

NATURAL RESOURCE PARTNERS LP
Form 10-K/A
March 14, 2016

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A
Amendment No. 1

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

For the fiscal year ended December 31, 2015 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: 1-31465

NATURAL RESOURCE PARTNERS L.P.

(Exact name of registrant as specified in its charter)

Delaware

35-2164875

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

1201 Louisiana Street, Suite 3400, Houston, Texas 77002

(Address of principal executive offices)

Registrant's telephone number, including area code (713) 751-7507

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

Title of each class Name of each exchange on which registered

Common Units representing limited partnership interests 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

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

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

days. Yes No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company

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

The aggregate market value of the common units held by non-affiliates of the registrant was approximately \$295.0 million on June 30, 2015 based on a price of \$37.90 per unit, which was the closing price of the common units as reported on the New York Stock Exchange (after giving effect to the one-for-ten reverse unit split effective on February 17, 2016).

As of March 1, 2016, there were 12.2 million common units outstanding. Documents incorporated by reference: None.

Explanatory Note

We are filing this Amendment No. 1 on Form 10-K/A solely to correct a typographical error in Ernst & Young LLP's independent registered public accountants' report contained in Item 8. Financial Statements and Supplementary Data of our original Annual Report on Form 10-K filed on March 11, 2016 (the "Original Report"). There are no changes to the financial or supplemental information contained in Item 8.

The typographical error was an inadvertent reference to Natural Resource Partners L.P. in regards to the amounts based on the report of other auditors. The amounts of Ciner Wyoming LLC, a Limited Liability Company in which Natural Resource Partners L.P. owns a 49% interest, were audited by Deloitte & Touche LLP and should have been referenced accordingly.

In order to comply with certain technical requirements of the SEC's rules in connection with the filing of this amendment on Form 10-K/A, we are including in this amendment the complete text of Item 8. We are also including in this amendment updated certifications of our principal executive and principal financial officers and updated consents of Ernst & Young LLP and Deloitte & Touche LLP.

This Amendment No. 1 on Form 10-K/A continues to speak as of the date of our Original Report, and we have not updated the disclosures contained in this Amendment No. 1 to reflect any events that occurred at a date subsequent to the filing of the Original Report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Partners of Natural Resource Partners L.P.

We have audited the accompanying consolidated balance sheets of Natural Resource Partners L.P. as of December 31, 2015 and 2014, and 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, 2015. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Ciner Wyoming LLC (Ciner Wyoming), a Limited Liability Company in which Natural Resource Partners L.P. owns a 49% interest. In the consolidated financial statements Natural Resource Partners L.P.'s investment in Ciner Wyoming is stated at \$262 million and \$264 million as of December 31, 2015 and 2014, respectively, and Natural Resource Partners L.P.'s equity in the net income of Ciner Wyoming is stated at \$50 million, \$41 million and \$34 million for the three years in the period ended December 31, 2015, respectively. Those statements were audited by other auditors whose report has been furnished to us. Our opinion, insofar as it relates to the amounts included for Ciner Wyoming, is based on the report of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Natural Resource Partners L.P. at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

The condensed consolidating balance sheets and statements of comprehensive income (loss) appearing in Note 17 of the consolidated financial statements have been subjected to audit procedures performed in conjunction with the audit of Natural Resource Partners L.P.'s consolidated financial statements. Such information is the responsibility of the Partnership's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Natural Resource Partners L.P.'s internal control over financial reporting as of December 31, 2015, 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 11, 2016, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Houston, Texas
March 11, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Managers and Members of
Ciner Wyoming LLC
Atlanta, Georgia

We have audited the accompanying balance sheets of Ciner Wyoming LLC (the "Company") as of December 31, 2015 and 2014 and 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, 2015, and the related notes to the financial statements. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Atlanta, Georgia
March 11, 2016

NATURAL RESOURCE PARTNERS L.P.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 2015	December 31, 2014	
ASSETS			
Current assets:			
Cash and cash equivalents	\$51,773	\$50,076	
Accounts receivable, net	50,167	66,455	
Accounts receivable—affiliates	6,864	9,494	
Inventory	7,835	5,814	
Prepaid expenses and other	4,490	4,279	
Total current assets	121,129	136,118	
Land	25,022	25,243	
Plant and equipment, net	61,239	60,093	
Mineral rights, net	1,094,027	1,781,852	
Intangible assets, net	56,927	60,733	
Equity in unconsolidated investment	261,942	264,020	
Long-term contracts receivable—affiliate	47,359	50,008	
Goodwill	—	52,012	
Other assets	15,306	14,645	
Other assets—affiliate	1,124	—	
Total assets	\$ 1,684,075	\$ 2,444,724	
LIABILITIES AND CAPITAL			
Current liabilities:			
Accounts payable	\$8,465	\$22,465	
Accounts payable—affiliates	1,464	950	
Accrued liabilities	45,735	43,533	
Current portion of long-term debt, net	80,983	80,983	
Total current liabilities	136,647	147,931	
Deferred revenue	80,812	73,207	
Deferred revenue—affiliates	82,853	87,053	
Long-term debt, net	1,284,083	1,374,336	
Long-term debt, net—affiliate	19,930	19,904	
Other non-current liabilities	6,808	22,138	
Commitments and contingencies (see Note 14)			
Partners' capital:			
Common unitholders' interest (12.2 million units outstanding)	79,094	709,019	
General partner's interest	(606	) 12,245
Accumulated other comprehensive loss	(2,152) (459)
Total partners' capital	76,336	720,805	
Non-controlling interest	(3,394) (650)
Total capital	72,942	720,155	
Total liabilities and capital	\$ 1,684,075	\$ 2,444,724	

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

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

(In thousands, except per unit data)

	For the Years Ended December 31,		
	2015	2014	2013
Revenues and other income:			
Coal, hard mineral royalty and other	\$156,638	\$172,160	\$213,825
Coal, hard mineral royalty and other—affiliates	89,715	84,559	93,026
VantaCore	139,013	42,051	—
Oil and gas	53,565	59,566	17,080
Equity in earnings of Ciner Wyoming	49,918	41,416	34,186
Total revenues and other income	488,849	399,752	358,117
Operating expenses:			
Operating and maintenance expenses	155,959	83,433	33,211
Operating and maintenance expenses—affiliates, net	16,031	10,770	8,821
Depreciation, depletion and amortization	100,828	79,876	64,377
General and administrative	7,036	7,287	11,452
General and administrative—affiliates	5,312	3,258	3,286
Asset impairments	681,594	26,209	734
Total operating expenses	966,760	210,833	121,881
Income (loss) from operations	(477,911	) 188,919	236,236
Other income (expense)			
Interest expense	(93,827	) (80,185	) (64,396
Interest income	18	96	238
Other expense, net	(93,809	) (80,089	) (64,158
Net income (loss)	\$(571,720	) \$108,830	\$172,078
Net income (loss) attributable to partners:			
Limited partners	(559,492	) 106,653	168,636
General partner	(12,228	) 2,177	3,442
Basic and diluted net income (loss) per common unit	\$(45.75	) \$9.42	\$15.39
Weighted average number of common units outstanding	12,230	11,326	10,958
Net income (loss)	\$(571,720	) \$108,830	\$172,078
Add: comprehensive income (loss) from unconsolidated investment and other	(1,693	) (81	) 65
Comprehensive income (loss)	\$(573,413	) \$108,749	\$172,143

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

NATURAL RESOURCE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(In thousands)

	Common Unitholders		General Partner	Accumulated Other Comprehensive Income (Loss)	Partners' Capital Excluding Non-Controlling Interest	Non-Controlling Interest	Total Capital
	Units	Amounts					
Balance at December 31, 2012	10,603	\$605,019	\$10,026	\$ (443)	\$ 614,602	\$ 2,845	\$617,447
Issuance of common units	378	75,000	—	—	75,000	—	75,000
Capital contribution	—	—	1,531	—	1,531	—	1,531
Cost associated with equity transactions	—	(293)	—	—	(293)	—	(293)
Distributions to unitholders	—	(241,588)	(4,930)	—	(246,518)	—	(246,518)
Distributions to non-controlling interests	—	—	—	—	—	(2,521)	(2,521)
Net income	—	168,636	3,442	—	172,078	—	172,078
Comprehensive income from unconsolidated investment and other	—	—	—	65	65	—	65
Balance at December 31, 2013	10,981	\$606,774	\$10,069	\$ (378)	\$ 616,465	\$ 324	\$616,789
Issuance of common units	1,006	127,202	—	—	127,202	—	127,202
Issuance of common units for acquisitions	243	31,604	—	—	31,604	—	31,604
Capital contribution	—	—	3,240	—	3,240	—	3,240
Cost associated with equity transactions	—	(4,413)	—	—	(4,413)	—	(4,413)
Distributions to unitholders	—	(158,801)	(3,241)	—	(162,042)	—	(162,042)
Distributions to non-controlling interests	—	—	—	—	—	(974)	(974)
Net income	—	106,653	2,177	—	108,830	—	108,830
Comprehensive loss from unconsolidated investment and other	—	—	—	(81)	(81)	—	(81)
Balance at December 31, 2014	12,230	\$709,019	\$12,245	\$ (459)	\$ 720,805	\$ (650)	\$720,155
Cost associated with equity transactions	—	(109)	—	—	(109)	—	(109)
Distributions to unitholders	—	(70,324)	(1,434)	—	(71,758)	—	(71,758)

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Distributions to non-controlling interests	—	—	—	—	—	(2,744)	(2,744)
Net loss	—	(559,492)	(12,228)	—	(571,720)	—	(571,720)
Non-cash contributions	—	—	811	—	811	—	811
Comprehensive loss from unconsolidated investment and other	—	—	—	(1,693)	(1,693)	—	(1,693)
Balance at December 31, 2015	12,230	\$79,094	\$(606)	\$(2,152)	\$ 76,336	\$ (3,394)	\$72,942

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

NATURAL RESOURCE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Years Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income (loss)	\$ (571,720	) \$ 108,830	\$ 172,078
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Asset impairment	681,594	26,209	734
Depreciation, depletion and amortization	100,828	79,876	64,377
Distributions from equity earnings from unconsolidated investments	46,795	43,005	24,113
Equity earnings from unconsolidated investment	(49,918	) (41,416	) (34,186
Gain on reserve swap	(9,290	) (5,690	) (8,149
Other, net	(1,295	) 1,942	(8,721
Other, net—affiliates	(287) —	—
Change in operating assets and liabilities:			
Accounts receivable	16,486	(8,685	) 2,593
Accounts receivable—affiliates	2,630	(1,828	) 2,947
Accounts payable	(3,775	) (2,408	) 1,633
Accounts payable—affiliates	514	559	(566
Accrued liabilities	(4,676	) (1,821	) 7,927
Deferred revenue	7,605	2,056	4,164
Deferred revenue—affiliates	(4,200	) 15,618	15,076
Accrued incentive plan expenses	(7,023	) (5,265	) 2,284
Other items, net	(1,030	) (47	) (516
Other items, net—affiliates	186	(180	) 1,286
Net cash provided by operating activities	203,424	210,755	247,074
Cash flows from investing activities:			
Acquisition of mineral rights	(40,679	) (356,026	) (72,000
Acquisition of plant and equipment and other	(10,175	) (2,454) —
Proceeds from sale of plant and equipment and other	11,024	1,006	—
Proceeds from sale of mineral rights	7,096	412	10,929
Acquisition of equity interests	—	—	(293,085
Acquisition of aggregates business	—	(168,978) —
Return of equity and other unconsolidated investments	—	3,633	48,833
Return of long-term contract receivables—affiliate	2,463	1,904	2,558
Net cash used in investing activities	(30,271	) (520,503	) (302,765
Cash flows from financing activities:			
Proceeds from loans	100,000	617,471	567,020
Proceeds from loans—affiliate	—	19,904	—
Proceeds from issuance of common units	—	127,202	75,000
Capital contribution by general partner	—	3,240	1,531
Repayments of loans	(190,983	) (327,983	) (386,230
Distributions to partners	(71,758	) (162,042	) (246,518
Distributions to non-controlling interest	(2,744) (974) (2,521
Debt issue costs and other	(5,971) (9,507) (9,502

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Net cash provided by (used in) financing activities	(171,456)	267,311	(1,220)
Net increase (decrease) in cash and cash equivalents	1,697		(42,437)	