refining businesses that do not involve hard extracted minerals, including the gathering, processing, fractionation, refining, storage or transportation of oil, natural gas or natural gas liquids.

The businesses and investments described in this paragraph are referred to as the "Non-NRP Businesses."

It is acknowledged that neither Quintana Capital nor Mr. Robertson will have any obligation to offer investments relating to Non-NRP Businesses to NRP, and that NRP will not have any obligation to refrain from pursuing a Non-NRP Business if there is a change in its business strategy.

For so long as Corbin Robertson, Jr. remains both an affiliate of Quintana Capital and an executive officer or director of NRP or an affiliate of its general partner, before making an investment in an NRP Business, Quintana Capital has agreed to adhere to the following procedures:

- Quintana Capital will first offer such opportunity in its entirety to NRP. NRP may elect to pursue such investment wholly for its own account, to pursue the opportunity jointly with Quintana Capital or not to pursue such opportunity.
- If NRP elects not to pursue an NRP Business investment opportunity, Quintana Capital may pursue the investment for its own account on similar terms.
- NRP will undertake to advise Quintana Capital of its decision regarding a potential investment opportunity within 10 business days of the identification of such opportunity to the Conflicts Committee.

If the opportunity relates to the acquisition of a Shared Business, NRP and Quintana Capital will adhere to the following procedures:

- If the opportunity is generated by individuals other than Mr. Robertson, the opportunity will belong to the entity for which those individuals are working.
- If the opportunity is generated by Mr. Robertson and both NRP and Quintana Capital are interested in pursuing the opportunity, it is expected that the Conflicts Committee will work together with the relevant Limited Partner Advisory Committees for Quintana Capital to reach an equitable resolution of the conflict, which may involve investments by both parties.

In all cases above in which Mr. Robertson has a conflict of interest, investment decisions will be made on behalf of NRP by the Conflicts Committee and on behalf of Quintana Capital Group by the relevant Investment Committee, with Mr. Robertson abstaining.

### **Relationships with Entities Associated with Corbin J. Robertson, III**

Quinwood Coal Partners LP (“Quinwood”), an entity controlled by Corbin J. Robertson, III leases two coal properties from us in Central Appalachia. During the year ended December 31, 2020, we recorded \$0.0 million in coal royalty revenues from Quinwood and received less than \$0.1 million in cash related to royalty and property tax payments. During the year ended December 31, 2019, we recorded \$0.2 million in coal royalty revenues from Quinwood and received \$0.2 million in cash related to royalty and property tax payments.

Prior to December 31, 2019, Mr. Robertson III held a minority ownership interest in Industrial Minerals Group LLC (“Industrial Minerals”), which, through its subsidiaries, leases one of NRP’s coal royalty properties in Central Appalachia. During the year ended December 31, 2019, we recorded \$1.7 million in coal royalty and wheelage revenues from Industrial Minerals and received approximately \$0.5 million in cash related to royalty and minimum payments.

### **Preferred Unitholder Board Representation and Observation Rights Agreement**

Effective on March 2, 2017 in connection with the closing of the issuance of the Preferred Units, we entered into the Board Observation and Representation Rights Agreement (the “Board Rights Agreement”) with Blackstone and GoldenTree. Pursuant to the Board Rights Agreement, Blackstone appoints one member to serve on the Board of Directors of GP Natural Resource Partners LLC and also appoints one observer to attend meetings of the Board. Blackstone's rights to appoint a member of the Board and an observer will terminate at such time as Blackstone, together with their affiliates, no longer own at least 20% of the total number of Preferred Units issued on the closing date, together with all PIK Units that have been issued but not redeemed (the “Minimum Preferred Unit Threshold”). Following the time that Blackstone (and their affiliates) no longer own the Minimum Preferred Unit Threshold and until such time as GoldenTree (together with their affiliates) no longer own the Minimum Preferred Unit Threshold, GoldenTree shall have the one-time option to appoint either one person to serve as a member of the Board or one person to serve as a Board observer. To the extent GoldenTree elects to appoint a Board member and later remove such Board member, GoldenTree may then elect to appoint a Board observer. For more information on the Preferred Units, including the rights of the holders thereof, see [“Item 8. Financial Statements and Supplementary Data—Note 4. Class A Convertible Preferred Units and Warrants”](#) elsewhere in this Annual Report on Form 10-K.

### **Office Building in Huntington, West Virginia**

We lease an office building in Huntington, West Virginia from Western Pocahontas Properties Limited Partnership. The initial 10-year term of the lease expired at the end of 2018. On January 1, 2019 we entered into a new lease on the building for a five-year base term, with five additional five-year renewal options. We paid approximately \$0.8 million to Western Pocahontas under the lease during both years ended December 31, 2020 and 2019.

### **Relationship with Cadence Bank, N.A.**

Paul B. Murphy, Jr. one of the members of the Board of Directors of GP Natural Resource Partners LLC, is the Chairman of Cadence Bank, N.A., which is a lender under NRP Operating’s revolving credit facility and has received customary fees and interest payments in connection therewith. We paid approximately \$0.1 million in interest and fees under the credit facility to Cadence Bank, N.A during both years ended December 31, 2020 and 2019.



## Conflicts of Interest

Conflicts of interest exist and may arise in the future as a result of the relationships between our general partner and its affiliates (including the WPP Group and Pocahontas Royalties) on the one hand, and our partnership and our limited partners, on the other hand. The directors and officers of GP Natural Resource Partners LLC have duties to manage GP Natural Resource Partners LLC and our general partner in a manner beneficial to its owners. At the same time, our general partner has a duty to manage our partnership in a manner beneficial to us and our unitholders. The Delaware Revised Uniform Limited Partnership Act, which we refer to as the Delaware Act, provides that Delaware limited partnerships may, in their partnership agreements, expand, restrict or eliminate the fiduciary duties otherwise owed by a general partner to limited partners and the partnership. Pursuant to these provisions, our partnership agreement contains various provisions modifying the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing the duties of the general partner and the methods of resolving conflicts of interest. Our partnership agreement also specifically defines the remedies available to limited partners for actions taken that, without these defined liability standards, might constitute breaches of fiduciary duty under applicable Delaware law.

Whenever a conflict arises between our general partner or its affiliates, on the one hand, and our partnership or any other partner, on the other, our general partner will resolve that conflict. Our general partner may, but is not required to, seek the approval of the conflicts committee of the Board of Directors of our general partner of such resolution. The partnership agreement contains provisions that allow our general partner to take into account the interests of other parties in addition to our interests when resolving conflicts of interest.

Our general partner will not be in breach of its obligations under the partnership agreement or its duties to us or our unitholders if the resolution of the conflict is considered to be fair and reasonable to us. Any resolution is considered to be fair and reasonable to us if that resolution is:

- approved by the conflicts committee, although our general partner is not obligated to seek such approval and our general partner may adopt a resolution or course of action that has not received approval;
- on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or
- fair to us, taking into account the totality of the relationships between the parties involved, including other transactions that may be particularly favorable or advantageous to us.

In resolving a conflict, our general partner, including its conflicts committee, may, unless the resolution is specifically provided for in the partnership agreement, consider:

- the relative interests of any party to such conflict and the benefits and burdens relating to such interest;
- any customary or accepted industry practices or historical dealings with a particular person or entity;
- generally accepted accounting practices or principles; and
- such additional factors it determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances.

Blackstone has certain consent rights and board appointment and observation rights and may be deemed to be an affiliate of our general partner. In addition, GoldenTree has certain limited consent rights. In the exercise of these consent rights and board rights, conflicts of interest could arise between us on the one hand, and Blackstone or GoldenTree on the other hand.

Conflicts of interest could arise in the situations described below, among others.

### ***Actions taken by our general partner may affect the amount of cash available for distribution to unitholders.***

The amount of cash that is available for distribution to unitholders is affected by decisions of our general partner regarding such matters as:

- amount and timing of asset purchases and sales;
- cash expenditures;
- borrowings;

- the issuance of additional common units; and
- the creation, reduction or increase of reserves in any quarter.

In addition, borrowings by us and our affiliates do not constitute a breach of any duty owed by our general partner to the unitholders, including borrowings that have the purpose or effect of enabling our general partner to receive distributions.

For example, in the event we have not generated sufficient cash from our operations to pay the quarterly distribution on our common units, our partnership agreement permits us to borrow funds which may enable us to make this distribution on all outstanding common units.

The partnership agreement provides that we and our subsidiaries may borrow funds from our general partner and its affiliates. Our general partner and its affiliates may not borrow funds from us or our subsidiaries.

***We do not have any officers or employees. We rely on officers and employees of GP Natural Resource Partners LLC and its affiliates.***

We do not have any officers or employees and rely on officers and employees of GP Natural Resource Partners LLC and its affiliates. Affiliates of GP Natural Resource Partners LLC conduct businesses and activities of their own in which we have no economic interest. If these separate activities are significantly greater than our activities, there could be material competition for the time and effort of the officers and employees who provide services to our general partner. The officers of GP Natural Resource Partners LLC are not required to work full time on our affairs. Certain of these officers devote significant time to the affairs of the WPP Group or its affiliates and are compensated by these affiliates for the services rendered to them.

***We reimburse our general partner and its affiliates for expenses.***

We reimburse our general partner and its affiliates for costs incurred in managing and operating us, including costs incurred in rendering corporate staff and support services to us. The partnership agreement provides that our general partner determines the expenses that are allocable to us in any reasonable manner determined by our general partner in its sole discretion.

***Our general partner intends to limit its liability regarding our obligations.***

Our general partner intends to limit its liability under contractual arrangements so that the other party has recourse only to our assets, and not against our general partner or its assets. The partnership agreement provides that any action taken by our general partner to limit its liability or our liability is not a breach of our general partner's fiduciary duties, even if we could have obtained more favorable terms without the limitation on liability.

***Common unitholders have no right to enforce obligations of our general partner and its affiliates under agreements with us.***

Any agreements between us on the one hand, and our general partner and its affiliates, on the other, do not grant to the unitholders, separate and apart from us, the right to enforce the obligations of our general partner and its affiliates in our favor.

***Contracts between us, on the one hand, and our general partner and its affiliates, on the other, are not the result of arm's-length negotiations.***

The partnership agreement allows our general partner to pay itself or its affiliates for any services rendered to us, provided these services are rendered on terms that are fair and reasonable. Our general partner may also enter into additional contractual arrangements with any of its affiliates on our behalf. Neither the partnership agreement nor any of the other agreements, contracts and arrangements between us, on the one hand, and our general partner and its affiliates, on the other, are the result of arm's-length negotiations.

All of these transactions entered into after our initial public offerings are on terms that are fair and reasonable to us.

Our general partner and its affiliates have no obligation to permit us to use any facilities or assets of our general partner and its affiliates, except as may be provided in contracts entered into specifically dealing with that use. There is no obligation of our general partner or its affiliates to enter into any contracts of this kind.

*We may not choose to retain separate counsel for ourselves or for the holders of common units.*

The attorneys, independent auditors and others who have performed services for us in the past were retained by our general partner, its affiliates and us and have continued to be retained by our general partner, its affiliates and us. Attorneys, independent auditors and others who perform services for us are selected by our general partner or the conflicts committee and may also perform services for our general partner and its affiliates. We may retain separate counsel for ourselves or the holders of common units in the event of a conflict of interest arising between our general partner and its affiliates, on the one hand, and us or the holders of common units, on the other, depending on the nature of the conflict. We do not intend to do so in most cases. Delaware case law has not definitively established the limits on the ability of a partnership agreement to restrict such fiduciary duties.

*Our general partner's affiliates may compete with us.*

The partnership agreement provides that our general partner is restricted from engaging in any business activities other than those incidental to its ownership of interests in us. Except as provided in our partnership agreement and the Omnibus Agreement, affiliates of our general partner will not be prohibited from engaging in activities in which they compete directly with us.

The Conflicts Committee Charter is available upon request.

#### **Director Independence**

For a discussion of the independence of the members of the Board of Directors of our managing general partner under applicable standards, see "[Item 10. Directors and Executive Officers of the Managing General Partner and Corporate Governance—Corporate Governance—Independence of Directors](#)," which is incorporated by reference into this Item 13.

#### **Review, Approval or Ratification of Transactions with Related Persons**

If a conflict or potential conflict of interest arises between our general partner and its affiliates (including the WPP Group and Pocahontas Royalties) on the one hand, and our partnership and our limited partners, on the other hand, the resolution of any such conflict or potential conflict is addressed as described under "[Conflicts of Interest](#)."

Pursuant to our Code of Business Conduct and Ethics, conflicts of interest are prohibited as a matter of policy, except under guidelines approved by the Board and as provided in the Omnibus Agreement and our partnership agreement. For the year ended December 31, 2020 there were no transactions where such guidelines were not followed.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The Audit Committee of the Board of Directors of GP Natural Resource Partners LLC recommended and we engaged Ernst & Young LLP to audit our accounts and assist with tax work for fiscal 2020 and 2019. All of our audit, audit-related fees and tax services have been approved by the Audit Committee of our Board of Directors. The following table presents fees for professional services rendered by Ernst & Young LLP:

	2020	2019
Audit Fees <sup>(1)</sup>	\$ 785,750	\$ 1,070,206
Tax Fees <sup>(2)</sup>	505,915	533,083

(1) Audit fees include fees associated with the annual integrated audit of our consolidated financial statements and internal controls over financial reporting, separate audits of subsidiaries and reviews of our quarterly financial statement for inclusion in our Form 10-Q and comfort letters; consents; work related to acquisitions; assistance with and review of documents filed with the SEC.

(2) Tax fees include fees principally incurred for assistance with tax planning, compliance, tax return preparation and filing of Schedules K-1.

**Audit and Non-Audit Services Pre-Approval Policy*****I. Statement of Principles***

Under the Sarbanes-Oxley Act of 2002 (the "Act"), the Audit Committee of the Board of Directors is responsible for the appointment, compensation and oversight of the work of the independent auditor. As part of this responsibility, the Audit Committee is required to pre-approve the audit and non-audit services performed by the independent auditor in order to assure that they do not impair the auditor's independence from the Partnership. To implement these provisions of the Act, the SEC has issued rules specifying the types of services that an independent auditor may not provide to its audit client, as well as the audit committee's administration of the engagement of the independent auditor. Accordingly, the Audit Committee has adopted, and the Board of Directors has ratified, this Audit and Non-Audit Services Pre-Approval Policy (the "Policy"), which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the independent auditor may be pre-approved.

The SEC's rules establish two different approaches to pre-approving services, which the SEC considers to be equally valid. Proposed services may either be pre-approved without consideration of specific case-by-case services by the Audit Committee ("general pre-approval") or require the specific pre-approval of the Audit Committee ("specific pre-approval"). The Audit Committee believes that the combination of these two approaches in this Policy will result in an effective and efficient procedure to pre-approve services performed by the independent auditor. As set forth in this Policy, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committee if it is to be provided by the independent auditor. Any proposed services exceeding pre-approved cost levels or budgeted amounts will also require specific pre-approval by the Audit Committee.

For both types of pre-approval, the Audit Committee will consider whether such services are consistent with the SEC's rules on auditor independence. The Audit Committee will also consider whether the independent auditor is best positioned to provide the most effective and efficient service for reasons such as its familiarity with our business, employees, culture, accounting systems, risk profile and other factors, and whether the service might enhance the Partnership's ability to manage or control risk or improve audit quality. All such factors will be considered as a whole, and no one factor will necessarily be determinative.

The Audit Committee is also mindful of the relationship between fees for audit and non-audit services in deciding whether to pre-approve any such services and may determine, for each fiscal year, the appropriate ratio between the total amount of fees for audit, audit-related and tax services.

The appendices to this Policy describe the audit, audit-related and tax services that have the general pre-approval of the Audit Committee. The term of any general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee considers a different period and states otherwise. The Audit Committee will annually review and pre-approve the services that may be provided by the independent auditor without obtaining specific pre-approval from the Audit Committee. The Audit Committee will add or subtract to the list of general pre-approved services from time to time, based on subsequent determinations.

The purpose of this Policy is to set forth the procedures by which the Audit Committee intends to fulfill its responsibilities. It does not delegate the Audit Committee's responsibilities to pre-approve services performed by the independent auditor to management.

Ernst & Young LLP, our independent auditor has reviewed this Policy and believes that implementation of the policy will not adversely affect its independence.

## ***II. Delegation***

As provided in the Act and the SEC's rules, the Audit Committee has delegated either type of pre-approval authority to Stephen P. Smith, the Chairman of the Audit Committee. Mr. Smith must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

## ***III. Audit Services***

The annual Audit services engagement terms and fees will be subject to the specific pre-approval of the Audit Committee. Audit services include the annual financial statement audit (including required quarterly reviews), subsidiary audits and other procedures required to be performed by the independent auditor to be able to form an opinion on the Partnership's consolidated financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit or quarterly review. Audit services also include the attestation engagement for the independent auditor's report on internal controls for financial reporting. The Audit Committee monitors the audit services engagement as necessary, but not less than on a quarterly basis, and approves, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, partnership structure or other items.

In addition to the annual audit services engagement approved by the Audit Committee, the Audit Committee may grant general pre-approval to other audit services, which are those services that only the independent auditor reasonably can provide. Other audit services may include statutory audits or financial audits for our subsidiaries or our affiliates and services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

## ***IV. Audit-related Services***

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Partnership's financial statements or that are traditionally performed by the independent auditor. Because the Audit Committee believes that the provision of audit-related services does not impair the independence of the auditor and is consistent with the SEC's rules on auditor independence, the Audit Committee may grant general pre-approval to audit-related services. Audit-related services include, among others, due diligence services pertaining to potential business acquisitions/dispositions; accounting consultations related to accounting, financial reporting or disclosure matters not classified as "Audit Services"; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; financial audits of employee benefit plans; agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements.

***V. Tax Services***

The Audit Committee believes that the independent auditor can provide tax services to the Partnership such as tax compliance, tax planning and tax advice without impairing the auditor's independence, and the SEC has stated that the independent auditor may provide such services. Hence, the Audit Committee believes it may grant general pre-approval to those tax services that have historically been provided by the auditor, that the Audit Committee has reviewed and believes would not impair the independence of the auditor and that are consistent with the SEC's rules on auditor independence. The Audit Committee will not permit the retention of the independent auditor in connection with a transaction initially recommended by the independent auditor, the sole business purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Audit Committee will consult with the Chief Financial Officer or outside counsel to determine that the tax planning and reporting positions are consistent with this Policy.

***VI. Pre-Approval Fee Levels or Budgeted Amounts***

Pre-approval fee levels or budgeted amounts for all services to be provided by the independent auditor will be established annually by the Audit Committee. Any proposed services exceeding these levels or amounts will require specific pre-approval by the Audit Committee. The Audit Committee is mindful of the overall relationship of fees for audit and non-audit services in determining whether to pre-approve any such services. For each fiscal year, the Audit Committee may determine the appropriate ratio between the total amount of fees for audit, audit-related and tax services.

***VII. Procedures***

All requests or applications for services to be provided by the independent auditor that do not require specific approval by the Audit Committee will be submitted to the Chief Financial Officer and must include a detailed description of the services to be rendered. The Chief Financial Officer will determine whether such services are included within the list of services that have received the general pre-approval of the Audit Committee. The Audit Committee will be informed on a timely basis of any such services rendered by the independent auditor.

Requests or applications to provide services that require specific approval by the Audit Committee will be submitted to the Audit Committee by both the independent auditor and the Chief Financial Officer, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

**(a)(1) and (2) Financial Statements and Schedules**

See "[Item 8. Financial Statements and Supplementary Data](#)."

**(a)(3) Ciner Wyoming LLC Financial Statements**

The financial statements of Ciner Wyoming LLC required pursuant to Rule 3-09 of Regulation S-X are included in this filing as [Exhibit 99.1](#).

**(a)(4) Exhibits**

<u>Exhibit Number</u>	<u>Description</u>
<a href="#">3.1</a>	<a href="#">Fifth Amended and Restated Agreement of Limited Partnership of Natural Resource Partners L.P., dated as of March 2, 2017 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on March 6, 2017).</a>
<a href="#">3.2</a>	<a href="#">Fifth Amended and Restated Agreement of Limited Partnership of NRP (GP) LP, dated as of December 16, 2011 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on December 16, 2011).</a>
<a href="#">3.3</a>	<a href="#">Fifth Amended and Restated Limited Liability Company Agreement of GP Natural Resource Partners LLC, dated as of October 31, 2013 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on October 31, 2013).</a>
<a href="#">3.4</a>	<a href="#">Amended and Restated Limited Liability Company Agreement of NRP (Operating) LLC, dated as of October 17, 2002 (incorporated by reference to Exhibit 3.4 of Annual Report on Form 10-K for the year ended December 31, 2002).</a>
<a href="#">3.5</a>	<a href="#">Certificate of Limited Partnership of Natural Resource Partners L.P. (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-1 filed April 19, 2002, File No. 333-86582).</a>
<a href="#">4.1</a>	<a href="#">Note Purchase Agreement dated as of June 19, 2003 among NRP (Operating) LLC and the Purchasers signatory thereto (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed June 23, 2003).</a>
<a href="#">4.2</a>	<a href="#">First Amendment, dated as of July 19, 2005, to Note Purchase Agreement dated as of June 19, 2003 among NRP (Operating) LLC and the purchasers signatory thereto (incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K filed on July 20, 2005).</a>
<a href="#">4.3</a>	<a href="#">Second Amendment, dated as of March 28, 2007, to Note Purchase Agreement dated as of June 19, 2003 among NRP (Operating) LLC and the purchasers signatory thereto (incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K filed on March 29, 2007).</a>
<a href="#">4.4</a>	<a href="#">First Supplement to Note Purchase Agreement, dated as of July 19, 2005 among NRP (Operating) LLC and the purchasers signatory thereto (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on July 20, 2005).</a>
<a href="#">4.5</a>	<a href="#">Second Supplement to Note Purchase Agreement, dated as of March 28, 2007 among NRP (Operating) LLC and the purchasers signatory thereto (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on March 29, 2007).</a>
<a href="#">4.6</a>	<a href="#">Third Supplement to Note Purchase Agreement, dated as of March 25, 2009 among NRP (Operating) LLC and the purchasers signatory thereto (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on March 26, 2009).</a>
<a href="#">4.7</a>	<a href="#">Fourth Supplement to Note Purchase Agreement, dated as of April 20, 2011 among NRP (Operating) LLC and the purchasers signatory thereto (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on April 21, 2011).</a>
<a href="#">4.8</a>	<a href="#">Subsidiary Guarantee of Senior Notes of NRP (Operating) LLC, dated June 19, 2003 (incorporated by reference to Exhibit 4.5 to Current Report on Form 8-K filed June 23, 2003).</a>
<a href="#">4.9</a>	<a href="#">Form of Series A Note (incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K filed June 23, 2003).</a>
<a href="#">4.10</a>	<a href="#">Form of Series D Note (incorporated by reference to Exhibit 4.12 to Annual Report on Form 10-K filed February 28, 2007).</a>

<u>Exhibit Number</u>	<u>Description</u>
<a href="#">4.11</a>	<a href="#">Form of Series E Note (incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K filed March 29, 2007).</a>
<a href="#">4.12</a>	<a href="#">Form of Series F Note (incorporated by reference to Exhibit 4.2 to Quarterly Report on Form 10-Q filed May 7, 2009).</a>
<a href="#">4.13</a>	<a href="#">Form of Series G Note (incorporated by reference to Exhibit 4.3 to Quarterly Report on Form 10-Q filed May 7, 2009).</a>
<a href="#">4.14</a>	<a href="#">Form of Series H Note (incorporated by reference to Exhibit 4.2 to Quarterly Report on Form 10-Q filed May 5, 2011).</a>
<a href="#">4.15</a>	<a href="#">Form of Series I Note (incorporated by reference to Exhibit 4.3 to Quarterly Report on Form 10-Q filed May 5, 2011).</a>
<a href="#">4.16</a>	<a href="#">Form of Series J Note (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on June 15, 2011).</a>
<a href="#">4.17</a>	<a href="#">Form of Series K Note (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on October 3, 2011).</a>
<a href="#">4.18</a>	<a href="#">Registration Rights Agreement, dated as of January 23, 2013, by and among Natural Resource Partners L.P. and the Investors named therein (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on January 25, 2013).</a>
<a href="#">4.19</a>	<a href="#">Third Amendment, dated as of June 16, 2015, to Note Purchase Agreements, dated as of June 19, 2003, among NRP (Operating) LLC and the holders named therein (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on June 18, 2015).</a>
<a href="#">4.20</a>	<a href="#">Fourth Amendment, dated as of September 9, 2016, to Note Purchase Agreements, dated as of June 19, 2003, among NRP (Operating) LLC and the holders named therein (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on September 12, 2016).</a>
<a href="#">4.21</a>	<a href="#">Indenture, dated April 29, 2019, by and among Natural Resource Partners L.P. and NRP Finance Corporation, as issuers, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on May 2, 2019).</a>
<a href="#">4.22</a>	<a href="#">Form of 9.125% Senior Notes due 2025 (contained in Exhibit 1 to Exhibit 4.21).</a>
<a href="#">4.23</a>	<a href="#">Registration Rights Agreement dated as of March 2, 2017, by and among Natural Resource Partners L.P. and the Purchasers named therein (incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K filed on March 6, 2017).</a>
<a href="#">4.24</a>	<a href="#">Form of Warrant to Purchase Common Units (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on March 6, 2017).</a>
<a href="#">4.25</a>	<a href="#">Description of Equity Securities of Natural Resource Partners L.P. (incorporated by reference to Exhibit 4.25 to Annual Report on Form 10-K filed on February 27, 2020).</a>
<a href="#">10.1</a>	<a href="#">Third Amended and Restated Credit Agreement, dated as of June 16, 2015, by and among NRP (Operating) LLC, the lenders party thereto, Citibank, N.A. as Administrative Agent and Collateral Agent, Citigroup Global Markets Inc. and Wells Fargo Securities LLC as Joint Lead Arrangers and Joint Bookrunners, and Citibank, N.A., as Syndication Agent (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on June 18, 2015).</a>
<a href="#">10.2</a>	<a href="#">First Amendment, dated as of June 3, 2016, to Third Amended and Restated Credit Agreement, dated as of June 16, 2015, by and among NRP (Operating) LLC, the lenders party thereto, Citibank, N.A. as Administrative Agent and Collateral Agent, Citigroup Global Markets Inc. and Wells Fargo Securities LLC as Joint Lead Arrangers and Joint Bookrunners, and Citibank, N.A., as Syndication Agent (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on June 7, 2016).</a>
<a href="#">10.3</a>	<a href="#">First Amended and Restated Omnibus Agreement, dated as of April 22, 2009, by and among Western Pocahontas Properties Limited Partnership, Great Northern Properties Limited Partnership, New Gauley Coal Corporation, Robertson Coal Management LLC, GP Natural Resource Partners LLC, NRP (GP) LP, Natural Resource Partners L.P. and NRP (Operating) LLC (incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q filed May 7, 2009).</a>
<a href="#">10.4</a>	<a href="#">Limited Liability Company Agreement of Ciner Wyoming LLC, dated June 30, 2014 (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed by Ciner Resources LP on July 2, 2014).</a>
<a href="#">10.5</a>	<a href="#">Amendment No. 1 to the Limited Liability Company Agreement of Ciner Wyoming LLC dated November 5, 2015 (incorporated by reference to Exhibit 10.22 to Annual Report on Form 10-K filed by Ciner Resources LP on March 11, 2016).</a>



<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
<a href="#">10.6</a>	<a href="#">Second Amendment, dated as of March 2, 2017, to Third Amended and Restated Credit Agreement, dated as of June 16, 2015, by and among NRP (Operating) LLC, the lenders party thereto, Citibank, N.A. as Administrative Agent and Collateral Agent, Citigroup Global Markets Inc. and Wells Fargo Securities LLC as Joint Lead Arrangers and Joint Bookrunners, and Citibank, N.A., as Syndication Agent (incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K filed on March 6, 2017).</a>
<a href="#">10.7</a>	<a href="#">Fourth Amendment, dated as of April 3, 2019, to Third Amended and Restated Credit Agreement, dated as of June 16, 2015, by and among NRP (Operating) LLC and the lenders party thereto (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on April 9, 2019).</a>
<a href="#">10.8</a>	<a href="#">New Lender Agreement, dated as of April 8, 2019, by and among NRP (Operating) LLC and the lenders party thereto (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed on April 9, 2019).</a>
<a href="#">10.9</a>	<a href="#">Board Representation and Observation Rights Agreement dated as of March 2, 2017, by and among Natural Resource Partners L.P., Robertson Coal Management LLC, GP Natural Resource Partners LLC, NRP (GP) LP, BTO Carbon Holdings L.P. and the GoldenTree Purchasers named therein (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed on March 6, 2017).</a>
<a href="#">10.10</a>	<a href="#">Master Amendment and Supplement to Coal Mining and Transportation Lease Agreements and Parent Guaranty dated June 30, 2020 by and among NRP (Operating) LLC, WPP LLC, Hod LLC, Independence Land Company, LLC, Williamson Transport LLC, Foresight Energy LP, Foresight Energy GP LLC, Foresight Energy LLC, Macoupin Energy, LLC, Williamson Energy, LLC, Sugar Camp Energy, LLC, Hillsboro Energy LLC, Foresight Energy Resources LLC, and Foresight Energy Operating LLC (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on July 1, 2020).</a>
<a href="#">10.11</a>	<a href="#">Limited Waiver dated February 28, 2020 by Natural Resource Partners L.P., GP Natural Resource Partners LLC, NRP (GP) LP, and NRP (Operating) LLC (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on March 3, 2020).</a>
<a href="#">10.12</a>	<a href="#">Right of First Offer Agreement dated as of February 28, 2020 by and among Pocahontas Royalties LLC, Natural Resource Partners L.P., GP Natural Resource Partners LLC, NRP (GP) LP, and NRP (Operating) LLC. (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed on March 3, 2020).</a>
<a href="#">10.13+</a>	<a href="#">Natural Resource Partners L.P. 2017 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on January 17, 2018).</a>
<a href="#">10.14+</a>	<a href="#">Form of Phantom Unit Award Agreement (Employees and Service Providers) (incorporated by reference to Exhibit 4.5 to Registration Statement on Form S-8 filed on February 9, 2018).</a>
<a href="#">10.15+</a>	<a href="#">Form of Phantom Unit Award Agreement (Directors) (incorporated by reference to Exhibit 4.6 to Registration Statement on Form S-8 filed on February 9, 2018).</a>
<a href="#">10.16+</a>	<a href="#">Form of Phantom Unit Award Agreement (Employees and Service Providers) (incorporated by reference to Exhibit 10.13 to Annual Report on Form 10-K filed on February 27, 2020).</a>
<a href="#">10.17+</a>	<a href="#">Form of Phantom Form of Phantom Unit Award Agreement (Directors) (incorporated by reference to Exhibit 10.14 to Annual Report on Form 10-K filed on February 27, 2020).</a>
<a href="#">10.18+</a>	<a href="#">Form of Phantom Unit Award Agreement (Directors with Deferral Election) (incorporated by reference to Exhibit 10.15 to Annual Report on Form 10-K filed on February 27, 2020).</a>
<a href="#">21.1*</a>	<a href="#">List of Subsidiaries of Natural Resource Partners L.P.</a>
<a href="#">23.1*</a>	<a href="#">Consent of Ernst &amp; Young LLP.</a>
<a href="#">23.2*</a>	<a href="#">Consent of Deloitte &amp; Touche LLP.</a>
<a href="#">31.1*</a>	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley.</a>
<a href="#">31.2*</a>	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley.</a>
<a href="#">32.1**</a>	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. § 1350.</a>
<a href="#">32.2**</a>	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. § 1350.</a>
<a href="#">99.1*</a>	<a href="#">Financial Statements of Ciner Wyoming LLC as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018.</a>
<a href="#">101.INS*</a>	Inline XBRL Instance Document
<a href="#">101.SCH*</a>	Inline XBRL Taxonomy Extension Schema Document
<a href="#">101.CAL*</a>	Inline XBRL Taxonomy Extension Calculation Linkbase Document
<a href="#">101.DEF*</a>	Inline XBRL Taxonomy Extension Definition Linkbase Document
<a href="#">101.LAB*</a>	Inline XBRL Taxonomy Extension Labels Linkbase Document

101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

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*	Filed herewith
**	Furnished herewith
+	Management compensatory plan or arrangement

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

NATURAL RESOURCE PARTNERS L.P.  
By: NRP (GP) LP, its general partner  
By: GP NATURAL RESOURCE  
PARTNERS LLC, its general partner

Date: March 15, 2021

By:                   /s/ CORBIN J. ROBERTSON, JR.                    
Corbin J. Robertson, Jr.  
Chairman of the Board, Director and  
Chief Executive Officer  
(Principal Executive Officer)

Date: March 15, 2021

By:                   /s/ CHRISTOPHER J. ZOLAS                    
Christopher J. Zolas  
Chief Financial Officer and Treasurer  
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 15, 2021

/s/ GALDINO J. CLARO

Galdino J. Claro  
Director

Date: March 15, 2021

/s/ ALEXANDER D. GREENE

Alexander D. Greene  
Director

Date: March 15, 2021

/s/ S. REED MORIAN

S. Reed Morian  
Director

Date: March 15, 2021

/s/ PAUL B. MURPHY, JR.

Paul B. Murphy, Jr.  
Director

Date: March 15, 2021

/s/ RICHARD A. NAVARRE

Richard A. Navarre  
Director

Date: March 15, 2021

/s/ CORBIN J. ROBERTSON III

Corbin J. Robertson III  
Director

Date: March 15, 2021

/s/ STEPHEN P. SMITH

Stephen P. Smith  
Director

Date: March 15, 2021

/s/ LEO A. VECCELLIO, JR.

Leo A. Vecellio, Jr.  
Director

List of Subsidiaries of Natural Resource Partners L.P.

NRP (Operating) LLC  
NRP Oil and Gas LLC  
NRP Finance Corporation  
WPP LLC  
ACIN LLC  
WBRD LLC  
Hod LLC  
Shepard Boone Coal Company LLC  
Gatling Mineral, LLC  
Independence Land Company, LLC  
Williamson Transport, LLC  
Rivervista Mining, LLC  
Deepwater Transportation, LLC  
NRP Trona LLC  
BRP LLC  
BRP Minerals LLC  
CoVal Leasing Company, LLC

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- 1) Registration Statement (Form S-3 No. 333-217205) of Natural Resource Partners L.P.,
- 2) Registration Statement (Form S-3 No. 333-187883) of Natural Resource Partners L.P., and
- 3) Registration Statement (Form S-8 No. 333-222970) pertaining to the Natural Resource Partners L.P. 2017 Long-Term Incentive Plan;

of our reports dated March 15, 2021, with respect to the consolidated financial statements of Natural Resource Partners L.P., and the effectiveness of internal control over financial reporting of Natural Resource Partners L.P., included in this Annual Report (Form 10-K) of Natural Resource Partners L.P. for the year ended December 31, 2020.

/s/ Ernst & Young LLP

Houston, Texas  
March 15, 2021

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-217205 and 333-187883 on Form S-3 and Registration Statement No. 333-222970 Form S-8 of Natural Resource Partners L.P., of our report dated March 15, 2021, relating to the financial statements of Ciner Wyoming LLC as of December 31, 2020 and 2019, and for the three years in the period ended December 31, 2020, appearing in this Annual Report on Form 10-K of Natural Resource Partners L.P. for the year ended December 31, 2020.

*/s/ Deloitte & Touche LLP*

Atlanta, Georgia  
March 15, 2021

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Corbin J. Robertson, Jr., certify that:

- 1 I have reviewed this report on Form 10-K of Natural Resource Partners L.P.
- 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; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth 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.

By: /s/ Corbin J. Robertson, Jr.  
Corbin J. Robertson, Jr.  
Chief Executive Officer

Date: March 15, 2021



**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Christopher J. Zolas, certify that:

1. I have reviewed this report on Form 10-K of Natural Resource Partners L.P.
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; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth 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.

By: /s/ Christopher J. Zolas  
Christopher J. Zolas  
Chief Financial Officer

Date: March 15, 2021

**CERTIFICATION OF  
CHIEF EXECUTIVE OFFICER  
OF GP NATURAL RESOURCE PARTNERS LLC  
PURSUANT TO 18 U.S.C. § 1350**

In connection with the accompanying report on Form 10-K for the year ended December 31, 2020 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Corbin J. Robertson, Jr., Chief Executive Officer of GP Natural Resource Partners LLC, the general partner of the general partner of Natural Resource Partners L.P. (the "Company"), hereby certify, to my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Corbin J. Robertson, Jr.  
Corbin J. Robertson, Jr.  
Chief Executive Officer

Date: March 15, 2021



# Ciner Wyoming LLC

(A Majority-Owned Subsidiary of Ciner Resources LP)

Financial Statements as of December 31, 2020 and 2019 and for the Years Ended December 31, 2020, 2019, and 2018, and Report of Independent Registered Public Accounting Firm

**CINER WYOMING LLC**

(A Majority Owned Subsidiary of Ciner Resources LP)

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Managers and Members of  
Ciner Wyoming LLC  
Atlanta, Georgia

### Opinion on the Financial Statements

We have audited the accompanying balance sheets of Ciner Wyoming LLC (the "Company") as of December 31, 2020 and 2019, the related statements of operations and comprehensive income, members' equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Agreements and Transactions with Affiliates – Refer to Notes 1, 2, 8, 12, and 13 to the financial statements*

### *Critical Audit Matter Description*

The Company is a subsidiary in a global group structure and agreements directly between the Company and other affiliates, or indirectly between affiliates that the Company does not control, can have a significant impact on recorded amounts or disclosures in the Company's financial statements, including any commitments and contingencies between the Company and affiliates or, potentially, third parties. Performing audit procedures to evaluate the Company's identification of upstream affiliate relationships, transactions, and commitments and contingencies outside of the U.S. and the impact of such matters on the financial statements represents a critical audit matter because of the increased auditor judgment necessary to perform audit procedures related to these matters and evaluate the results of those procedures.

### *How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the Company's identification of upstream affiliate relationships, transactions, and commitments and contingencies outside of the U.S. and the impact of such matters on the financial statements included the following, among others:

- We tested the effectiveness of controls over the Company's affiliate process, including controls over the identification of the Company's affiliate relationships, transactions, and commitments and contingencies outside of the U.S.
- We read publicly available financial filings and news sources related to the Company and its affiliates outside of the U.S. and listened to the parent company (Ciner Resources LP) quarterly investor relations calls for information related to potential new affiliates and transactions between the Company and affiliates.
- We inspected director and executive officer questionnaires from the parent company directors and officers to identify any affiliate matters.
- We searched the general ledger for potential transactions with affiliates.
- We read significant new or amended agreements and contracts of the Company to identify new affiliate relationships, transactions, or commitments and contingencies, and evaluated management's analyses regarding the accounting and disclosure of such arrangements.
- We inquired of executive officers, key members of management, and the Board of Managers regarding affiliate relationships, transactions and commitments and contingencies.
- We confirmed with the ultimate parent company that the affiliate relationships, transactions, and commitments and contingencies identified and disclosed by the Company were complete.

*/s/ Deloitte & Touche LLP*

Atlanta, Georgia  
March 15, 2021

We have served as the Company's auditor since 2008.

**CINER WYOMING LLC**  
(A Majority Owned Subsidiary of Ciner Resources LP)

**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2020 AND 2019**  
(In thousands of dollars)

	2020	2019
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 364	\$ 13,684
Accounts receivable - affiliates	86,697	95,115
Accounts receivable, net	40,613	35,963
Inventory	33,456	24,193
Other current assets	3,590	1,741
Total current assets	164,720	170,696
PROPERTY, PLANT, AND EQUIPMENT, NET	268,590	258,121
OTHER NON-CURRENT ASSETS	25,418	24,266
TOTAL ASSETS	<u>\$ 458,728</u>	<u>\$ 453,083</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 2,983	\$ —
Accounts payable	16,393	14,163
Due to affiliates	2,865	3,215
Accrued expenses	33,072	37,961
Total current liabilities	55,313	55,339
LONG-TERM DEBT	127,069	129,500
OTHER NON-CURRENT LIABILITIES	8,707	8,587
Total liabilities	191,089	193,426
COMMITMENTS AND CONTINGENCIES (See Note 12)		
MEMBERS' EQUITY:		
Members' equity — Ciner Resources LP	136,459	135,423
Members' equity — Natural Resource Partners LP	131,108	130,113
Accumulated other comprehensive income (loss)	72	(5,879)
Total members' equity	267,639	259,657
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 458,728</u>	<u>\$ 453,083</u>

*See notes to financial statements.*



**CINER WYOMING LLC****(A Majority Owned Subsidiary of Ciner Resources LP)****STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018****(In thousands of dollars)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
SALES - AFFILIATES	\$ 177,891	\$ 315,847	\$ 253,345
SALES - OTHERS	214,340	206,996	233,414
Total net sales	<u>392,231</u>	<u>522,843</u>	<u>486,759</u>
COST OF PRODUCTS SOLD	213,721	247,790	243,562
FREIGHT COSTS	123,672	143,341	139,144
Total cost of products sold	<u>337,393</u>	<u>391,131</u>	<u>382,706</u>
GROSS PROFIT	54,838	131,712	104,053
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES - AFFILIATES	17,398	18,404	17,698
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES - OTHERS	946	1,553	2,106
LITIGATION SETTLEMENT GAIN	—	—	(27,500)
OPERATING INCOME	36,494	111,755	111,749
OTHER INCOME (EXPENSE):			
Interest income	145	350	1,871
Interest expense	(5,305)	(5,893)	(5,058)
Other expense, net	(304)	(57)	(205)
Total other expense	<u>(5,464)</u>	<u>(5,600)</u>	<u>(3,392)</u>
NET INCOME	31,030	106,155	108,357
Income (loss) on derivative financial instruments	5,951	1,612	(282)
COMPREHENSIVE INCOME	<u>\$ 36,981</u>	<u>\$ 107,767</u>	<u>\$ 108,075</u>

*See notes to financial statements.*

**CINER WYOMING LLC****(A Majority Owned Subsidiary of Ciner Resources LP)****STATEMENTS OF MEMBERS' EQUITY****FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018****(In thousands of dollars)**

	<u>Ciner Resources LP</u>	<u>Natural Resource Partners LP</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Members' Equity</u>
<b>Balance at December 31, 2017</b>	<b>\$ 107,622</b>	<b>\$ 103,402</b>	<b>\$ (7,209)</b>	<b>\$ 203,815</b>
Allocation of net income	55,262	53,095	—	108,357
Capital distribution to members	(48,450)	(46,550)	—	(95,000)
Other comprehensive (loss)	—	—	(282)	(282)
<b>Balance at December 31, 2018</b>	<b>\$ 114,434</b>	<b>\$ 109,947</b>	<b>\$ (7,491)</b>	<b>\$ 216,890</b>
Allocation of net income	54,139	52,016	—	106,155
Capital distribution to members	(33,150)	(31,850)	—	(65,000)
Other comprehensive income	—	—	1,612	1,612
<b>Balance at December 31, 2019</b>	<b>\$ 135,423</b>	<b>\$ 130,113</b>	<b>\$ (5,879)</b>	<b>\$ 259,657</b>
Allocation of net income	15,826	15,205	—	31,030
Capital distribution to members	(14,790)	(14,210)	—	(29,000)
Other comprehensive income	—	—	5,951	5,951
<b>Balance at December 31, 2020</b>	<b>\$ 136,459</b>	<b>\$ 131,108</b>	<b>\$ 72</b>	<b>\$ 267,639</b>

*See notes to financial statements.*

**CINER WYOMING LLC**  
(A Majority Owned Subsidiary of Ciner Resources LP)

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018**  
(In thousands of dollars)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 31,030	\$ 106,155	\$ 108,357
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	28,494	26,440	27,996
Loss on disposal of assets, net	8	642	—
Other non-cash items	322	304	448
(Increase) decrease in:			
Accounts receivable - affiliates	8,418	(24,756)	28,152
Accounts receivable, net	(4,650)	907	(2,683)
Inventory	(9,757)	(385)	(3,025)
Other current and non-current assets	(450)	(123)	(228)
Increase (decrease) in:			
Accounts payable	2,155	(3,073)	2,350
Accrued expenses and other liabilities	2,489	(73)	4,067
Due to affiliates	(382)	372	(240)
Net cash provided by operating activities	<u>57,677</u>	<u>106,410</u>	<u>165,194</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Capital expenditures	<u>(42,218)</u>	<u>(65,350)</u>	<u>(39,419)</u>
Net cash used in investing activities	<u>(42,218)</u>	<u>(65,350)</u>	<u>(39,419)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Borrowings on revolving credit facility	211,500	102,000	104,000
Borrowings on other long-term debt	30,000	—	—
Repayments on revolving credit facility	(238,500)	(71,500)	(143,000)
Repayments on other long-term debt	(2,225)	—	(11,400)
Debt issuance costs	(554)	—	—
Cash distribution to members	<u>(29,000)</u>	<u>(65,000)</u>	<u>(95,000)</u>
Net cash used in financing activities	<u>(28,779)</u>	<u>(34,500)</u>	<u>(145,400)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(13,320)	6,560	(19,625)
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	<u>13,684</u>	<u>7,124</u>	<u>26,749</u>
End of year	<u>\$ 364</u>	<u>\$ 13,684</u>	<u>\$ 7,124</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>			
Interest paid during the year	<u>\$ 5,115</u>	<u>\$ 5,476</u>	<u>\$ 5,141</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES :</b>			
Capital expenditures on account	<u>\$ 1,977</u>	<u>\$ 6,786</u>	<u>\$ 14,002</u>

*See notes to financial statements.*



# CINER WYOMING LLC

(A Majority Owned Subsidiary of Ciner Resources LP)

## NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020 AND 2019 AND FOR THE YEARS ENDED DECEMBER 31, 2020, 2019, AND 2018

(Dollars in thousands)

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### 1. Corporate Structure

A 51% membership interest in Ciner Wyoming LLC (the "Company," "Ciner Wyoming," "we," "us," or "our") is owned by Ciner Resources LP ("Ciner Resources" or the "Partnership"). NRP Trona LLC, a wholly owned subsidiary of Natural Resource Partners LP ("NRP") owns a 49% membership interest in the Company. Ciner Resources is a master limited partnership traded on the New York Stock Exchange and is currently owned approximately 72% by Ciner Wyoming Holding Co. ("Ciner Holdings"), approximately 2% by Ciner Resource Partners LLC (our "general partner" or "Ciner GP") and approximately 26% by the general public. Ciner Holdings is 100% owned by Ciner Resources Corporation ("Ciner Corp") which is 100% owned by Ciner Enterprises, Inc. ("Ciner Enterprises"). As of December 31, 2020, Ciner Enterprises was 100% owned by WE Soda Ltd., a U.K. corporation ("WE Soda"). WE Soda is a direct wholly-owned subsidiary of KEW Soda Ltd., a U.K. corporation ("KEW Soda"), which is a direct wholly-owned subsidiary of Akkan Enerji ve Madencilik Anonim Şirketi ("Akkan"). Akkan is directly and wholly owned by Turgay Ciner, the Chairman of the Ciner Group ("Ciner Group"), a Turkish conglomerate of companies engaged in energy and mining (including soda ash mining), media and shipping markets.

On February 22, 2018, Akkan transferred its direct 100% ownership in Ciner Enterprises to KEW Soda, a U.K. company, which transferred such ownership to WE Soda, a U.K. company. WE Soda is 100% owned by KEW Soda, and KEW Soda is wholly owned by Akkan. This reorganization is a part of Ciner Group's strategy to combine the global soda ash business under a common structure in the U.K.

### 2. Nature of Operations and Summary of Significant Accounting Policies

#### Nature of Operations

The Company's operations consist of the mining of trona ore, which, when processed, becomes soda ash. All mining and processing activities take place in one facility located in Green River, Wyoming. All our soda ash processed is sold to various domestic customers, and to American Natural Soda Ash Corporation ("ANSAC"), which was an affiliate for export sales through the year ended December 31, 2020. Ciner Corp is the exclusive sales agent for the Partnership, and a member of ANSAC. Effective as of the end of day on December 31, 2020 Ciner Corp exited ANSAC.

*ANSAC Exit* - On November 9, 2018, Ciner Corp delivered a notice to terminate its membership in ANSAC as part of its strategic initiative to gain better direct access and control of international customers and logistics and the ability to leverage the expertise of Ciner Group, the world's largest natural soda ash producer. Such termination was originally expected to be effective as of the end of day on December 31, 2021. On July 27, 2020, ANSAC and the members thereof entered into an agreement, effective as of July 24, 2020, that, among other things, terminated Ciner Corp's membership in ANSAC effective as of December 31, 2020 (the "ANSAC termination date"), a year earlier than previously announced (the "ANSAC Early Exit Agreement"). Effective as of the end of day on December 31, 2020, Ciner Corp exited ANSAC. As of January 1, 2021, Ciner Corp began managing the sales and marketing efforts for exports with the ANSAC exit being complete. Ciner Corp is leveraging the distributor network established by Ciner Group while independently reviewing current and potential distribution partners to optimize our reach into each market.

In connection with the settlement agreement with ANSAC, there are sales commitments to ANSAC in 2021 and 2022 where Ciner Corp will continue to sell, at substantially lower volumes, product to ANSAC for export sales purposes, with a fixed rate per ton selling, general and administrative expense, and will also purchase a limited amount of export logistics services in 2021. Through in part the Company's affiliates, the Company has amongst other things: (i) obtained its own international customer sales arrangements for 2021, (ii) obtained third-party export port services, and (iii) chartered and executed its own international product delivery.

Historically, by design and prior to Ciner Corp's exit from ANSAC, ANSAC managed most of our international sales, marketing and logistics, and as a result, was our largest customer for the years ended December 31, 2020, 2019 and 2018, accounting for 45.4%, 60.4% and 52.0%, respectively, of our net sales. Although ANSAC was our largest customer for the aforementioned periods, we anticipate that the impact of Ciner Corp's exit from ANSAC on our net sales, net income and liquidity will be limited. We made this determination primarily based upon the belief that we will continue to be one of the lowest cost producers of soda ash in the global market. With a low-cost position combined with better direct access and control of our customers and logistics and the ability to leverage Ciner Group's expertise in these areas, we believe we will be able to adequately replace these net ANSAC sales.

**A summary of the significant accounting policies is as follows:**

*Basis of Presentation* - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

*Use of Estimates* - The preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Furthermore, we considered the impact of the COVID-19 pandemic on the use of estimates and assumptions used for financial reporting. While our production is considered "essential", the COVID-19 outbreak disrupted our customers and customer segments, which had a negative impact on the demand for our products which adversely affected our operations. In 2020, the decline in demand adversely impacted our sales and production volume, and price per ton. We experienced an approximately 17.2% decline in production volumes and 19.5% decline in sales volumes when compared to our pre-COVID-19 production and sales levels in 2019, respectively. Our international demand was impacted the most as different countries dealt with different levels of the outbreak and shutdowns. In addition, our customers in the flat glass and in particular the automotive business were significantly negatively impacted. At December 31, 2020, as we cannot predict with confidence the duration or the scope of the COVID-19 pandemic and its impact on our operations, the potential negative financial impact to our results cannot be reasonably estimated, but could be material. As a result of these uncertainties, actual results could differ from those estimates and assumptions. If the economy or markets in which we operate remain weaker than pre-COVID-19 levels or deteriorate further, our business, financial condition and results of operations may be further materially and adversely impacted.

*Revenue Recognition* - The majority of the Company's revenues are recognized upon satisfaction of our performance obligations, that is, delivery and transfer of title to the product to our customers. The time at which delivery and transfer of title occurs, for the majority of our contracts with customers, is the point when we ship the product from our production facility or third-party terminals, depending on the terms of the sales contract, rendering our performance obligation fulfilled. For certain international customers, it is the point when the product is loaded on the vessel at the port. Additionally, the Company has made an accounting policy election to account for shipping and handling activities as fulfillment costs. We have one reportable segment and our revenue is derived from the sale of soda ash which is our sole and primary good and service.

*Performance Obligations.* A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. At contract inception, we assess the goods and services promised in contracts with customers and identify performance obligations for each promise to transfer to the customer, a good or service that is distinct. To identify the performance obligations, the Company considers all goods and services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. From its analysis, the Company determined that the sale of soda ash is currently its only performance obligation. Many of our customer volume commitments are short-term and our performance obligations for the sale of soda ash are generally limited to single purchase orders.

- *When performance obligations are satisfied.* Substantially all of our revenue is recognized at a point-in-time when control of goods transfers to the customer.
- *Transfer of Goods.* The Company uses standard shipping terms across each customer contract with very few exceptions. Shipments to customers are made with terms stated as Free on Board ("FOB") Shipping Point. Control typically transfers when goods are delivered to the carrier for shipment, which is the point at which the customer has the ability to direct the use of and obtain substantially all remaining benefits from the asset.
- *Payment Terms.* Our payment terms vary by the type and location of our customers. The term between invoicing and when payment is due is not significant and consistent with typical terms in the industry.
- *Variable Consideration.* We recognize revenue as the amount of consideration that we expect to receive in exchange for transferring promised goods or services to customers. We do not adjust the transaction price for the effects of a significant financing component, as the time period between control transfer of goods and services and expected payment is one year or less. At the time of sale, we estimate provisions for different forms of variable consideration (discounts, rebates, and pricing adjustments) based on historical experience, current conditions and contractual obligations, as applicable. The estimated transaction price is typically not subject to significant reversals. We adjust these estimates when the most likely amount of consideration we expect to receive changes, although these changes are typically immaterial.
- *Returns, Refunds and Warranties.* In the normal course of business, the Company does not accept returns, nor does it typically provide customers with the right to a refund.
- *Freight.* In accordance with ASC 606, the Company made a policy election to treat freight and related costs that occur after control of the related good transfers to the customer as fulfillment activities instead of separate performance obligations. Therefore, freight is recognized at the point in which control of soda ash has transferred to the customer.

*Revenue disaggregation.* In accordance with ASC 606-10-50, the Company disaggregates revenue from contracts with customers into geographical regions. The Company determined that disaggregating revenue into these categories achieved the disclosure objectives to depict how the nature, timing, amount and uncertainty of revenue and cash flows are affected by economic factors. Refer to Note 16, "Segment Reporting" for revenue disaggregated into geographical regions.

*Revenue Contract Balances.* The timing of revenue recognition, billings and cash collections results in billed receivables, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities).

- *Contract Assets.* At the point of shipping, the Company has an unconditional right to payment generally that is only dependent on the passage of time. In general, customers are billed and a receivable is recorded as goods are shipped. These billed receivables are reported as “Accounts Receivable, net” on the Balance Sheets as of December 31, 2020 and December 31, 2019. There were no contract assets as of December 31, 2020 and December 31, 2019.
- *Contract Liabilities.* There may be situations where customers are required to prepay for freight and insurance prior to shipment. The Company accounts for freight costs as fulfillment activities and therefore, such prepayments are considered a part of the single obligation to provide soda ash. In such instances, a contract liability for prepaid freight will be recorded.

*Freight Costs* - The Company includes freight costs billed to customers for shipments administered by the Company in gross sales. The related freight costs incurred by the Company along with cost of products sold are deducted from gross sales to determine gross profit.

*Cash and Cash Equivalents* - The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist primarily of money market deposit accounts.

*Accounts Receivable* - On January 1, 2020, we adopted the current expected credit loss (CECL) model in accordance with ASU No. 2016-13, “Financial Instruments-Credit Losses (Topic 326)” as explained at Recently Issued and Adopted Accounting Standards below. We determined the expected credit losses on initial recognition and at December 31, 2020 based on information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

*Inventory* - Inventory is carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method for raw material and finished goods inventory and the weighted average cost method for stores inventory. Costs include raw materials, direct labor and manufacturing overhead. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

- Raw material inventory includes material, chemicals and natural resources being used in the mining and refining process.
- Finished goods inventory is the finished product soda ash.
- Stores inventory includes parts, materials and operating supplies which are typically consumed in the production of soda ash and currently available for future use. If the inventory has been used within the preceding twelve months, it is classified as current assets and remainder is classified as non-current assets.

*Property, Plant, and Equipment* - Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation is computed over the estimated useful lives of depreciable assets, using the straight-line method. The estimated useful lives applied to depreciable assets are as follows:

	<b>Useful Lives</b>
Land improvements	10 years
Depletable land	15-60 years
Buildings and building improvements	10-30 years
Computer hardware	3-5 years
Machinery and equipment	5-20 years
Furniture and fixtures	5-10 years



The Company's policy is to evaluate property, plant, and equipment for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An indicator of potential impairment would include situations when the estimated future undiscounted cash flows are less than the carrying value. The amount of any impairment then recognized would be calculated as the difference between estimated fair value and the carrying value of the asset.

*Derivative Instruments and Hedging Activities* - The Company may enter into derivative contracts from time to time to manage exposure to the risk of exchange rate changes on its foreign currency transactions, the risk of changes in natural gas prices, and the risk of the variability in interest rates on borrowings. Gains and losses on derivative contracts qualifying for hedge accounting are reported as a component of the underlying transactions. The Company follows hedge accounting for its hedging activities. All derivative instruments are recorded on the balance sheet at their fair values. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. The Company designates its derivatives based upon criteria established for hedge accounting under generally accepted accounting principles. For a derivative designated as a fair value hedge, the gain or loss is recognized in earnings in the period of change together with the offsetting gain or loss on the hedged item attributed to the risk being hedged. For a derivative designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income (loss) and subsequently reclassified into earnings when the hedged exposure affects earnings. Any significant ineffective portion of the gain or loss is reported in earnings immediately. For derivatives not designated as hedges, the gain or loss is reported in earnings in the period of change. The natural gas physical forward contracts are accounted for under the normal purchases and normal sales scope exception.

The Company has interest rate swap contracts, designated as cash flow hedges, to mitigate our exposure to possible increases in interest rates. The swap contracts consist of three individual \$12,500 swaps with an aggregate notional value of \$37,500 at December 31, 2020 and four individual \$12,500 swaps with an aggregate notional value of \$50,000 at December 31, 2019. The swaps outstanding at December 31, 2020 have various maturities through 2023. At December 31, 2020, it is anticipated that approximately \$196 of losses currently recorded in accumulated other comprehensive income (loss) will be reclassified into earnings within the next twelve months.

The Company has entered into natural gas financial forward contracts, designated as cash flow hedges, to mitigate volatility in the price of natural gas related to a portion of the natural gas we consume. These contracts generally have various maturities through 2024. These contracts had an aggregate notional value of \$25,908 and \$31,196 at December 31, 2020 and December 31, 2019, respectively. At December 31, 2020, it was anticipated that \$661 of gains currently recorded in accumulated other comprehensive income (loss) will be reclassified into earnings within the next twelve months.

The following table presents the fair value of derivative assets and liabilities and the respective balance sheet locations as of:

	Assets				Liabilities			
	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
<b>Derivatives designated as hedges:</b>								
Interest rate swap contracts - current		\$ —		\$ —	Accrued Expenses	\$ 196	Accrued Expenses	\$ 855
Natural gas forward contracts - current	Other current assets	1,360	Other current assets	136	Accrued Expenses	700	Accrued Expenses	2,400
Interest rate swap contracts - non-current		—		—	Other non-current liabilities	1,077		—
Natural gas forward contracts - non-current	Other Non-current assets	876	Other Non-current assets	155	Other non-current liabilities	191	Other non-current liabilities	2,915
<b>Total derivatives designated as hedging instruments</b>		<u>\$ 2,236</u>		<u>\$ 291</u>		<u>\$ 2,164</u>		<u>\$ 6,170</u>

*Income Tax* - The Company is organized as a pass-through entity for federal income tax purposes and therefore are not subject to federal or certain state income taxes. As a result, our members are responsible for federal income taxes based on their respective share of taxable income. Net income for financial statement purposes may differ significantly from taxable income reportable to members as a result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under the membership agreement.

*Reclamation Costs* - The Company is obligated to return the land beneath its refinery and tailings ponds to its natural condition upon completion of operations and is required to return the land beneath its rail yard to its natural condition upon termination of the various lease agreements.

The Company accounts for its land reclamation liability as an asset retirement obligation, which requires that obligations associated with the retirement of a tangible long-lived asset be recorded as a liability when those obligations are incurred, with the amount of the liability initially measured at fair value. Upon initially recognizing a liability for an asset retirement obligation, an entity must capitalize the cost by recognizing an increase in the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the estimated useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement.

The estimated original liability calculated in 1996 for the refinery and tailing ponds was calculated based on the estimated useful life of the mine, which was 80 years, and on external and internal estimates as to the cost to restore the land in the future and state regulatory requirements. The liability was discounted using a weighted average credit-adjusted risk-free rate of approximately 6% and is being accreted throughout the estimated life of the related assets to equal the total estimated costs with a corresponding charge being recorded to cost of products sold.

During 2011, the Company constructed a rail yard to facilitate loading and switching of rail cars. The Company is required to restore the land on which the rail yard is constructed to its natural conditions. The original estimated liability for restoring the rail yard to its natural condition was calculated based on the land lease life of 30 years and on external and internal estimates as to the cost to restore the land in the future. The liability is discounted using a credit-adjusted risk-

free rate of 4.25% and is being accreted throughout the estimated life of the related assets to equal the total estimated costs with a corresponding charge being recorded to cost of products sold.

*Fair Value of Financial Instruments* - The following methods and assumptions were used to estimate the fair values of each class of financial instruments:

Financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, derivative financial instruments and long-term debt. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate their fair value because of the nature of such instruments. Our long-term debt and derivative financial instruments are measured at their fair values with Level 2 inputs based on quoted market values for similar but not identical financial instruments.

*Long-Term Debt* - The carrying value of Ciner Wyoming Credit Facility materially reflects the fair value as the rate is variable and its key terms are similar to indebtedness with similar amounts, durations and credit risks. The carrying value of Ciner Wyoming Equipment Financing Arrangement materially reflects the fair value as its key terms are similar to indebtedness with similar amounts, durations and credit risks that are currently available to the Company. See Note 8 "Debt" for additional information on our debt arrangements.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Fair value accounting requires that these financial assets and liabilities be classified into one of the following three categories:

- Level 1-inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2-inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3-inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

*Subsequent Events* - The Company has evaluated all subsequent events through March 15, 2021, the date the financial statements were available to be issued. See Note 15 - *Subsequent Events* for additional information.

*Recently Issued and Adopted Accounting Standards* - In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326)" ("ASU 2016-13"). This ASU introduces the current expected credit loss (CECL) model, which will require an entity to measure credit losses for certain financial instruments and financial assets, including trade receivables. Under this update, on initial recognition and at each reporting period, an entity will be required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. The Company adopted ASU 2016-13 effective January 1, 2020 and concluded there was no material impact to the Company's financial statements.

In August 2018, the FASB issued ASU 2018-15, "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)" ("ASU 2018-15"), which amends ASC 350-40 to address a customer's accounting for implementation costs incurred in a cloud computing arrangement ("CCA") that is a service contract. ASU 2018-15 amends ASC 350 and clarifies that a customer should apply ASC 350-40 to determine which implementation costs should be capitalized in a CCA. ASU 2018-15 does not expand on existing disclosure requirements except to require a description of the nature of hosting arrangements that are service contracts. Entities are permitted to apply either a retrospective or prospective transition approach to adopt the guidance. ASU 2018-15 is

effective for periods beginning after December 15, 2019. The Company adopted ASU 2018-15 effective January 1, 2020 and concluded there was no material impact to the Company's financial statements.

*Recent Guidance Not Adopted Yet* - In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting (“ASU 2020-04”) providing temporary guidance to ease the potential burden in accounting for reference rate reform primarily resulting from the discontinuation of the London Inter-bank Offered Rate (“LIBOR”), which was expected to occur on December 31, 2021. The amendments in ASU 2020-04 are elective and apply to all entities that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued. The new guidance provides the following optional expedients: (i) simplifies accounting analyses under current GAAP for contract modifications; (ii) simplifies the assessment of hedge effectiveness and allows hedging relationships affected by reference rate reform to continue; and (iii) allows a one-time election to sell or transfer debt securities classified as held to maturity that reference a rate affected by reference rate reform. An entity may elect to apply the amendments prospectively from March 12, 2020 through December 31, 2022 by accounting topic. The Company continues to evaluate ASU 2021-01 but does not expect a material impact to the Company’s financial statements.

In January 2021, the FASB issued ASU 2021-01, Reference Rate Reform (Topic 848): Scope (“ASU 2021-01”). to clarify that all derivative instruments affected by changes to the interest rates used for discounting, margining or contract price alignment (commonly referred to as the discounting transition) are in the scope of ASC 848. The amendments also clarify other aspects of the guidance in ASC 848 and addresses the effects of the cash compensation adjustment provided in the discounting transition on certain aspects of hedge accounting. The guidance in ASC 848 also allows entities to make a one-time election to sell and/or transfer to available for sale or trading any held-to-maturity debt securities that refer to an interest rate affected by reference rate reform and were classified as held to maturity before January 1, 2020. The original guidance and the recently issued ASU are effective as of their issuance dates. The relief provided is temporary and generally cannot be applied to contract modifications that occur after December 31, 2022 or hedging relationships entered into or evaluated after that date. However, the FASB has indicated that it will revisit the sunset date in ASC 848 after the LIBOR administrator makes a final decision on a phaseout date. The LIBOR administrator recently extended the publication of the overnight and the one-, three-, six- and 12-month USD LIBOR settings through June 30, 2023, when many existing contracts that reference LIBOR will have expired. The Company continues to evaluate ASU 2021-01, but does not expect any material impact to the Company's financial statements.

### 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net as of December 31, 2020 and 2019 consisted of the following:

	2020	2019
Trade receivables	\$ 32,569	\$ 30,221
Other receivables	8,044	5,742
Total	<u>\$ 40,613</u>	<u>\$ 35,963</u>

### 4. INVENTORY

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

	2020	2019
Raw materials	\$ 9,855	\$ 8,672
Finished goods	13,357	6,894
Stores inventory, current	10,244	8,627
Total	<u>\$ 33,456</u>	<u>\$ 24,193</u>

The increase in finished goods inventory at December 31, 2020 compared to December 31, 2019 is primarily due to the Company building inventory to facilitate Ciner Corp's exit from ANSAC and Ciner Corp providing the Company international sales, marketing and logistics services after December 31, 2020.

## 5. PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment as of December 31, 2020 and 2019 consisted of the following:

	2020	2019
Land and land improvements	\$ 192	\$ 192
Depletable land	2,957	2,957
Buildings and building improvements	163,483	137,937
Computer hardware	5,328	4,734
Machinery and equipment	680,159	643,049
Furniture and fixtures	1,411	1,083
Total	853,530	789,952
Less accumulated depreciation, depletion and amortization	(625,219)	(622,545)
Total net book value	228,311	167,407
Construction in progress	40,279	90,714
Property, plant, and equipment, net	\$ 268,590	\$ 258,121

Depreciation, depletion and amortization expense on property, plant and equipment was \$27,399, \$26,175, and \$27,731 for the years ended December 31, 2020, 2019 and 2018, respectively.

The decrease in construction in progress from December 31, 2019 to December 31, 2020 is due to the new co-generation facility which started its construction in 2019 and completed in 2020.

## 6. OTHER NON-CURRENT ASSETS

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

	2020	2019
Stores inventory, non-current	\$ 18,630	\$ 17,571
Internal-use software, net of accumulated amortization	5,674	6,088
Other	1,114	607
Total	\$ 25,418	\$ 24,266

During the years ended December 31, 2020, 2019 and 2018, in accordance with ASC 350-40, Internal Use Software, we capitalized \$488, \$596, and \$6,191, respectively, of certain internal use software development costs. Software development activities generally consist of three stages (i) the research and planning stage, (ii) the application and infrastructure development stage, and (iii) the post-implementation stage. Costs incurred in the planning and post-implementation stages of software development, or other maintenance and development expenses that do not meet the qualification for capitalization are expensed as incurred. Costs incurred in the application and infrastructure development stage, including significant enhancements and upgrades, are capitalized. These software development costs are amortized on a straight-line basis over the estimated useful life of five to ten years under depreciation and amortization expense which is included in the cost of products sold financial statement line item of the statements of operations. During the years ended December 31, 2020, 2019 and 2018, we amortized internal use software development costs of \$725, \$699, and \$0, respectively. Amortization for these internal use software development costs are expected to be approximately \$786 per year.

## 7. ACCRUED EXPENSES

Accrued expenses as of December 31, 2020 and 2019 consisted of the following:

	2020	2019
Accrued capital expenditures	\$ 1,271	\$ 6,156
Accrued employee compensation & benefits	7,462	6,898
Accrued energy costs	5,070	5,654
Accrued royalty costs	8,062	7,143
Accrued other taxes	5,030	4,801
Accrued derivatives	896	3,255
Other accruals	5,281	4,054
Total	<u>\$ 33,072</u>	<u>\$ 37,961</u>

## 8. DEBT

Long-term debt as of December 31, 2020 and 2019 consisted of the following:

	2020	2019
Ciner Wyoming Equipment Financing Arrangement with maturity date of March 26, 2028, fixed interest rate of 2.479%	\$ 27,552	\$ —
Ciner Wyoming Credit Facility, unsecured principal expiring on August 1, 2022, variable interest rate as a weighted average rate of 2.25% and 3.27% at December 31, 2020 and December 31, 2019, respectively	102,500	129,500
Total debt	130,052	129,500
Less current portion of long-term debt	2,983	—
Total long-term debt	<u>\$ 127,069</u>	<u>\$ 129,500</u>

Aggregate maturities required on long-term debt at December 31, 2020 are due in future years as follows:

2021	\$	3,031
2022		105,607
2023		3,185
2024		3,265
2025		3,347
Thereafter		11,840
Total	<u>\$</u>	<u>130,275</u>

### *Ciner Wyoming Equipment Financing Arrangement*

On March 26, 2020, Ciner Wyoming and Banc of America Leasing & Capital, LLC, as lender (the “Equipment Financing Lender”), entered into an equipment financing arrangement (the “Ciner Wyoming Equipment Financing Arrangement”) including a Master Loan and Security Agreement, dated as of March 25, 2020 (as amended, the “Master Agreement”) and an Equipment Security Note Number 001, dated as of March 25, 2020 (the “Initial Secured Note”), which provides the terms and conditions for the debt financing of certain equipment related to Ciner Wyoming’s new natural gas-fired turbine co-generation facility that became operational in March 2020. Each equipment financing under the Ciner Wyoming Equipment Financing Arrangement will be evidenced by the execution of one or more equipment notes (including the Initial Secured Note) that incorporate the terms and conditions of the Master Agreement (each, an “Equipment Note”). In order to secure the payment and performance of Ciner Wyoming’s obligations under the Ciner Wyoming Equipment Financing Arrangement and other debt obligations owed by Ciner Wyoming to the Equipment Financing Lender, Ciner Wyoming granted to the Equipment Financing Lender a continuing security interest in all of Ciner Wyoming’s right, title and interest in and to the Equipment (as defined in the Master Agreement) and certain related collateral.

The Ciner Wyoming Equipment Financing Arrangement (1) incorporates all covenants in the Ciner Wyoming Credit Facility (as defined below), now or hereinafter existing, or in any applicable replacement credit facility accepted in

writing by the Equipment Financing Lender, that are based upon a specified level or ratio relating to assets, liabilities, indebtedness, rentals, net worth, cash flow, earnings, profitability, or any other accounting-based measurement or test, and (2) includes customary events of default subject to applicable grace periods, including, among others, (i) payment defaults, (ii) certain mergers or changes in control of Ciner Wyoming, (iii) cross defaults with certain other indebtedness (a) to which the Equipment Financing Lender is a party or (b) to third parties in excess of \$10 million, and (iv) the commencement of certain insolvency proceedings or related events identified in the Master Agreement. Upon the occurrence of an event of default, in its discretion, the Equipment Financing Lender may exercise certain remedies, including, among others, the ability to accelerate the maturity of any Equipment Note such that all amounts thereunder will become immediately due and payable, to take possession of the Equipment identified in any Equipment Note, and to charge Ciner Wyoming a default rate of interest on all then outstanding or thereafter incurred obligations under the Ciner Wyoming Equipment Financing Arrangement.

Among other things, the Initial Secured Note:

- has a principal amount of \$30,000,000;
- has a maturity date of March 26, 2028;
- shall be payable by Ciner Wyoming to the Equipment Financing Lender in 96 consecutive monthly installments of principal and interest commencing on April 26, 2020 and continuing thereafter until the maturity date of the Initial Secured Note, which shall be in the amount of approximately \$307,000 for the first 95 monthly installments and approximately \$4,307,000 for the final monthly installment; and
- entitles Ciner Wyoming to prepay all (but not less than all) of the outstanding principal balance of the Initial Secured Note (together with all accrued interest and other charges and amounts owed thereunder) at any time after one (1) year from the date of the Initial Secured Note, subject to Ciner Wyoming paying to the Equipment Financing Lender an additional prepayment amount determined by the amount of principal balance prepaid and the date such prepayment is made.

In connection with the Second Ciner Wyoming Amendment (as defined below), the Master Agreement was amended to incorporate, among other things, the modified covenants set forth in the Second Ciner Wyoming Amendment related to consolidated leverage ratios of Ciner Wyoming.

Ciner Wyoming's balance under the Ciner Wyoming Equipment Financing Arrangement at December 31, 2020 was \$27.8 million (\$27.6 million net of financing costs).

At December 31, 2020, Ciner Wyoming was in compliance with all financial covenants of the Ciner Wyoming Equipment Financing Arrangement. In connection with the event of default (the "Facilities Agreement Default") under the Facilities Agreement that arose in February 2021 (as defined and described below in the WE Soda and Ciner Enterprises Facilities Agreement section), Ciner Wyoming entered into a second amendment to the Master Agreement (the "Second Amendment to the Master Agreement") on March 5, 2021. Such amendment modified the definition of change of control under the Master Agreement in order to prevent an event of default thereunder that could have otherwise resulted from the Facilities Agreement lenders foreclosing on certain equity interests in Ciner Holdings (the "Equity Default Remedy") as a remedy for the Facilities Agreement Default, or as a remedy for future events of default under the Facilities Agreement, as amended. Management is not aware of any current circumstances that would result in an event of default under the Ciner Wyoming Equipment Financing Arrangement in the next twelve months.

#### ***Ciner Wyoming Credit Facility***

On August 1, 2017, Ciner Wyoming entered into a Credit Agreement (as amended, the "Ciner Wyoming Credit Facility" and together with the Ciner Wyoming Equipment Financing Arrangement, the "Ciner Wyoming Debt Agreements") with each of the lenders listed on the respective signature pages thereof and PNC Bank, National Association ("PNC Bank"), as administrative agent, swing line lender and a Letter of Credit ("L/C") issuer. The Ciner Wyoming Credit Facility is a

\$225.0 million senior revolving credit facility with a syndicate of lenders, which will mature on the fifth anniversary of the closing date of such credit facility. The Ciner Wyoming Credit Facility provides for revolving loans to fund working capital requirements, and capital expenditures, to consummate permitted acquisitions and for all other lawful purposes. The Ciner Wyoming Credit Facility has an accordion feature that allows Ciner Wyoming to increase the available revolving borrowings under the facility by up to an additional \$75.0 million, subject to Ciner Wyoming receiving increased commitments from existing lenders or new commitments from new lenders and the satisfaction of certain other conditions. In addition, the Ciner Wyoming Credit Facility includes a sublimit up to \$20.0 million for same-day swing line advances and a sublimit up to \$40.0 million for letters of credit.

On February 28, 2020, the Ciner Wyoming Credit Facility was amended to, among other things, increase flexibility for debt financing to be incurred by Ciner Wyoming in connection with its new natural gas-fired turbine co-generation facility by, among other things (i) increasing the basket for purchase money indebtedness permitted from \$5.0 million to \$30.0 million; (ii) adding procedures for transition to a benchmark other than the Eurodollar Rate to determine the applicable interest rate (including reference to the Secured Overnight Financing Rate published by the Federal Reserve Bank of New York), with provisions applying to that alternate benchmark; and (iii) adding customary new provisions relating to qualified financial contracts, sanctions and anti-money laundering rules and laws.

On July 27, 2020, the Ciner Wyoming Credit Facility was further amended (the “Second Ciner Wyoming Amendment”) to increase Ciner Wyoming’s financial and liquidity flexibility due to COVID-19. The Second Ciner Wyoming Amendment, among other things, (i) increased, for a limited period, certain restrictive debt covenants that require Ciner Wyoming and its subsidiaries to maintain certain leverage ratios and interest coverage ratios at the end of each period, (ii) provided a tiered interest rate structure based on applicable covenant ratios and established a 0.5% interest floor, (iii) effectuated changes to collateral restricted disbursements and covenanted to give security if covenant ratios are equal to or above certain levels. The Second Ciner Wyoming Amendment also provided for covenants to restrict certain payments and to give security in certain personal property of Ciner Wyoming following a fiscal quarter in which the leverage ratio is equal to or higher than 3.50:1.0, so long as the applicable leverage ratio limit is otherwise adhered to. Any such security would be released upon achievement of a leverage ratio less than 2.00:1.0 at the end of any quarter.

In addition, the Ciner Wyoming Credit Facility contains various covenants and restrictive provisions that limit (subject to certain exceptions) Ciner Wyoming’s ability to:

- make distributions on or redeem or repurchase units;
- incur or guarantee additional debt;
- make certain investments and acquisitions;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates of Ciner Wyoming;
- merge or consolidate with another company; and
- transfer, sell or otherwise dispose of assets.

The Second Ciner Wyoming Amendment also required quarterly maintenance of a leverage ratio below those shown in the table below and an interest coverage ratio of not less than 3.00:1.0.



<b>Fiscal Quarter ending</b>	<b>Leverage Ratio</b>
December 31, 2020	4.50:1.0
March 31, 2021	4.50:1.0
June 30, 2021 <sup>(1)</sup>	4.00:1.0
September 30, 2021 <sup>(1)</sup>	3.50:1.0
December 31, 2021 and each fiscal quarter ending thereafter	3.00:1.0

(1) See discussion of Third Amendment below which changed this requirement to 3:00:1:00.

The Second Ciner Wyoming Amendment added additional restrictions to (i) certain restricted payments (which includes cash dividends, distributions and other restricted payments) by requiring the leverage ratio, both before and after giving effect to such restricted payment, to be less than 2.50:1.0 (previously 3.00:1.0), (ii) permitted acquisitions by requiring that the leverage ratio, both before and after giving effect to a permitted acquisition, be less than 2.50:1.0, and (iii) liens by restricting the grant of any lien on any mineral right or mineral reserve, subject to certain exceptions. Once any restricted payment (other than a permitted tax distribution) or permitted acquisition is consummated by Ciner Wyoming, or one of its subsidiaries, the leverage ratio will reset to a maximum of 3.00:1.0. The Second Ciner Wyoming Amendment also added a covenant that states if the leverage ratio thereunder is: (i) below 3.50:1.0 as of the end of any fiscal quarter, any borrowings under the Ciner Wyoming Credit Agreement will be unsecured; or (ii) greater than or equal to 3.50:1.0 as of the end of any fiscal quarter, any borrowings under the Ciner Wyoming Credit Agreement will be secured by substantially all of Ciner Wyoming's personal property, subject to certain customary exceptions, provided, that any such security shall be released upon achievement of a leverage ratio less than 2.00:1.0 at the end of any fiscal quarter. Prior to the Second Ciner Wyoming Amendment, a leverage ratio in excess of 3.00:1.0 for a quarterly period would have constituted an event of default, whereas following effectiveness of the Second Ciner Wyoming Amendment, for each quarterly period where the leverage ratio is permitted to be in excess of 3.50:1.0, a leverage ratio in excess of 3.50:1.0 for such quarterly period would not by itself constitute an event of default so long as the applicable leverage ratio limit is otherwise adhered to, but would permit the administrative agent and lenders under the Ciner Wyoming Credit Facility to obtain a lien on certain personal property of Ciner Wyoming.

The Ciner Wyoming Credit Facility contains events of default customary for transactions of this nature, including (i) failure to make payments required under the Ciner Wyoming Credit Facility, (ii) events of default resulting from failure to comply with covenants and financial ratios in the Ciner Wyoming Credit Facility, (iii) the occurrence of a change of control, (iv) the institution of insolvency or similar proceedings against Ciner Wyoming and (v) the occurrence of a default under any other material indebtedness Ciner Wyoming may have. Upon the occurrence and during the continuation of an event of default, subject to the terms and conditions of the Ciner Wyoming Credit Facility, the administrative agent shall, at the request of the Required Lenders (as defined in the Ciner Wyoming Credit Facility), or may, with the consent of the Required Lenders, terminate all outstanding commitments under the Ciner Wyoming Credit Facility and may declare any outstanding principal of the Ciner Wyoming Credit Facility debt, together with accrued and unpaid interest, to be immediately due and payable.

Under the Ciner Wyoming Credit Facility, a change of control is triggered if Ciner Corp and its wholly-owned subsidiaries, directly or indirectly, cease to own all of the equity interests, or cease to have the ability to elect a majority of the board of directors (or similar governing body) of our general partner (or any entity that performs the functions of the Partnership's general partner). In addition, a change of control would be triggered if the Partnership ceases to own at least 50.1% of the economic interests in Ciner Wyoming or ceases to have the ability to elect a majority of the members of Ciner Wyoming's board of managers.

Loans under the Ciner Wyoming Credit Facility bear interest at Ciner Wyoming's option at either:

- a Base Rate, which equals the highest of (i) the federal funds rate in effect on such day plus 0.50%, (ii) the administrative agent's prime rate in effect on such day or (iii) one-month LIBOR plus 1.0%, in each case, plus an applicable margin; or

- the Eurodollar Rate plus an applicable margin; provided, that with respect to an applicable loan, if the Eurodollar Rate has ceased or will cease to be provided, if the regulatory supervisor for the administrator of the Eurodollar Rate or a governmental authority having jurisdiction over the administrative agent determine that the Eurodollar Rate is no longer representative or if the administrative agent determines that similar U.S. dollar-denominated credit facilities are being executed or modified to incorporate or adopt a new benchmark interest rate to replace the Eurodollar Rate, the administrative agent and Ciner Wyoming may establish an alternative interest rate for the applicable loan.

The Ciner Wyoming Credit Facility has an interest rate floor of 0.50%.

The unused portion of the Ciner Wyoming Credit Facility is subject to a per annum commitment fee and the applicable margin of the interest rate under the Ciner Wyoming Credit Facility will be determined as follows:

Pricing Tier	Leverage Ratio	Eurodollar Rate Loans	Base Rate Loans	Commitment Fee
1	< 1.25:1.0	1.500%	0.500%	0.250%
2	≥ 1.25:1.0 but < 1.75:1.0	1.750%	0.750%	0.275%
3	≥ 1.75:1.0 but < 2.25:1.0	2.000%	1.000%	0.300%
4	≥ 2.25:1.0 but < 3.00:1.0	2.250%	1.250%	0.375%
5	≥ 3.00:1.0 but < 3.50:1.0	2.500%	1.500%	0.375%
6	≥ 3.50:1.0 but < 4.00:1.0	2.750%	1.750%	0.425%
7	≥ 4.00:1.0	3.000%	2.000%	0.475%

At December 31, 2020, Ciner Wyoming was in compliance with all financial covenants of the Ciner Wyoming Credit Facility. In connection with the Facilities Agreement Default, Ciner Wyoming entered into a Third Amendment to the Ciner Wyoming Credit Facility (the “Third Amendment”) in order to prevent an event of default thereunder that could have otherwise resulted from the Facilities Agreement lenders exercising the Equity Default Remedy as a remedy for the Facilities Agreement Default, or a future event of default under the Facilities Agreement, as amended. Such amendment (i) modified the definition of change of control to exclude any change in control that could arise from lender actions under the Facilities Agreement relating to any events of default under the Facilities Agreement; (ii) reduced the leverage ratio to 3:00 to 1.00 for the quarter ended June 30, 2021 and each fiscal quarter thereafter; and (iii) added a covenant that any borrowings under the Wyoming Credit Facility are secured by substantially all of Ciner Wyoming’s personal property, subject to certain exclusions. Management is not aware of any current circumstances that would result in an event of default under the Ciner Wyoming Credit Facility in the next twelve months.

#### ***WE Soda and Ciner Enterprises Facilities Agreement***

On August 1, 2018, Ciner Enterprises, the entity that indirectly owns and controls Ciner Wyoming, refinanced its existing credit agreement and entered into a new facilities agreement, to which WE Soda and Ciner Enterprises (as borrowers), and KEW Soda, WE Soda, WE Soda Kimya Yatırımları Anonim Şirketi, Ciner Kimya Yatırımları Sanayi ve Ticaret Anonim Şirketi, Ciner Enterprises, Ciner Holdings and Ciner Corp (as original guarantors and together with the borrowers, the “Ciner Obligor”), are parties (as amended and restated or otherwise modified, the “Facilities Agreement”), and certain related finance documents. The Facilities Agreement expires on August 1, 2025.

Even though Ciner Wyoming is not a party or a guarantor under the Facilities Agreement, while any amounts are outstanding under the Facilities Agreement we will be indirectly affected by certain affirmative and restrictive covenants that apply to WE Soda and its subsidiaries (which include us). Besides the customary covenants and restrictions, the Facilities Agreement includes provisions that, without a waiver or amendment approved by lenders, whose commitments are more than 66-2/3% of the total commitments under the Facilities Agreement to undertake such action, would (i) prevent certain transactions (including loans) with our affiliates, including such transactions that could reasonably be expected to materially and adversely affect the interests of certain finance parties, (ii) restrict the ability to amend our limited partnership agreement or the general partner’s limited liability company agreement or our other constituency

documents if such amendment could reasonably be expected to materially and adversely affect the interests of the lenders to the Facilities Agreement, (iii) restrict the amount of our capital expenditures if certain ratios are not achieved by the Ciner Obligors thereunder and (iv) prevent actions that enable certain restrictions or prohibitions on our ability to upstream cash (including via distributions) to the borrowers under the Facilities Agreement. Based on the Ciner Obligors' applicable ratios at December 31, 2020 the Partnership's expansion capital expenditures are prohibited until the Ciner Obligors' applicable ratios are at specified levels pursuant to the Facilities Agreement.

In addition, Ciner Enterprises' ownership in Ciner Holdings is subject to a lien under the Facilities Agreement, which enables the lenders under the Facilities Agreement to foreclose on such collateral and take control of Ciner Holdings, which controls the general partner of the Partnership, if any of the borrowers or guarantors under the Facilities Agreement are unable to satisfy its respective obligations under the Facilities Agreement.

Ciner Wyoming was informed that the Ciner Obligors were in compliance with the Facilities Agreement, as amended, as of December 31, 2020.

In February 2021, Ciner Wyoming was informed that an event of default under the Facilities Agreement arose and that the Ciner Obligors are currently working with the Facilities Agreement lenders to resolve this Facilities Agreement Default. Absent resolution, the Facilities Agreement lenders have the right to foreclose on the equity interest in Ciner Holdings. In order to prevent an event of default under each of the Ciner Wyoming Debt Agreements, which could have otherwise resulted from the Facilities Agreement lenders exercising their Equity Default Remedy, Ciner Wyoming entered into the Second Amendment to the Master Agreement and the Third Amendment to the Ciner Wyoming Credit Facility to modify the related definitions of change of control as described above.

## 9. OTHER NON-CURRENT LIABILITIES

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

	2020	2019
Reclamation reserve	\$ 7,337	\$ 5,672
Derivative instruments and hedges, fair value liabilities and other	1,370	2,915
<b>Total</b>	<b>\$ 8,707</b>	<b>\$ 8,587</b>

Details of the reclamation reserve shown above are as follows:

	2020	2019
Reclamation reserve at beginning of year	\$ 5,672	\$ 5,366
Accretion expense	322	306
Reclamation adjustment <sup>(1)</sup>	1,343	—
Reclamation reserve at end of year	<b>\$ 7,337</b>	<b>\$ 5,672</b>

(1) The reclamation costs are periodically evaluated for adjustments by the Wyoming Department of Environmental Quality. See Note 12 "Commitments and Contingencies," "Off-Balance Sheet Arrangements" for additional information on our reclamation reserve, including recent changes to the underlying reclamation obligation that has resulted in the asset retirement obligation reclamation adjustment.

## 10. EMPLOYEE BENEFIT PLANS

The Company participates in various benefit plans offered and administered by Ciner Corp and is allocated its portions of the annual costs related thereto. The specific plans are as follows:

**Retirement Plans** - Benefits provided under the pension plan for salaried employees and pension plan for hourly employees (collectively, the “Retirement Plans”) are based upon years of service and average compensation for the highest 60 consecutive months of the employee’s last 120 months of service, as defined. Each Retirement Plan covers substantially all full-time employees hired before May 1, 2001. Ciner Corp’s Retirement Plans had a net unfunded liability balance of \$55,157 and \$54,800 at December 31, 2020 and December 31, 2019, respectively. Ciner Corp’s current funding policy is to contribute an amount within the range of the minimum required and the maximum tax-deductible contribution. The Company’s allocated portion of the pension plans’ net periodic pension costs was \$(1,260), \$994, and \$412 for the years ended December 31, 2020, 2019 and 2018, respectively. The decrease in pension costs in 2020 was driven by better than expected return on assets and lower interest expense assumptions.

**Savings Plan** - The 401(k) retirement plan (the “401(k) Plan”) covers all eligible hourly and salaried employees. Eligibility is limited to all domestic residents and any foreign expatriates who are in the United States indefinitely. The 401(k) Plan permits employees to contribute specified percentages of their compensation, while the Company makes contributions based upon specified percentages of employee contributions. Participants hired on or subsequent to May 1, 2001, will receive an additional contribution from the Company based on a percentage of the participant’s base pay. Contributions made to the 401(k) Plan for the years ended December 31, 2020, 2019 and 2018 were \$3,366, \$3,032, and \$2,833, respectively.

**Postretirement Benefits** - Most of the Company’s employees are eligible for postretirement benefits other than pensions if they reach retirement age while still employed.

The postretirement benefits are accounted for by Ciner Corp on an accrual basis over an employee’s period of service. The postretirement plan, excluding pensions, is not funded, and Ciner Corp has the right to modify or terminate the plan. The post-retirement plan had a net unfunded liability of \$13,128 and \$13,757 at December 31, 2020 and 2019, respectively.

The Company’s allocated portion of postretirement cost (benefit) was \$1,233, \$(2,152), and \$(2,940) for the years ended December 31, 2020, 2019 and 2018, respectively. The postretirement benefits for the Company in 2019 and 2018 are due to Ciner Corp amending its postretirement benefit plan in prior years.

## 11. ACCUMULATED OTHER COMPREHENSIVE INCOME AND LOSS

Accumulated other comprehensive loss as of December 31, 2020, 2019 and 2018 consisted of the following:

	Interest Rate Swap Contract	Natural Gas Forwards Contracts	Total
BALANCE at December 31, 2017	\$ (2)	\$ (7,207)	\$ (7,209)
Other comprehensive loss before reclassification	(354)	(1,002)	(1,356)
Amounts reclassified from accumulated other comprehensive loss	37	1,037	1,074
Net current-period other comprehensive income/(loss)	(317)	35	(282)
BALANCE at December 31, 2018	\$ (319)	\$ (7,172)	\$ (7,491)
Other comprehensive (loss)/income before reclassification	(711)	1,085	374
Amounts reclassified from accumulated other comprehensive loss	175	1,063	1,238
Net current-period other comprehensive (loss)/income	(536)	2,148	1,612
BALANCE at December 31, 2019	\$ (855)	\$ (5,024)	\$ (5,879)
Other comprehensive (loss)/income before reclassification	(1,253)	3,762	2,509
Amounts reclassified from accumulated other comprehensive loss	835	2,607	3,442
Net current-period other comprehensive (loss)/income	(418)	6,369	5,951
BALANCE at December 31, 2020	\$ (1,273)	\$ 1,345	\$ 72

The components of other comprehensive income/(loss), attributable to the Company, that have been reclassified out of Accumulated other comprehensive loss consisted of the following:

	2020	2019	2018	Affected Line Items on the Statements of Operations and Comprehensive Income
Details about other comprehensive income/(loss) components:				
Gains on cash flow hedges:				
Interest rate swap contracts	\$ 835	\$ 175	\$ 37	Interest expense
Commodity hedge contracts	2,607	1,063	1,037	Cost of products sold
Total reclassifications for the period	\$ 3,442	\$ 1,238	\$ 1,074	

## 12. COMMITMENTS AND CONTINGENCIES

### Lease and License Commitments

The Company leases and licenses mineral rights from the U.S. Bureau of Land Management, the state of Wyoming, Rock Springs Royalty Company, LLC ("RSRC") an affiliate of Occidental Petroleum Corporation (formerly an affiliate of Anadarko Petroleum Corporation), and other private parties which provide for royalties based upon production volume. The Company has a perpetual right of first refusal with respect to these leases and license and intends to continue renewing the leases and license as has been its practice.

The Company entered into a 10-year rail yard switching and maintenance agreement with a third party, Watco Companies, LLC (“Watco”), on December 1, 2011. Under the agreement, Watco provides rail-switching services at the Company’s rail yard. The Company’s rail yard is constructed on land leased by Watco from Rock Springs Grazing Association and on land that Watco holds an easement from Sweetwater Surface LLC. The land lease is renewable every five years for a total period of thirty years, while the Sweetwater Surface LLC easement is perpetual. The Company has an option agreement with Watco to assign the lease and easement to the Company at any time during the land lease term. An immaterial annual rental is paid under the easement and lease.

As of December 31, 2020, the total minimum contractual rental commitments under the Company’s various operating leases, including renewal periods is approximately \$1,533 with the amount due in any of the next five years being immaterial.

Ciner Corp typically enters into operating lease contracts with various lessors for rail cars to transport product to customer locations and warehouses. Rail car leases under these contractual commitments range for periods from one to ten years. Ciner Corp's obligation related to these rail car leases are \$9,687 in 2021, \$6,737 in 2022, \$3,395 in 2023, \$2,255 in 2024, \$1,954 in 2025 and \$2,084 thereafter. Total lease expense allocated to the Company from Ciner Corp was approximately \$11,304, \$11,770 and \$13,919 for the years ended December 31, 2020, 2019 and 2018, respectively, and is recorded in freight costs.

*Purchase Commitments* - We have financial natural gas supply contracts to mitigate volatility in the price of natural gas. As of December 31, 2020, these contracts totaled approximately \$25,908 for the purchase of a portion of our natural gas requirements over approximately the next four years. The supply purchase agreements have specific commitments of \$14,513 in 2021, \$6,213 in 2022, \$4,317 in 2023, and \$864 in 2024. We have a separate contract that expires in 2021 and renews annually thereafter, for transportation of natural gas with an average annual cost of approximately \$4,046 per year. In connection with the ANSAC exit we have an agreement for minimum logistics services in 2021. This arrangement includes bilateral take or pay terms.

*Legal and Environmental* - From time to time we are party to various claims and legal proceedings related to our business. Although the outcome of these proceedings cannot be predicted with certainty, management does not currently expect any such legal proceedings we may be involved in from time to time to have a material effect on our business, financial condition and results of operations. We cannot predict the nature of any future claims or proceedings, nor the ultimate size or outcome of any such claims and legal proceedings and whether any damages resulting from them will be covered by insurance.

*Litigation Settlement*- On February 2, 2016, amended on January 3, 2017, Ciner Wyoming filed suit against Rock Springs Royalty Company, LLC ("RSRC") in the Third Judicial District Court in Sweetwater County, Wyoming, Case No. C-16-77-L, seeking, among other things, to recover approximately \$32,000 in royalty overpayments. The royalty payments arose under our license with RSRC, an affiliate of Occidental Petroleum Corporation and predecessor in interest to Sweetwater, to mine sodium minerals from certain lands located in Sweetwater County, Wyoming (“License”). The License sets the applicable royalty rate based on a most favored nation clause, where either the royalty rate is set at the same royalty rate we pay to other licensors in Sweetwater County for sodium minerals, or, if certain conditions are met, the royalty rate is set by the rate paid by a third party to an affiliate of Occidental Petroleum Corporation under a separate license. In the lawsuit, we claimed that RSRC had, for at least the last ten years, been charging an arbitrarily high royalty rate in contradiction of the License terms. In addition, we sought a modification of the expiration term of the License land-lease between Ciner Wyoming and RSRC to those terms granted to other licensors in accordance with the most favored nation clause.

On June 28, 2018, RSRC and Ciner Wyoming signed a Settlement Agreement and Release (the “Settlement Agreement”) which among other things (i) required RSRC to pay Ciner Wyoming \$27,500, which was received on July 2, 2018, and (ii) concurrently amended selected sections of the License land-lease including among other things, (a) extension of the

term of the License Agreement to July 18, 2061 and for so long thereafter as Ciner Wyoming continuously conducts operations to mine and remove sodium minerals from the licensed premises in commercial quantities; and (b) revises the production royalty rate for each sale of sodium mineral products produced from ore extracted from the licensed premises at the royalty rate of eight percent (8%) of the net sales of such sodium mineral products. There are no unresolved conditions or uncertainties associated with the Settlement Agreement and management determined the \$27,500 settlement payment was related to the historical overpayment of royalties. The \$27,500 litigation settlement was realized in the second quarter of 2018.

*Off-Balance Sheet Arrangements* - We have historically been subject to a self-bond agreement (the "Self-Bond Agreement") with the Wyoming Department of Environmental Quality ("WDEQ") under which we committed to pay directly for reclamation costs. The amount of the self-bond was \$36,200 as of December 31, 2019. In May 2019, the State of Wyoming enacted legislation that limits our and other mine operators' ability to self-bond and required us to seek other acceptable financial instruments to provide alternate assurances for our reclamation obligations by November 2020. We provided such alternate assurances by timely securing a third-party surety bond effective October 15, 2020 (the "Surety Bond") for the then-applicable full self-bond amount \$36,200, which was also the amount of our obligation as of December 31, 2020. After we secured the Surety Bond, the previous Self-Bond Agreement was terminated. As of the date of this Report, the impact on our net income and liquidity due to securing the Surety Bond has been immaterial and we anticipate that to continue to be the case. The amount of such assurances that we are required to provide is subject to change upon periodic re-evaluation by the WDEQ's Land Quality Division. As a result of the most recent such periodic re-evaluation, the Surety Bond amount was increased to \$41,814 effective March 1, 2021.

### 13. AFFILIATE TRANSACTIONS

Agreements and transactions with affiliates have a significant impact on the Company's financial statements because the Company is a subsidiary in a global group structure. Agreements directly between the Company and other affiliates, or indirectly between affiliates that the Company does not control, can have a significant impact on recorded amounts or disclosures in the Company's financial statements, including any commitments and contingencies between the Company and affiliates, or potentially, third parties.

Ciner Corp is the exclusive sales agent for the Company and through its membership in ANSAC, through December 31, 2020, Ciner Corp has responsibility for promoting and increasing the use and sale of soda ash and other refined or processed sodium products produced. Through December 31, 2020, ANSAC served as the primary international distribution channel for the Partnership and two other U.S. manufacturers of trona-based soda ash. ANSAC operated on a cooperative service-at-cost basis to its members such that typically any annual profit or loss is passed through to the members. As previously disclosed, the Partnership was informed on November 9, 2018 that Ciner Corp, an affiliate of the Company, had as part of its strategic initiative to gain better direct access and control of international customers and logistics and the ability to leverage the expertise of Ciner Group, the world's largest natural soda ash producer, delivered a notice to terminate its membership in ANSAC. Such termination was expected to be effective as of the end of day on December 31, 2021. On July 27, 2020, ANSAC and the members thereof entered into an agreement, effective as of July 24, 2020, that, among other things, terminated Ciner Corp's membership in ANSAC effective as of December 31, 2020 (the "ANSAC termination date"), a year earlier than previously announced (the "ANSAC Early Exit Agreement"). Effective as of the end of day on December 31, 2020 Ciner Corp exited ANSAC.

In connection with the settlement agreement with ANSAC, there are sales commitments to ANSAC in 2021 and 2022 where Ciner Corp will continue to sell, at substantially lower volumes, product to ANSAC for export sales purposes, with a fixed rate per ton selling, general and administrative expense, and will also purchase a limited amount of export logistics services in 2021. Through in part the Company's affiliates, the Company has amongst other things: (i) obtained its own international customer sales arrangements for 2021, (ii) obtained third-party export port services, and (iii) chartered and executed its own international product delivery.

Historically, by design and prior to Ciner Corp's exit from ANSAC, ANSAC managed most of our international sales, marketing and logistics, and as a result, was our largest customer for the years ended December 31, 2020, 2019 and 2018, accounting for 45.4%, 60.4% and 52.0%, respectively, of our net sales. Although ANSAC was our largest customer for the aforementioned periods, we anticipate that the impact of Ciner Corp's exit from ANSAC on our net sales, net income and liquidity will be limited. We made this determination primarily based upon the belief that we will continue to be one of the lowest cost producers of soda ash in the global market. With a low-cost position combined with better direct access and control of our customers and logistics and the ability to leverage Ciner Group's expertise in these areas, we believe we will be able to adequately replace these net ANSAC sales. As of January 1, 2021, Ciner Corp began managing the Partnership's sales and marketing efforts for exports with the ANSAC exit being complete. Ciner Corp is leveraging the distributor network established by Ciner Group while independently reviewing current and potential distribution partners to optimize our reach into each market.

*Post-ANSAC International Export Capabilities*

In accordance with the ANSAC Early Exit Agreement, Ciner Corp has begun marketing soda ash on our behalf directly into international markets and building its international sales, marketing and supply chain infrastructure. We now have access to utilize the distribution network that has already been established by the global Ciner Group. We believe that by having the option of combining our volumes with Ciner Group's soda ash exports from Turkey, Ciner Corp's strategic exit from ANSAC has allowed us to leverage global Ciner Group's, the world's largest natural soda ash producer, soda ash operations which we expect will improve our ability to optimize our market share both domestically and internationally. Being able to work with the global Ciner Group provides us with the opportunity to better attract and more efficiently serve larger global customers. In addition, the Company is working to enhance its international logistics infrastructure that includes, among other things, a domestic port for export capabilities. These export capabilities are being developed by an affiliated company and options being evaluated range from continued outsourcing in the near term to developing its own port capabilities in the longer term.

Selling, general and administrative expenses also include amounts charged to the Company by its affiliates principally consisting of salaries, benefits, office supplies, professional fees, travel, rent and other costs of certain assets used by the Company. On October 23, 2015, the Company entered into a Services Agreement (the "Services Agreement") with our general partner and Ciner Corp. Pursuant to the Services Agreement, Ciner Corp has agreed to provide the Company with certain corporate, selling, marketing, and general and administrative services, in return for which the Company has agreed to pay Ciner Corp an annual management fee and reimburse Ciner Corp for certain third-party costs incurred in connection with providing such services. In addition, under the limited liability company agreement governing Ciner Wyoming, Ciner Wyoming reimburses us for employees who operate our assets and for support provided to Ciner Wyoming. These transactions do not necessarily represent arm's length transactions and may not represent all costs if Ciner Wyoming operated on a standalone basis.

The total selling, general and administrative costs charged to the Company by affiliates for the years ended December 31, 2020, 2019, and 2018 were as follows:

	2020	2019	2018
Ciner Corp	\$ 15,659	\$ 14,233	\$ 13,728
ANSAC <sup>(1)</sup>	1,362	3,508	2,998
Ciner Resources	377	663	972
Total selling, general and administrative expenses - affiliates	<u>\$ 17,398</u>	<u>\$ 18,404</u>	<u>\$ 17,698</u>

(1) ANSAC allocates its expenses to its members using a pro rata calculation based on sales.



Net sales to affiliates for the years ended December 31, 2020, 2019 and 2018 were as follows:

	2020	2019	2018
ANSAC	\$ 177,891	\$ 315,847	\$ 253,345
Total	<u>\$ 177,891</u>	<u>\$ 315,847</u>	<u>\$ 253,345</u>

As of December 31, 2020 and 2019, the Company had due from/to with affiliates as follows:

	2020		2019	
	Due from Affiliates	Due to Affiliates	Due from Affiliates	Due to Affiliates
ANSAC	\$ 41,948	\$ 183	\$ 53,859	\$ 1,614
Ciner Corp	44,594	2,520	35,713	1,423
Other	155	162	5,543	178
Total	<u>\$ 86,697</u>	<u>\$ 2,865</u>	<u>\$ 95,115</u>	<u>\$ 3,215</u>

The increase in due from Ciner Corp from December 31, 2019 to December 31, 2020 is due to timing of funding of pension and postretirement plans offered and administered by Ciner Corp.

#### 14. SEGMENT REPORTING

Our operations are similar in geography, nature of products we provide and type of customers we serve. As the Company earns substantially all of its revenues through the sale of soda ash mined at a single location, we have concluded that we have one operating segment for reporting purposes. The net sales by geographic area for the years ended December 31, 2020, 2019 and 2018 were as follows:

	2020	2019	2018
Domestic	\$ 208,838	\$ 206,996	\$ 233,414
International	183,393	315,847	253,345
Total net sales	<u>\$ 392,231</u>	<u>\$ 522,843</u>	<u>\$ 486,759</u>

#### 15. SUBSEQUENT EVENTS

In an effort to achieve greater financial and liquidity flexibility during the COVID-19 pandemic, (i) effective February 22, 2021, the board of directors of the general partner of the Company unanimously approved a continuation of the suspension of quarterly distributions to the unitholders of the Company for the quarter ended December 31, 2020, and (ii) effective February 22, 2021, the board of managers of Ciner Wyoming unanimously approved a continuation of the suspension of quarterly distributions to the members of Ciner Wyoming for the quarter ended December 31, 2020 in a continued effort to achieve greater financial and liquidity flexibility during the COVID-19 pandemic. In March 2021, the board of managers of Ciner Wyoming approved a special \$8.0 million distribution, to amongst other things, provide the Partnership with funds to retire its Ciner Resources Credit Facility.

In connection with the Facilities Agreement Default (as defined and described in Note 9 "Debt" in the Ciner Wyoming Equipment Financing Arrangement section), effective March 5, 2021 the Ciner Wyoming Equipment Financing Arrangement and the Ciner Wyoming Credit Facility were amended respectively in order to amongst other things, carveout from the definition of Change of Control any change in control that could arise from lender actions under the Facilities Agreement relating to any events of default under the Facilities Agreement, see Note 8, "Debt" for additional information.

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