

Edgar Filing: CNX Coal Resources LP - Form 10-Q

CNX Coal Resources LP
Form 10-Q
August 01, 2017

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2017

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: 001-14901

CNX Coal Resources LP
(Exact name of registrant as specified in its charter)

Delaware 47-3445032
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
1000 CONSOL Energy Drive
Canonsburg, PA 15317-6506
(724) 485-4000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller Reporting Company ☐ Emerging growth company ☒

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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CNX Coal Resources LP had 11,718,635 common units, 11,611,067 subordinated units, 3,956,496 Class A Preferred Units and a 1.7% general partner interest outstanding at July 31, 2017.

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Significant Relationships and Other Terms Referenced in this Quarterly Report

“Class A Preferred Units” means the convertible preferred units representing limited partner interests in CNX Coal Resources LP. The Partnership issued 3,956,496 Class A Preferred Units to CONSOL Energy on September 30, 2016. Key terms of the Class A Preferred Units include the following:

Distributions: Distributions on each outstanding Class A Preferred Unit will be cumulative, and will accumulate at 11% per annum (the “Class A Preferred Unit Distribution Rate”) for each calendar quarter beginning with the quarter ending December 31, 2016 until such time as the Partnership pays the full cumulative Class A Preferred Unit distribution in respect of such Class A Preferred Unit with respect to such calendar quarter or such Class A Preferred Unit is converted in accordance with the Partnership Agreement (as defined herein), whether or not such Class A Preferred distributions have been declared. Subject to certain exceptions, a holder of Class A Preferred Units (currently, CONSOL Energy) will be entitled to receive Class A Preferred distributions out of any assets of the Partnership legally available for the payment of distributions at the Class A Preferred Unit Distribution Rate when, as, and if declared by the Board of Directors of our general partner to be paid by the Partnership in accordance with the Partnership Agreement, will be paid quarterly, in arrears, at the election of the Partnership either in additional Class A Preferred Units or in cash;

Voting: Holders of Class A Preferred Units will have such voting rights as if their Class A Preferred Units were converted, on a one-for-one basis, into common units and will vote together with the holders of common units as a single class. Holders of Class A Preferred Units will be entitled to vote as a separate class on any matter that adversely affects the rights, privileges or preferences of the Class A Preferred Units in any material respect or as required by applicable law or regulation;

Conversion at the Election of the Holder: Class A Units are convertible, at the election of the holder, into common units on a one-for-one basis (i) at any time after September 30, 2017, (ii) with respect to the Partnership’s dissolution or liquidation and (iii) with respect to certain change of control events as described in the Partnership Agreement;

Conversion at the Election of the Partnership: All, but not less than all, of the outstanding Class A Preferred Units are convertible, at the election of the Partnership, into common units on a one-for-one basis, on or after September 30, 2019; provided, that (i) no “Class A Preferred Unit Payment Default” arising from the Partnership’s failure to pay in full any Class A Preferred Unit distribution, has occurred and is continuing; (ii) the volume-weighted average trading price of the common units over the 15-day trading period ending on the trading day immediately prior to the date of the conversion notice is equal to or greater than 140% of the issue price of the Class A Preferred Units; and (iii) the average trading volume is at least 35,000 common units (subject to customary anti-dilution adjustments) with respect to any 20 trading days within the 30-trading day period ending on the trading day immediately prior to the date of the conversion notice;

Restrictions on Transfer: Prior to September 30, 2017, other than transfers to affiliates, CONSOL Energy may not transfer any Class A Preferred Units without the approval of the Partnership;

“CNX Coal Finance” refers to CNX Coal Finance Corporation, a Delaware corporation and a direct, wholly-owned subsidiary of the Partnership;

“CNX Coal Resources LP,” the “Partnership,” “we,” “our,” “us” and similar terms, when used in a historical context, refer to CNX Coal Resources LP, a Delaware limited partnership, and its subsidiaries;

“CNX Operating” refers to CNX Operating LLC, a Delaware limited liability company and a direct, wholly-owned subsidiary of the Partnership;

“CNX Thermal Holdings” refers to CNX Thermal Holdings LLC, a Delaware limited liability company and a direct, wholly-owned subsidiary of CNX Operating; subsequent to the PA Mining Acquisition, CNX Thermal Holdings owns a 25% undivided interest in the assets, liabilities, revenues and expenses comprising the Pennsylvania Mining

Complex;

the “common units” refer to the limited partner interests in CNX Coal Resources LP. The holders of common units are entitled to participate in partnership distributions and are entitled to exercise the rights or privileges of limited partners under the Partnership Agreement. The common units are listed on the New York Stock Exchange, under the symbol “CNXC”;

“CONSOL Energy” and our “sponsor” refer to CONSOL Energy Inc., a Delaware corporation and the parent of our general partner, and its subsidiaries other than our general partner, us and our subsidiaries;

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• “CPCC” refers to CONSOL Pennsylvania Coal Company LLC, a Delaware limited liability company and a wholly-owned subsidiary of CONSOL Energy;

• “Conrhein” refers to Conrhein Coal Company, a Pennsylvania general partnership and a wholly-owned subsidiary of CONSOL Energy;

• our “general partner” refers to CNX Coal Resources GP LLC, a Delaware limited liability company and our general partner;

• “IPO” refers to the completion of the Partnership's initial public offering on July 7, 2015;

• “Omnibus Agreement” refers to the Omnibus Agreement dated July 7, 2015, as replaced by the First Amended and Restated Omnibus Agreement dated as of September 30, 2016;

• “PA Mining Acquisition” refers to a transaction which closed on September 30, 2016, where the Partnership and its wholly owned subsidiary, CNX Thermal, entered into a Contribution Agreement with CONSOL Energy, CPCC and Conrhein, under which CNX Thermal Holdings acquired an undivided 6.25% of the contributing parties’ right, title and interest in and to the Pennsylvania Mining Complex (which represents an aggregate 5% undivided interest in and to the Pennsylvania Mining Complex);

• the “Partnership Agreement” refers to the First Amended and Restated Agreement of Limited Partnership of the Partnership, as replaced by the Second Amended and Restated Agreement of Limited Partnership of the Partnership dated as of September 30, 2016;

• the “Pennsylvania Mining Complex” refers to the coal mines, coal reserves and related assets and operations, located primarily in southwestern Pennsylvania, owned 80% by CONSOL Energy and 20% by CNX Thermal Holdings, prior to the PA Mining Acquisition; and subsequent to the PA Mining Acquisition, owned 75% by CONSOL Energy, and its subsidiaries and 25% by CNX Thermal Holdings; and

• the “preferred units” refer to any limited partnership interests, other than the common units and subordinated units, issued in accordance with the Partnership Agreement that, as determined by our general partner, have special voting rights to which our common units are not entitled. As of the date of this Quarterly Report on Form 10-Q, the only outstanding preferred units are the Class A Preferred Units.

PART I : FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CNX COAL RESOURCES LP

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except unit data)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Coal Revenue	\$75,927	\$ 62,640	\$155,039	\$ 119,181
Freight Revenue	4,441	2,797	7,511	6,066
Other Income	2,104	1,780	3,202	1,768
Total Revenue and Other Income	82,472	67,217	165,752	127,015
Operating and Other Costs ¹	50,232	46,046	100,115	84,536
Depreciation, Depletion and Amortization	10,277	10,422	20,798	20,739
Freight Expense	4,441	2,797	7,511	6,066
Selling, General and Administrative Expenses ²	3,652	1,969	6,935	3,897
Interest Expense	2,396	2,076	4,853	4,054
Total Costs	70,998	63,310	140,212	119,292
Net Income	\$11,474	\$ 3,907	\$25,540	\$ 7,723
Less: Net Income Attributable to CONSOL Energy Pre-PA Mining Acquisition	—	1,300	—	2,617
Net Income Attributable to General and Limited Partner Ownership Interest in CNX Coal Resources	\$11,474	\$ 2,607	\$25,540	\$ 5,106
Less: General Partner Interest in Net Income	192	51	435	102
Less: Net Income Allocable to Class A Preferred Units	1,851	—	3,702	—
Limited Partner Interest in Net Income	\$9,431	\$ 2,556	\$21,403	\$ 5,004
Net Income per Limited Partner Unit - Basic	\$0.40	\$ 0.11	\$0.92	\$ 0.22
Net Income per Limited Partner Unit - Diluted	\$0.40	\$ 0.11	\$0.91	\$ 0.22
Limited Partner Units Outstanding - Basic	23,329,702	23,222,134	23,311,004	23,222,134
Limited Partner Units Outstanding - Diluted	23,470,058	23,301,391	23,444,923	23,254,115
Cash Distributions Declared per Unit ³				
Common Unit	\$0.5125	\$ 0.5125	\$1.0250	\$ 1.0250
Subordinated Unit	\$0.5125	\$ —	\$1.0250	\$ 0.5125

¹ Related Party of \$867 and \$1,270 for the three months ended and \$1,739 and \$2,536 for the six months ended June 30, 2017 and June 30, 2016, respectively.

² Related Party of \$737 and \$1,190 for the three months ended and \$1,454 and \$2,305 for the six months ended June 30, 2017 and June 30, 2016, respectively.

³ Represents the cash distributions declared related to the period presented. See Note 14 - Subsequent Events.

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

CNX COAL RESOURCES LP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net Income	\$11,474	\$3,907	\$25,540	\$7,723
Recognized Net Actuarial Gain	(40)	(22)	(79)	(47)
Other Comprehensive Loss	(40)	(22)	(79)	(47)
Comprehensive Income	\$11,434	\$3,885	\$25,461	\$7,676

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

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CNX COAL RESOURCES LP
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	(Unaudited)	
	June 30, 2017	December 31, 2016
ASSETS		
Current Assets:		
Cash	\$ 6,608	\$ 9,785
Trade Receivables	26,025	23,418
Other Receivables	1,152	515
Inventories	14,007	11,491
Prepaid Expenses	2,680	3,512
Total Current Assets	50,472	48,721
Property, Plant and Equipment:		
Property, Plant and Equipment	883,343	876,690
Less—Accumulated Depreciation, Depletion and Amortization	462,587	442,178
Total Property, Plant and Equipment—Net	420,756	434,512
Other Assets:		
Other	19,107	21,063
Total Other Assets	19,107	21,063
TOTAL ASSETS	\$ 490,335	\$ 504,296
LIABILITIES AND PARTNERS' CAPITAL		
Current Liabilities:		
Accounts Payable	\$ 16,003	\$ 18,797
Accounts Payable—Related Party	2,196	1,666
Other Accrued Liabilities	44,403	44,318
Total Current Liabilities	62,602	64,781
Long-Term Debt:		
Revolver, Net of Debt Issuance and Financing Fees	187,292	197,843
Capital Lease Obligations	109	146
Total Long-Term Debt	187,401	197,989
Other Liabilities:		
Pneumoconiosis Benefits	2,613	2,057
Workers' Compensation	3,131	3,090
Asset Retirement Obligations	9,320	9,346
Other	437	463
Total Other Liabilities	15,501	14,956
TOTAL LIABILITIES	265,504	277,726
Partners' Capital:		
Class A Preferred Units (3,956,496 Units Outstanding at June 30, 2017 and December 31, 2016)	69,151	69,151
Common Units (11,718,635 Units Outstanding at June 30, 2017; 11,618,456 Units Outstanding at December 31, 2016)	140,607	140,967
Subordinated Units (11,611,067 Units Outstanding at June 30, 2017 and December 31, 2016)	(8,880)	(7,631)
General Partner Interest	12,223	12,274
Accumulated Other Comprehensive Income	11,730	11,809
Total Partners' Capital	224,831	226,570
TOTAL LIABILITIES AND PARTNERS' CAPITAL	\$490,335	\$504,296

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

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CNX COAL RESOURCES LP
CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL
(Dollars in thousands)

	Limited Partners				Accumulated	
	Class A Preferred Units	Common	Subordinated	General Partner	Other Comprehensive Income	Total
Balance at December 31, 2016 (unaudited)	\$69,151	\$140,967	\$ (7,631)	\$12,274	\$ 11,809	\$226,570
Net Income	3,702	10,751	10,652	435	—	25,540
Unitholder Distributions	(3,702)	(12,011)	(11,901)	(486)	—	(28,100)
Unit Based Compensation		1,707	—	—	—	1,707
Tax Cost from Unit Based Compensation		(807)	—	—	—	(807)
Actuarially Determined Long-Term Liability Adjustments	—	—	—	—	(79)	(79)
Balance at June 30, 2017	\$69,151	\$140,607	\$ (8,880)	\$12,223	\$ 11,730	\$224,831

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

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CNX COAL RESOURCES LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(unaudited)

	Six Months Ended June 30,	
	2017	2016
Cash Flows from Operating Activities:		
Net Income	\$25,540	\$7,723
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation, Depletion and Amortization	20,798	20,739
(Gain) Loss on Sale of Assets	(1,400)	12
Unit Based Compensation	1,707	615
Other Adjustments to Net Income	449	449
Changes in Operating Assets:		
Accounts and Notes Receivable	(3,244)	(2,931)
Inventories	(2,516)	1,122
Prepaid Expenses	832	1,764
Changes in Other Assets	326	(3,884)
Changes in Operating Liabilities:		
Accounts Payable	(2,460)	(2,353)
Accounts Payable—Related Party	530	(3,075)
Other Operating Liabilities	84	2,959
Changes in Other Liabilities	108	1,691
Net Cash Provided by Operating Activities	40,754	24,831
Cash Flows from Investing Activities:		
Capital Expenditures	(5,472)	(6,501)
Proceeds from Sales of Assets	1,500	19
Net Cash Used in Investing Activities	(3,972)	(6,482)
Cash Flows from Financing Activities:		
Payments on Miscellaneous Borrowings	(52)	(35)
Net (Payments on) Proceeds from Revolver	(11,000)	13,000
Payments for Unitholder Distributions	(28,100)	(24,288)
Tax Cost from Unit-Based Compensation	(807)	—
Net Change in Parent Advances	—	(4,597)
Net Cash Used in Financing Activities	(39,959)	(15,920)
Net (Decrease) Increase in Cash	(3,177)	2,429
Cash at Beginning of Period	9,785	6,534
Cash at End of Period	\$6,608	\$8,963

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

CNX COAL RESOURCES LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands)

NOTE 1—BASIS OF PRESENTATION:

The accompanying unaudited consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

On September 30, 2016, the Partnership and its wholly owned subsidiary, CNX Thermal, entered into a Contribution Agreement (the "Contribution Agreement") with CONSOL Energy, CPCC and Conrhein and together with CPCC, (the "Contributing Parties"), under which CNX Thermal acquired an undivided 6.25% of the Contributing Parties' right, title and interest in and to the Pennsylvania Mining Complex (which represents an aggregate 5% undivided interest in and to the Pennsylvania Mining Complex)("PA Mining Acquisition"). The PA Mining Acquisition was a transaction between entities under common control; therefore, the partnership recorded the assets and liabilities of the acquired 5% of Pennsylvania Mining Complex at their carrying amounts to CONSOL Energy on the date of the transaction. The difference between CONSOL Energy's net carrying amount and the total consideration paid to CONSOL Energy was recorded as a capital transaction with CONSOL Energy, which resulted in a reduction in partners' capital. The Partnership recast its historical consolidated financial statements to retrospectively reflect the additional 5% interest in Pennsylvania Mining Complex as if the business was owned for all periods presented; however, the consolidated financial statements are not necessarily indicative of the results of operations that would have occurred if the Partnership had owned it during the periods reported.

For the three and six months ended June 30, 2017 and 2016, the unaudited consolidated financial statements include the accounts of CNX Operating and CNX Thermal Holdings, wholly-owned and controlled subsidiaries.

Reclassifications:

Certain amounts have been reclassified to conform with the current reporting classifications with no effect on previously reported net income or partners' capital.

Recent Accounting Pronouncements:

In March 2017, the Financial Accounting Standards Board ("FASB") issued Update 2017-07 - Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. The Update requires entities to (1) disaggregate the current-service-cost component from the other components of net benefit cost (the "other components") and present it with other current compensation costs for related employees in the income statement and (2) present the other components elsewhere in the income statement and outside of income from operations if that subtotal is presented. Because the Partnership does not present an income from operations subtotal, that requirement is not applicable. Additionally, the Partnership's service cost component is deemed immaterial, and therefore, the other components of net benefit cost will not be presented separately. For public entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted as of the beginning of a fiscal year for which financial statements have not been issued. The adoption of this guidance is not expected to have an impact on the Partnership's financial statements.

In January 2017, the FASB issued Update 2017-01 - Business Combinations (Topic 805). This update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions

should be accounted for as acquisitions (or disposals) of assets or businesses. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The adoption of this new guidance will not have a material impact on the Partnership's financial statements.

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09 "Revenue from Contracts with Customers (Topic 606)", which supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the Codification. The objective of the amendments in this update is to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and should disclose sufficient information, both qualitative and quantitative,

to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The following updates to Topic 606 were made during 2016:

In March 2016, the FASB updated Topic 606 by issuing ASU 2016-08 "Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," which clarifies how an entity determines whether it is a principal or an agent for goods or services promised to a customer as well as the nature of the goods or services promised to their customers.

In April 2016, the FASB issued Update 2016-10 - Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, which seeks to address implementation issues in the areas of identifying performance obligations and licensing.

In May 2016, the FASB issued Update 2016-12 - Revenue from Contracts with Customers (Topic 606): Narrow Scope Improvements and Practical Expedients. The update, which was issued in response to feedback received by the FASB-IASB joint revenue recognition transition resource group (TRG), seeks to address implementation issues in the areas of collectibility, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications at transition.

In December 2016, the FASB issued Updated 2016-20 - Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers. This update applies technical corrections or improvements specific to Update 2014-09. The technical corrections seek to address implementation issues in the areas of loan guarantee fees, contract costs - impairment testing, contract costs - interaction of impairment testing with guidance in other topics, provisions for losses on construction-type and production-type contracts, the scope of Topic 606, disclosure of remaining performance obligations, disclosure of prior-period performance obligations, contract modifications example, contract asset versus receivable, refund liability, advertising costs, fixed-odds wagering contracts in the casino industry, and cost capitalization for advisers to private and public funds.

The new standards are effective for annual reporting periods beginning after December 15, 2017, with the option to adopt as early as annual reporting periods beginning after December 15, 2016. Management continues to evaluate the impacts that these standards will have on the Partnership's financial statements, specifically as it relates to contracts that contain positive electric power price related adjustments. The Partnership anticipates using the modified retrospective approach at adoption as it relates to ASU 2014-09.

In August 2016, the FASB issued Update 2016-15 - Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments. This update seeks to reduce the existing diversity in practice of the presentation and classification of specific cash flow issues. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Management is currently evaluating the impact this guidance may have on the Partnership's financial statements.

In February 2016, the FASB issued Update 2016-02 - Leases (Topic 842). This update is intended to improve financial reporting about leasing transactions. This update will require lessees to recognize all leases with terms greater than 12 months on their balance sheet as lease liabilities with a corresponding right-of-use asset. This update maintains the dual model for lease accounting, requiring leases to be classified as either operating or finance, with lease classification determined in a manner similar to existing lease guidance. The basic principle is that leases of all types convey the right to direct the use and obtain substantially all the economic benefits of an identified asset, meaning they create an asset and liability for lessees. Lessees will classify leases as either finance leases (comparable to current capital leases) or operating leases (comparable to current operating leases). Costs for a finance lease will be split between amortization and interest expense, with a single lease expense reported for operating leases. This update also will require both qualitative and quantitative disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the amendments in this update is permitted for all entities. Management is currently evaluating the impact this guidance may have on the Partnership's financial statements.

NOTE 2—NET INCOME PER LIMITED PARTNER AND GENERAL PARTNER INTEREST:

The Partnership allocates net income among our general partner and limited partners using the two-class method in accordance with applicable authoritative accounting guidance. Under the two-class method, we allocate our net income to our limited partners and our general partner in accordance with the terms of our partnership agreement. We also allocate any earnings in excess of distributions to our limited partners and our general partner in accordance with the terms of our partnership agreement. We allocate any distributions in excess of earnings for the period to our general partner and our limited partners based on their respective proportionate ownership interests in us, after taking into account distributions to be paid with respect to the incentive distribution rights, as set forth in the partnership agreement. Net income attributable to the PA Mining

Acquisition for periods prior to September 30, 2016 was not allocated to the limited partners for purposes of calculating net income per limited partner unit.

Diluted net income per limited partner unit reflects the potential dilution that could occur if securities or agreements to issue common units, such as awards under the long-term incentive plan, were exercised, settled or converted into common units. When it is determined that potential common units resulting from an award subject to performance or market conditions should be included in the diluted net income per limited partner unit calculation, the impact is reflected by applying the treasury stock method.

The following table illustrates the Partnership's calculation of net income per unit for common and subordinated partner units (in thousands, except for per unit information):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net Income	\$11,474	\$3,907	\$25,540	\$7,723
Less: Net Income Attributable to CONSOL Energy, Pre-PA Mining Acquisition	—	1,300	—	2,617
Less: General Partner Interest in Net Income	192	51	435	102
Less: Net Income Allocable to Class A Preferred Units	1,851	—	3,702	—
Net Income Allocable to Limited Partner Units	\$9,431	\$2,556	\$21,403	\$5,004
Limited Partner Interest in Net Income - Common Units	\$4,737	\$1,278	\$10,751	\$2,502
Effect of Subordinated Distribution Suspension - Common Units	—	2,918	—	2,918
Net Income Allocable to Common Units - Basic & Diluted	\$4,737	\$4,196	\$10,751	\$5,420
Limited Partner Interest in Net Income - Subordinated Units	\$4,694	\$1,278	\$10,652	\$2,502
Effect of Subordinated Distribution Suspension - Subordinated Units	—	(2,918)	—	(2,918)
Net Income Allocable to Subordinated Units - Basic & Diluted	\$4,694	\$(1,640)	\$10,652	\$(416)
Weighted Average Limited Partner Units Outstanding - Basic				
Common Units	11,718,635	11,611,067	11,699,937	11,611,067
Subordinated Units	11,611,067	11,611,067	11,611,067	11,611,067
Total	23,329,702	23,222,134	23,311,004	23,222,134
Weighted Average Limited Partner Units Outstanding - Diluted				
Common Units	11,858,983	11,690,324	11,833,856	11,643,048
Subordinated Units	11,611,067	11,611,067	11,611,067	11,611,067
Total	23,470,050	23,301,391	23,444,923	23,254,115
Net Income Per Limited Partner Unit - Basic				
Common Units	\$0.40	\$0.36	\$0.92	\$0.47
Subordinated Units	\$0.40	\$(0.14)	\$0.92	\$(0.04)
Net Income Per Limited Partner Unit - Basic	\$0.40	\$0.11	\$0.92	\$0.22
Net Income Per Limited Partner Unit - Diluted				
Common Units	\$0.40	\$0.36	\$0.91	\$0.47
Subordinated Units	\$0.40	\$(0.14)	\$0.92	\$(0.04)
Net Income Per Limited Partner Unit - Diluted	\$0.40	\$0.11	\$0.91	\$0.22

Diluted net income per limited partner unit does not reflect the potential dilution that could occur if the preferred units of the partnership were converted to common units because the effect would be anti-dilutive for the three and six months ended June 30, 2017. If certain conditions are met, preferred units can be converted by election of the holder, partnership, or by change in control. There were 365,131 phantom units excluded from the computation of the diluted earnings per share because their effect would be anti-dilutive for the three and six months ended June 30, 2017. There were no phantom units excluded from the computation of the diluted earnings per share because their effect would be anti-dilutive for the three and six months ended June 30, 2016.

NOTE 3—ACQUISITION:

On September 30, 2016, the Partnership and its wholly owned subsidiary, CNX Thermal Holdings, entered into a Contribution Agreement with CONSOL Energy, CPCC and Conrhein and together with CPCC, under which CNX Thermal Holdings acquired an undivided 6.25% of the Contributing Parties' right, title and interest in and to the Pennsylvania Mining Complex (which represents an aggregate 5% undivided interest in and to the Pennsylvania Mining Complex), in exchange for (i) cash consideration in the amount of \$21,500 and (ii) the Partnership's issuance of 3,956,496 Class A Preferred Units representing limited partner interests in the Partnership at an issue price of \$17.01 per Class A Preferred Unit (the "Class A Preferred Unit Issue Price"), or an aggregate \$67,300 in equity consideration. The Class A Preferred Unit Issue Price was calculated as the volume-weighted average trading price of the Partnership's common units over the trailing 15-day trading period ending on September 29, 2016 (or \$14.79), plus a 15% premium. The PA Mining Acquisition was consummated on September 30, 2016. Our general partner elected not to contribute capital to retain its 2% interest. As of June 30, 2017, our general partner's ownership interest was 1.7%. Following the PA Mining Acquisition and including interests it held previously, CNX Thermal holds an aggregate 25% undivided interest in and to the Pennsylvania Mining Complex.

The PA Mining Acquisition was a transaction between entities under common control; therefore, the Partnership recorded the assets and liabilities of the acquired 5% undivided interest in the Pennsylvania Mining Complex at their carrying amounts to CONSOL Energy on the date of the transaction. The difference between CONSOL Energy's net carrying amount and the total consideration paid to CONSOL Energy was recorded as a capital transaction with CONSOL Energy, which resulted in a reduction in partners' capital. The \$67,300 in equity consideration was a non-cash transaction that impacted the investing and financing activities of the Partnership by \$6,524 of excess consideration paid over the net carrying amount and \$60,776 of carrying amount paid from equity consideration in the three and nine months ended September 30, 2016.

NOTE 4—INVENTORIES:

	June 30, December 31,	
	2017	2016
Coal	\$4,292	\$ 1,950
Supplies	9,715	9,541
Total Inventories	\$ 14,007	\$ 11,491

Inventories are stated at the lower of cost or net realizable value. The cost of coal inventories is determined by the first-in, first-out (FIFO) method. Coal inventory costs include labor, supplies, equipment costs, operating overhead, depreciation, depletion and amortization, and other related costs. The cost of supplies inventory is determined by the average cost method and includes operating and maintenance supplies to be used in our coal operations.

NOTE 5—PROPERTY, PLANT AND EQUIPMENT:

	June 30, 2017	December 31, 2016
Coal and other plant and equipment	\$582,670	\$ 576,917
Coal properties and surface lands	121,336	121,241
Airshafts	93,739	92,938
Mine development	81,538	81,538
Coal advance mining royalties	4,060	4,056
Total property, plant and equipment	883,343	876,690
Less: Accumulated depreciation, depletion and amortization	462,587	442,178
Total Net Property, Plant and Equipment	\$420,756	\$ 434,512

Coal reserves are controlled either through fee ownership or by lease. The duration of the leases vary; however, the lease terms generally are extended automatically to the exhaustion of economically recoverable reserves, as long as active mining continues. Coal interests held by lease provide the same rights as fee ownership for mineral extraction and are legally considered real property interests.

As of June 30, 2017 and December 31, 2016, property, plant and equipment includes gross assets under capital lease of \$662 and \$631, respectively. Accumulated amortization for capital leases was \$460 and \$398 at June 30, 2017 and December 31, 2016, respectively. Amortization expense for assets under capital leases approximated \$24 and \$14 for the three months ended and \$48 and \$30 for the six months ended June 30, 2017 and 2016, respectively, and is included in Depreciation, Depletion and Amortization in the accompanying Consolidated Statements of Operations.

NOTE 6—OTHER ACCRUED LIABILITIES:

	June 30, 2017	December 31, 2016
Subsidence liability	\$27,839	\$ 26,887
Accrued payroll and benefits	4,653	4,052
Equipment lease rental	2,881	2,442
Litigation	2,505	2,507
Accrued other taxes	998	2,504
Other	3,027	3,683
Current portion of long-term liabilities:		
Workers' compensation	1,358	1,380
Asset retirement obligations	881	591
Long-term disability	105	128
Capital leases	89	88
Pneumoconiosis benefits	67	56
Total Other Accrued Liabilities	\$44,403	\$ 44,318

NOTE 7—REVOLVING CREDIT FACILITY:

	June 30, 2017	December 31, 2016
Revolver, carrying amount	\$190,000	\$ 201,000
Less: Debt issuance and financing fees	2,708	3,157
Revolver, net	\$187,292	\$ 197,843

Revolving Credit Facility

Obligations under our \$400,000 senior secured revolving credit facility with certain lenders and PNC Bank N.A, as administrative agent, are guaranteed by our subsidiaries and are secured by substantially all of our and our subsidiaries' assets pursuant to a security agreement and various mortgages. CONSOL Energy is not a guarantor of our obligations under our revolving credit facility.

The unused portion of our revolving credit facility is subject to a commitment fee of 0.50% per annum. Interest on outstanding indebtedness under our revolving credit facility accrues, at our option, at a rate based on either:

The highest of (i) PNC Bank N.A.'s prime rate, (ii) the federal funds open rate plus 0.50%, and (iii) the one-month LIBOR rate plus 1.0%, in each case, plus a margin ranging from 1.50% to 2.50% depending on the total leverage ratio; or

the LIBOR rate plus a margin ranging from 2.50% to 3.50% depending on the total leverage ratio.

As of June 30, 2017, the revolving credit facility had \$190,000 of borrowings outstanding, leaving \$210,000 of unused capacity, which is subject to a quarterly maximum total leverage ratio covenant described below. At December 31, 2016, the revolving credit facility had \$201,000 of borrowings outstanding, leaving \$199,000 unused capacity. Interest on outstanding borrowings under the revolving credit facility as of June 30, 2017 was accrued at 4.17% based on a weighted average LIBOR rate of 1.17%, plus a weighted average margin of 3.00%. Interest on outstanding borrowings under the revolving credit facility at December 31, 2016 was accrued at 3.99% based on a weighted average LIBOR rate of 0.74%, plus a weighted average margin of 3.25%.

Our revolving credit facility matures on July 7, 2020 and requires compliance with conditions precedent that must be satisfied prior to any borrowing as well as ongoing compliance with certain affirmative and negative covenants. The revolving credit facility requires that the Partnership maintain a minimum interest coverage ratio of at least 3.00 to 1.00, which is calculated as the ratio of trailing 12 months Adjusted EBITDA, as defined in the credit agreement, to cash interest expense of the Partnership, measured quarterly. The Partnership must also maintain a maximum total leverage ratio not greater than 3.50 to 1.00 (or 4.00 to 1.00 for two fiscal quarters after consummation of a material acquisition), which is calculated as the ratio of total consolidated indebtedness to trailing 12 months Adjusted EBITDA, as defined in the credit agreement, measured quarterly. At June 30, 2017, the interest coverage ratio was 10.91 to 1.00 and the total leverage ratio was 1.89 to 1.00.

NOTE 8—COMPONENTS OF COAL WORKERS' PNEUMOCONIOSIS (CWP) AND WORKERS' COMPENSATION NET PERIODIC BENEFIT COSTS:

The Partnership is obligated to CONSOL Energy for medical and disability benefits to certain CPCC employees and their dependents resulting from occurrences of coal workers' pneumoconiosis disease and is also obligated to CONSOL Energy to compensate certain individuals who are entitled benefits under workers' compensation laws.

	CWP				Workers' Compensation			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016	2017	2016	2017	2016
Service cost	\$283	\$204	\$566	\$395	\$320	\$325	\$641	\$650
Interest cost	18	18	36	36	33	33	65	66
Amortization of actuarial gain	(34)	(20)	(68)	(42)	(8)	(5)	(17)	(10)

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State administrative fees and insurance bond premiums	—	—	—	—	41	42	98	76
Net periodic benefit cost	\$267	\$202	\$534	\$389	\$386	\$395	\$787	\$782

The Partnership does not expect to contribute to CONSOL Energy's CWP plan in 2017 as it intends to pay benefit claims as they become due. For the six months ended June 30, 2017, \$34 of CWP benefit claims have been paid.

The Partnership does not expect to contribute to CONSOL Energy's Workers' Compensation plan in 2017 as it intends to pay benefit claims as they become due. For the six months ended June 30, 2017, \$756 of Workers' Compensation benefits, state administrative fees and surety bond premiums have been paid.

NOTE 9—FAIR VALUE OF FINANCIAL INSTRUMENTS:

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

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

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

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

Level Three - Unobservable inputs significant to the fair value measurement supported by little or no market activity. The significant unobservable inputs used in the fair value measurement of the Partnership's third party guarantees are the credit risk of the third party and the third party surety bond markets.

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

The following methods and assumptions were used to estimate the fair value for which the fair value option was not elected:

Long-term debt: The fair value of long-term debt is measured using unadjusted quoted market prices or estimated using discounted cash flow analyses. The discounted cash flow analyses are based on current market rates for instruments with similar cash flows.

The carrying amounts and fair values of financial instruments for which the fair value option was not elected are as follows:

	June 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Revolving Credit Facility	\$190,000	\$190,000	\$201,000	\$201,000

The Partnership's debt obligations are valued through reference to the applicable underlying benchmark rate and, as a result, constitute Level 2 fair value measurements.

NOTE 10—COMMITMENTS AND CONTINGENT LIABILITIES:

The Partnership is subject to various lawsuits and claims with respect to such matters as personal injury, wrongful death, damage to property, exposure to hazardous substances, governmental regulations (including environmental remediation), employment and contract disputes and other claims and actions arising out of the normal course of

business. We accrue the estimated loss for these lawsuits and claims when the loss is probable and can be estimated. Our current estimated accruals related to these pending claims, individually and in the aggregate, are immaterial to the financial position, results of operations or cash flows of the Partnership. It is possible that the aggregate loss in the future with respect to these lawsuits and claims could ultimately be material to the financial position, results of operations or cash flows of the Partnership; however, such amounts cannot be reasonably estimated.

At June 30, 2017, the Partnership is contractually obligated to CONSOL Energy for financial guarantees and letters of credit to certain third parties which were issued by CONSOL Energy on behalf of the Partnership. The maximum potential total of future payments that we could be required to make under these instruments is \$72,504. The instruments are comprised of \$720 employee-related and other letters of credit expiring in the next three years, \$62,508 of environmental surety bonds expiring within the next three years, and \$9,276 of employee-related and other surety bonds expiring within the next three years. Employee-related financial guarantees have primarily been provided to support various state workers' compensation and federal black lung self-insurance programs. Environmental financial guarantees have primarily been provided to support various performance bonds related to reclamation and other environmental issues. Other guarantees have been extended to support insurance policies, legal matters, full and timely payments of mining equipment leases, and various other items necessary in the normal course of business. These amounts have not been reduced for potential recoveries under recourse or collateralization provisions. Generally, recoveries under reclamation bonds would be limited to the extent of the work performed at the time of the default. No amounts related to these financial guarantees and letters of credit are recorded as liabilities on the financial statements. The Partnership's management believes that these guarantees will expire without being funded, and therefore the commitments will not have a material adverse effect on the financial condition of the Partnership.

NOTE 11—RELATED PARTY:

CONSOL Energy

In conjunction with the IPO, the Partnership entered into several agreements, including an omnibus agreement, with CONSOL Energy. In connection with PA Mining Acquisition described in Note 3, on September 30, 2016, the General Partner and the Partnership entered into the First Amended and Restated Omnibus Agreement (the "Amended Omnibus Agreement") with CONSOL Energy and certain of its subsidiaries. Under the Amended Omnibus Agreement, CONSOL Energy will indemnify the Partnership for certain liabilities, including those relating to:

- all tax liabilities attributable to the assets contributed to the Partnership in connection with the PA Mining Acquisition (the "First Drop Down Assets") arising prior to the closing of the PA Mining Acquisition or otherwise related to the Contributing Parties' contribution of the First Drop Down Assets to the Partnership in connection with the PA Mining Acquisition; and
 - certain operational and title matters related to the First Drop Down Assets, including the failure to have (i) the ability to operate under any governmental license, permit or approval or (ii) such valid title to the First Drop Down Assets, in each case, that is necessary for the Partnership to own or operate the First Drop Down Assets in substantially the same manner as owned or operated by the Contributing Parties prior to the Acquisition.
- The Partnership will indemnify CONSOL Energy for certain liabilities relating to the First Drop Down Assets, including those relating to:
- the use, ownership or operation of the First Drop Down Assets; and
 - the Partnership's operation of the First Drop Down Assets under permits and/or bonds, letters of credit, guarantees, deposits and other pre-payments held by CONSOL Energy.

The Amended Omnibus Agreement also amended the Partnership's obligations to CONSOL Energy with respect to the payment of an annual administrative support fee and reimbursement for the provision of certain management and operating services provided by CONSOL Energy, in each case to reflect structural changes in how those services are provided to the Partnership by CONSOL Energy.

Charges for services from CONSOL Energy include the following:

Three Months		Six Months	
Ended		Ended	
June 30,		June 30,	
2017	2016	2017	2016

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Operating and Other Costs	\$867	\$1,270	\$1,739	\$2,536
Selling, General and Administrative Expenses	737	1,190	1,454	2,305
Total Service from CONSOL Energy	\$1,604	\$2,460	\$3,193	\$4,841

At June 30, 2017 and December 31, 2016, the Partnership had a net payable to CONSOL Energy in the amount of \$2,196 and \$1,666, respectively. This payable includes reimbursements for business expenses, executive fees, stock-based compensation and other items under the Omnibus Agreement.

NOTE 12—LONG-TERM INCENTIVE PLAN:

Under the CNX Coal Resources LP 2015 Long-Term Incentive Plan (the “LTIP”), our general partner may issue long-term equity based awards to directors, officers and employees of our general partner or its affiliates, or to any consultants, affiliates of our general partner or other individuals who perform services for us. These awards are intended to compensate the recipients thereof based on the performance of our common units and their continued service during the vesting period, as well as to align their long-term interests with those of our unitholders. We are responsible for the cost of awards granted under the LTIP and all determinations with respect to awards to be made under the LTIP are made by the board of directors of our general partner or any committee thereof that may be established for such purpose or by any delegate of the board of directors or such committee, subject to applicable law, which we refer to as the plan administrator.

The LTIP limits the number of units that may be delivered pursuant to vested awards to 2,300,000 common units, subject to proportionate adjustment in the event of unit splits and similar events. Common units subject to awards that are canceled, forfeited, withheld to satisfy exercise prices or tax withholding obligations or otherwise terminated without delivery of the common units will be available for delivery pursuant to other awards.

The Partnership's general partner has granted equity-based phantom units that vest over a period of continued service with the Partnership. The phantom units will be paid in common units upon vesting or an amount of cash equal to the fair market value of a unit based on the vesting date. The awards may accelerate upon change in control of the Partnership. Compensation expense is recognized on a straight-line basis over a requisite service period, which is generally the vesting term. The Partnership recognized \$840 and \$1,707 of compensation expense for the three and six months ended June 30, 2017, respectively. The Partnership recognized \$308 and \$615 of compensation expense for the three and six months ended June 30, 2016, respectively. Compensation expense is included in Selling, General and Administrative Expenses in the Consolidated Statements of Operations. As of June 30, 2017, there is \$7,226 of unearned compensation that will vest over a weighted average period of 2.29 years. The following represents the nonvested phantom units and their corresponding weighted average grant date fair value:

	Number of Units	Weighted Average Grant Date Fair Value per Unit
Nonvested at December 31, 2016	381,934	\$ 7.90
Granted	383,478	\$ 18.94
Vested	(142,421)	\$ 7.96
Forfeited	(16,766)	\$ 13.21
Nonvested at June 30, 2017	606,225	\$ 10.20

NOTE 13—FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS AND FINANCE SUBSIDIARY OF POSSIBLE FUTURE PUBLIC DEBT:

The Partnership filed a Registration Statement on Form S-3 (333-215962) on March 10, 2017, which was declared effective by the SEC on March 14, 2017, with the SEC to register the offer and sale of various securities including

debt securities. The registration statement registers guarantees of debt securities by CNX Operating and CNX Thermal Holdings ("Subsidiary Guarantors"). The Subsidiary Guarantors are 100% owned by the Partnership and any guarantees by the Subsidiary Guarantors will be full and unconditional and joint and several. In addition, the registration statement also includes CNX Coal Finance, which was formed for the sole purpose of co-issuing future debt securities with the Partnership. CNX Coal Finance is wholly owned by the Partnership, has no assets or any liabilities and its activities will be limited to co-issuing debt securities and engaging in other activities incidental thereto. The Partnership does not have any other subsidiaries other than the Subsidiary Guarantors and CNX Coal Finance. In addition, the Partnership has no assets or operations independent of the Subsidiary Guarantors, and there are no significant restrictions upon the ability of the Subsidiary Guarantors to distribute funds to the Partnership by dividend or loan other than under the Credit Agreement described in these notes. In the event that more than one of the Subsidiary Guarantors guarantee public debt securities of the Partnership in the future, those guarantees will be full and unconditional and will constitute the joint and several obligations of the Subsidiary Guarantors. None of the assets of the Partnership, the Subsidiary Guarantors or CNX Coal Finance represent restricted net assets pursuant to Rule 4-08(e)(3) of Regulation S-X under the Securities Act of 1933, as amended.

NOTE 14—SUBSEQUENT EVENTS:

On July 27, 2017, the Board of Directors of our general partner declared a cash distribution to the Partnership's unitholders for the quarter ended June 30, 2017 of \$0.5125 per common and subordinated units and \$0.4678 per Class A Preferred Unit. The cash distribution will be paid on August 15, 2017 to the unitholders of record at the close of business on August 7, 2017.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless otherwise indicated, the following discussion of the financial condition and results of operations of our Partnership reflect a 25% undivided interest in the assets, liabilities and results of operations of the Pennsylvania Mining Complex. As used in the following discussion of the financial condition and results of operations of our Partnership, the terms "we," "our," "us," or like terms refer to the Partnership with respect to its 25% undivided interest in the Pennsylvania Mining Complex's combined assets, liabilities revenues and costs. All amounts except per unit or per ton are displayed in thousands.

Overview

We are a growth-oriented master limited partnership formed by CONSOL Energy in 2015 to manage and further develop all of its thermal coal operations in Pennsylvania. At June 30, 2017, the Partnership's assets include a 25% undivided interest in, and operational control over, CONSOL Energy's Pennsylvania Mining Complex, which consists of three underground mines and related infrastructure that produce high-Btu bituminous thermal coal that is sold primarily to electric utilities in the eastern United States, our core market. We believe that our ability to efficiently produce and deliver large volumes of high-quality coal at competitive prices, the strategic location of our mines, the industry experience of our management team position us as a leading producer of high-Btu thermal coal in the Northern Appalachian Basin and the eastern United States. CONSOL Energy's strategy is to increase shareholder value through the development and growth of its existing natural gas assets, selective acquisition of natural gas and natural gas liquid acreage leases within its footprint, and through its participation in global coal markets. Ultimately, CONSOL Energy's intent is to separate the Gas Exploration and Production division and the Coal division, including CONSOL Energy's remaining ownership in Pennsylvania Mining Complex. With that in mind, on July 11, 2017 a registration statement on Form 10 was filed with the U.S. Securities and Exchange Commission.

On September 30, 2016, the Partnership and its wholly owned subsidiary, CNX Thermal Holdings, entered into a Contribution Agreement (the "Contribution Agreement") with CONSOL Energy, CPCC and Conrhein and together with CPCC, (the "Contributing Parties"), under which CNX Thermal Holdings completed the PA Mining Acquisition to acquire an undivided 6.25% of the Contributing Parties' right, title and interest in and to the Pennsylvania Mining Complex (which represents an aggregate 5% undivided interest in and to the Pennsylvania Mining Complex). The PA Mining Acquisition was a transaction between entities under common control; therefore, the Partnership recorded the assets and liabilities of the acquired 5% of Pennsylvania Mining Complex at their carrying amounts on CONSOL Energy's financial statements at the date of the transaction. The difference between CONSOL Energy's net carrying amount and the total consideration paid to CONSOL Energy was recorded as a capital transaction with CONSOL Energy, which resulted in a reduction in partners' capital. The Partnership recast its historical consolidated financial statements to retrospectively reflect ownership of the additional 5% (a total 25%) interest in Pennsylvania Mining Complex as if the business was owned for all periods presented; however, the consolidated financial statements are not necessarily indicative of the results of operations that would have occurred if the Partnership had owned it during the periods reported.

How We Evaluate Our Operations

Our management team uses a variety of financial and operating metrics to analyze our performance. These metrics are significant factors in assessing our operating results and profitability. The metrics include: (i) coal production, sales volumes and average sales price; (ii) cost of coal sold, a non-GAAP financial measure; (iii) average cash margin per ton, an operating ratio derived from non-GAAP financial measures, (iv) adjusted EBITDA, a non-GAAP financial measure; and (v) distributable cash flow, a non-GAAP financial measure.

Cost of coal sold, average cash margin per ton, adjusted EBITDA and distributable cash flow normalize the volatility contained within comparable GAAP measures, by adjusting certain non-operating or non-cash transactions. Each of these non-GAAP metrics are used as supplemental financial measures by management and by external users of our financial statements, such as investors, industry analysts, lenders and ratings agencies, to assess:

- our operating performance as compared to the operating performance of other companies in the coal industry, without regard to financing methods, historical cost basis or capital structure;
- the ability of our assets to generate sufficient cash flow to make distributions to our partners;
- our ability to incur and service debt and fund capital expenditures;

- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities; and
- the attractiveness of capital projects and acquisitions and the overall rates of return on alternative investment opportunities.

The non-GAAP financial measures should not be considered an alternative to total costs, net income, operating cash flow, or any other measure of financial performance or liquidity presented in accordance with GAAP. These measures exclude some, but not all, items that affect net income or net cash, and these measures may vary from those of other companies. As a result, the items presented below may not be comparable to similarly titled measures of other companies.

Reconciliation of Non-GAAP Financial Measures

We evaluate our cost of coal sold on a cost per ton basis. Our cost of coal sold per ton represents our costs of coal sold divided by the tons of coal we sell. We define cost of coal sold as operating and other production costs related to produced tons sold, along with changes in coal inventory, both in volumes and carrying values. The cost of coal sold per ton includes items such as direct operating costs, royalty and production taxes, direct administration, and depreciation, depletion and amortization costs. Our costs exclude any indirect costs such as general and administrative costs and other costs not directly attributable to the production of coal. The GAAP measure most directly comparable to cost of coal sold is total costs.

We define average cash margin per ton as average coal revenue per ton, net of average cost of coal sold per ton, less depreciation, depletion and amortization. The GAAP measure most directly comparable to average cash margin per ton sold is total coal revenue.

We define adjusted EBITDA as (i) net income (loss) before net interest expense, depreciation, depletion and amortization, as adjusted for (ii) certain non-cash items, such as long-term incentive awards including phantom units under the CNX Coal Resources LP 2015 Long-Term Incentive Plan ("Unit Based Compensation"). The GAAP measure most directly comparable to adjusted EBITDA is net income.

We define distributable cash flow as (i) net income (loss) before net interest expense, depreciation, depletion and amortization, as adjusted for (ii) certain non-cash items, such as Unit Based Compensation, less net cash interest paid and estimated maintenance capital expenditures, which is defined as those forecasted average capital expenditures required to maintain, over the long-term, the operating capacity of our capital assets. These estimated capital expenditures do not reflect the actual cash capital incurred in the period presented. Distributable cash flow will not reflect changes in working capital balances. The GAAP measures most directly comparable to distributable cash flow are net income and net cash provided by operating activities.

The following table presents a reconciliation of cost of coal sold to total costs, the most directly comparable GAAP financial measure, on a historical basis for each of the periods indicated (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Total Costs	\$70,998	\$63,310	\$140,212	\$119,292
Freight Expense	(4,441)	(2,797)	(7,511)	(6,066)
Selling, General and Administrative Expenses	(3,652)	(1,969)	(6,935)	(3,897)
Interest Expense	(2,396)	(2,076)	(4,853)	(4,054)
Other Costs (Non-Production)	(934)	(2,564)	(2,427)	(6,196)

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Depreciation, Depletion and Amortization (Non-Production)	(550)	(749)	(1,100)	(2,307)
Cost of Coal Sold	\$59,025	\$53,155	\$117,386	\$96,772

The following table presents a reconciliation of average cash margin per ton for each of the periods indicated (in thousands, except per ton information).

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Total Coal Revenue	\$75,927	\$62,640	\$155,039	\$119,181
Operating and Other Costs	50,232	46,046	100,115	84,536
Depreciation, Depletion and Amortization	10,277	10,422	20,798	20,739
Less: Other Costs (Non-Production)	(934)	(2,564)	(2,427)	(6,196)
Less: Depreciation, Depletion and Amortization (Non-Production)	(550)	(749)	(1,100)	(2,307)
Total Cost of Coal Sold	\$59,025	\$53,155	\$117,386	\$96,772
Total Tons Sold	1,697	1,543	3,387	2,858
Average Sales Price Per Ton Sold	\$44.75	\$40.61	\$45.77	\$41.70
Average Cost Per Ton Sold	34.79	34.46	34.65	33.86
Average Margin Per Ton Sold	9.96	6.15	11.12	7.84
Add: Total Depreciation, Depletion and Amortization Costs Per Ton Sold	5.71	6.50	5.74	6.47
Average Cash Margin Per Ton Sold	\$15.67	\$12.65	\$16.86	\$14.31

The following table presents a reconciliation of adjusted EBITDA to net income, the most directly comparable GAAP financial measure, on a historical basis for each of the periods indicated. The table also presents a reconciliation of distributable cash flow to net income and operating cash flows, the most directly comparable GAAP financial measures, on a historical basis for each of the periods indicated (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net Income	\$11,474	\$3,907	\$25,540	\$7,723
Plus:				
Interest Expense	2,396	2,076	4,853	4,054
Depreciation, Depletion and Amortization	10,277	10,422	20,798	20,739
Unit Based Compensation	841	307	1,707	615
Adjusted EBITDA	\$24,988	\$16,712	\$52,898	\$33,131
Less:				
Cash Interest	2,539	1,789	4,700	3,756
PA Mining Acquisition Adjusted EBITDA ¹	—	3,368	—	6,733
Distributions to Preferred Units	1,851	—	3,702	—
Estimated Maintenance Capital Expenditures	8,976	6,752	17,965	13,452
Distributable Cash Flow	\$11,622	\$4,803	\$26,531	\$9,190
Net Cash Provided by Operating Activities	\$23,092	\$21,320	\$40,754	\$24,831
Plus:				
Interest Expense	2,396	2,076	4,853	4,054
Other, Including Working Capital	(500)	(6,684)	7,291	4,246
Adjusted EBITDA	\$24,988	\$16,712	\$52,898	\$33,131
Less:				
Cash Interest	2,539	1,789	4,700	3,756
PA Mining Acquisition Adjusted EBITDA ¹	—	3,368	—	6,733
Distributions to Preferred Units	1,851	—	3,702	—
Estimated Maintenance Capital Expenditures	8,976	6,752	17,965	13,452
Distributable Cash Flow	\$11,622	\$4,803	\$26,531	\$9,190

¹PA Mining Acquisition Adjusted EBITDA relates to the amount of Adjusted EBITDA acquired with the PA Mining Acquisition recasted for all periods presented.

Results of Operations

Three Months Ended June 30, 2017 Compared with the Three Months Ended June 30, 2016

Total net income was \$11,474 for the three months ended June 30, 2017 compared to \$3,907 for the three months ended June 30, 2016. Our results of operations for each of these periods are presented in the table below. Variances are discussed following the table.

	For the Three Months Ended June 30, 2017 2016 Variance		
	(in thousands)		
Revenue:			
Coal Revenue	\$75,927	\$62,640	\$13,287
Freight Revenue	4,441	2,797	1,644
Other Income	2,104	1,780	324
Total Revenue and Other Income	82,472	67,217	15,255
Cost of Coal Sold:			
Operating Costs	49,298	43,482	5,816
Depreciation, Depletion and Amortization	9,727	9,673	54
Total Cost of Coal Sold	59,025	53,155	5,870
Other Costs:			
Other Costs	934	2,564	(1,630)
Depreciation, Depletion and Amortization	550	749	(199)
Total Other Costs	1,484	3,313	(1,829)
Freight Expense	4,441	2,797	1,644
Selling, General and Administrative Expenses	3,652	1,969	1,683
Interest Expense	2,396	2,076	320
Total Costs	70,998	63,310	7,688
Net Income	\$11,474	\$3,907	\$7,567
Adjusted EBITDA	\$24,988	\$16,712	\$8,276
Distributable Cash Flow	\$11,622	\$4,803	\$6,819

Coal Production Rates

The table below presents total tons produced from the Pennsylvania Mining Complex on our 25% undivided interest basis for the periods indicated:

	Three Months Ended June 30,		
Mine	2017	2016	Variance
Bailey	785	680	105
Enlow Fork	631	611	20
Harvey	287	198	89
Total	1,703	1,489	214

Coal production was 1,703 tons for the three months ended June 30, 2017 compared to 1,489 tons for the three months ended June 30, 2016. The Partnership's coal production increased 214 tons to satisfy market demand.

Coal Operations

Coal revenue and cost components on a per unit basis for the three months ended June 30, 2017 and 2016 were as indicated in the table below. Our operations also include various costs such as selling, general and administrative, freight and other costs not included in our unit cost analysis because these costs are not directly associated with coal production.

	Three Months Ended June 30,		
	2017	2016	Variance
Total Tons Sold (in thousands)	1,697	1,543	154
Average Sales Price Per Ton Sold	\$44.75	\$40.61	\$ 4.14
Operating Costs Per Ton Sold (Cash Cost)	\$29.08	\$27.96	\$ 1.12
Depreciation, Depletion and Amortization Per Ton Sold (Non-Cash Cost)	5.71	6.50	(0.79)
Total Costs Per Ton Sold	\$34.79	\$34.46	\$ 0.33
Average Margin Per Ton Sold	\$9.96	\$6.15	\$ 3.81
Add: Depreciation, Depletion and Amortization Costs Per Ton Sold	5.71	6.50	(0.79)
Average Cash Margin Per Ton Sold (1)	\$15.67	\$12.65	\$ 3.02

(1) Average cash margin per ton is an operating ratio derived from non-GAAP measures.

Revenue and Other Income

Coal revenue was \$75,927 for the three months ended June 30, 2017 compared to \$62,640 for the three months ended June 30, 2016. The \$13,287 increase was attributable to a 154 ton increase in tons sold and a \$4.14 per ton higher average sales price. The increase in tons sold was primarily due to increased demand from our domestic power plant customers, in part due to higher natural gas prices and more normal power plant coal inventory levels versus the year-ago period. The higher average sales price per ton sold in the 2017 period was primarily the result of a tighter supply-demand balance in the international thermal and crossover metallurgical coal markets that we serve. The API 2 index (the benchmark price reference for coal imported into northwest Europe) was up more than 50% in the second quarter of 2017 compared to the second quarter of 2016, and the global coking coal prices were up by an even greater percentage in the period-to-period comparison.

Freight revenue, which is completely offset in freight expense, is the amount billed to customers based on the weight of coal shipped and negotiated freight rates for rail transportation. Freight revenue increased \$1,644 in the period-to-period comparison due to increased shipments to customers where we were contractually obligated to

provide transportation services.

Other income is comprised of income generated by the Partnership not in the ordinary course of business. Other income increased \$324 in the period-to-period comparison primarily due to a gain related to an agreement to avoid mining approximately 85 acres of reserves as well as sales of externally purchased coal in 2017 for blending purposes only. These increases in other income were offset, in part, by a contract buyout that occurred in the prior year.

Cost of Coal Sold

Cost of coal sold is comprised of operating costs related to produced tons sold, along with changes in both volumes and carrying values of coal inventory. The costs of coal sold per ton include items such as direct operating costs, royalty and production taxes, direct administration expenses, and depreciation, depletion, and amortization costs. Total cost of coal sold was \$59,025 for the three months ended June 30, 2017, or \$5,870 higher than the \$53,155 for the three months ended June 30, 2016. Total costs per ton sold were \$34.79 per ton for the three months ended June 30, 2017 compared to \$34.46 per ton for the three months ended June 30, 2016. The increase in the cost of coal sold was primarily driven by an increase in production tons to meet market demand. In addition, the average cost per ton sold increased due to additional costs related to an increase in development mining footage, offset in part by a 7% improvement in productivity for the three months, as measured by tons per employee-hour, as compared to the year-ago period.

Total Other Costs

Total other costs is comprised of various costs that are not allocated to each individual mine and therefore are not included in unit costs. Total other costs decreased \$1,829 for the three months ended June 30, 2017 compared to the three months ended June 30, 2016. The decrease is primarily attributable to \$847 of costs in the prior year related to temporarily idling one of the longwalls at the Pennsylvania Mining Complex to optimize the production schedule, and prior year costs of \$668 related to discretionary 401(k) contribution accruals. In addition, accrued litigation contingency decreased \$928 in the period-to-period comparison due to settling and estimating various litigation issues, none of which are material. These were offset, in part, by an increase of \$478 in the period-to-period comparison related to the cost of purchased coal sold for blending purposes only.

Selling, General, and Administrative Expense

Selling, general, and administrative expenses increased \$1,683 period-to-period, primarily due to an increase in short term incentive compensation paid to employees based on the results of operations achieved at our mines. In the prior year, the short term incentive compensation plan had been suspended in response to the poor market conditions that existed in the period. Legal and consulting fees have also increased in the current period due to various transactions throughout both periods, none of which were individually material.

Interest Expense

Interest expense, which primarily relates to obligations under our revolving credit facility, increased \$320 in the period-to-period comparison primarily due to rising interest rates.

Adjusted EBITDA

Adjusted EBITDA was \$24,988 for the three months ended June 30, 2017 compared to \$16,712 for the three months ended June 30, 2016. The \$8,276 increase was primarily a result of a \$4.14 per ton increase in the average sales price per ton, offset, in part, by a \$1.12 increase in the cash cost of coal sales per ton which resulted in a net \$5,125 increase in Adjusted EBITDA. An increase of 154 tons of additional sales also resulted in an increase in Adjusted EBITDA of \$1,948. The remaining variance is due to changes in other income and other costs as discussed above and various other transactions throughout both periods, none of which are individually material.

Distributable Cash Flow

Distributable cash flow was \$11,622 for the three months ended June 30, 2017 compared to \$4,803 for the three months ended June 30, 2016. The \$6,819 increase was attributed to a \$8,276 increase in Adjusted EBITDA as discussed above, and a \$3,368 decrease in the PA Mining Acquisition Adjusted EBITDA. These increases were offset, in part, by a \$1,851 increase in distributions to holders of the Class A Preferred Units and an increase of \$2,224 in Estimated Maintenance Capital Expenditures. The remaining variance was due to various transactions throughout both periods, none of which are individually material.

Six Months Ended June 30, 2017 Compared with the Six Months Ended June 30, 2016

Total net income was \$25,540 for the six months ended June 30, 2017 compared to \$7,723 for the six months ended June 30, 2016. Our results of operations for each of these periods are presented in the table below. Variances are discussed following the table.

	For the Six Months Ended June 30,		
	2017	2016	Variance
	(in thousands)		
Revenue:			
Coal Revenue	\$155,039	\$119,181	\$35,858
Freight Revenue	7,511	6,066	1,445
Other Income	3,202	1,768	1,434
Total Revenue and Other Income	165,752	127,015	38,737
Cost of Coal Sold:			
Operating Costs	97,688	78,340	19,348
Depreciation, Depletion and Amortization	19,698	18,432	1,266
Total Cost of Coal Sold	117,386	96,772	20,614
Other Costs:			
Other Costs	2,427	6,196	(3,769)
Depreciation, Depletion and Amortization	1,100	2,307	(1,207)
Total Other Costs	3,527	8,503	(4,976)
Freight Expense	7,511	6,066	1,445
Selling, General and Administrative Expenses	6,935	3,897	3,038
Interest Expense	4,853	4,054	799
Total Costs	140,212	119,292	20,920
Net Income	\$25,540	\$7,723	\$17,817
Adjusted EBITDA	\$52,898	\$33,131	\$19,767
Distributable Cash Flow	\$26,531	\$9,190	\$17,341

Coal Production Rates

The table below presents total tons produced from the Pennsylvania Mining Complex on our 25% undivided interest basis for the periods indicated:

	Six Months Ended June 30,		
Mine	2017	2016	Variance
Bailey	1,559	1,381	178
Enlow Fork	1,306	1,240	66
Harvey	565	226	339
Total	3,430	2,847	583

Coal production was 3,430 tons for the six months ended June 30, 2017 compared to 2,847 tons for the six months ended June 30, 2016. The Partnership's coal production increased 583 tons to satisfy market demand.

Coal Operations

Coal revenue and cost components on a per unit basis for the six months ended June 30, 2017 and 2016 were as indicated in the table below. Our operations also include various costs such as selling, general and administrative, freight and other costs not included in our unit cost analysis because these costs are not directly associated with coal production.

	Six Months Ended June 30,		
	2017	2016	Variance
Total Tons Sold (in thousands)	3,387	2,858	529
Average Sales Price Per Ton Sold	\$45.77	\$41.70	\$ 4.07
Operating Costs Per Ton Sold (Cash Cost)	\$28.91	\$27.39	\$ 1.52
Depreciation, Depletion and Amortization Per Ton Sold (Non-Cash Cost)	5.74	6.47	(0.73)
Total Costs Per Ton Sold	\$34.65	\$33.86	\$ 0.79
Average Margin Per Ton Sold	\$11.12	\$7.84	\$ 3.28
Add: Depreciation, Depletion and Amortization Costs Per Ton Sold	5.74	6.47	(0.73)
Average Cash Margin Per Ton Sold (1)	\$16.86	\$14.31	\$ 2.55

(1) Average cash margin per ton is an operating ratio derived from non-GAAP measures.

Revenue and Other Income

Coal revenue was \$155,039 for the six months ended June 30, 2017 compared to \$119,181 for the six months ended June 30, 2016. The \$35,858 increase was attributable to a 529 ton increase in tons sold and a \$4.07 per ton higher average sales price. The increase in tons sold was primarily due to increased demand from our domestic power plant customers, in part due to higher natural gas prices and more normal power plant coal inventory levels versus the year-ago period. The higher average sales price per ton sold in the 2017 period was primarily the result of a tighter supply-demand balance in the international thermal and crossover metallurgical coal markets that we serve. The API 2 index (the benchmark price reference for coal imported into northwest Europe) was up more than 60% in the first half of 2017 compared to the first half of 2016, and the global coking coal prices were up by an even greater percentage in the period-to-period comparison.

Freight revenue, which is completely offset in freight expense, is the amount billed to customers based on the weight of coal shipped and negotiated freight rates for rail transportation. Freight revenue increased \$1,445 in the

period-to-period comparison due to increased shipments to customers where we were contractually obligated to provide transportation services.

Other income is comprised of income generated by the Partnership not in the ordinary course of business. Other income increased \$1,434 in the period-to-period comparison primarily due to a gain related to an agreement to avoid mining approximately 85 acres of reserves as well as sales of externally purchased coal in 2017 for blending purposes only, offset by a contract buyout that occurred in the prior year.

Cost of Coal Sold

Cost of coal sold is comprised of operating costs related to produced tons sold, along with changes in both volumes and carrying values of coal inventory. The costs of coal sold per ton include items such as direct operating costs, royalty and production taxes, direct administration expenses, and depreciation, depletion, and amortization costs. Total cost of coal sold was \$117,386 for the six months ended June 30, 2017, or \$20,614 higher than the \$96,772 for the six months ended June 30, 2016. Total costs per ton sold were \$34.65 per ton for the six months ended June 30, 2017 compared to \$33.86 per ton for the six months ended June 30, 2016. The increase in the cost of coal sold was primarily driven by an increase in production tons to meet market demand. In addition, the average cost per ton sold increased due to additional costs related to an increase in development mining footage, offset in part by a 7% improvement in productivity for the six months, as measured by tons per employee-hour, as compared to the year-ago period.

Total Other Costs

Total other costs is comprised of various costs that are not allocated to each individual mine and therefore are not included in unit costs. Total other costs decreased \$4,976 for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. The decrease is primarily attributable to \$4,517 of costs in the prior year related to temporarily idling one of the longwalls at the Pennsylvania Mining Complex to optimize the production schedule and \$668 related to discretionary 401(k) contribution accruals. In addition, the accrued litigation contingency decreased \$908 in the period-to-period comparison due to settling and estimating various litigation issues, none of which are material. These were offset, in part, by an increase of \$1,329 in the period-to-period comparison related to the cost of purchased coal sold for blending purposes only.

Selling, General, and Administrative Expense

Selling, general, and administrative expenses increased \$3,038 period-to-period, due to an increase in short term incentive compensation paid to employees based on the results of operations achieved at our mines. In the prior year, the short term incentive compensation plan was suspended in response to the poor market conditions that existed. Legal and consulting fees also increased in the period-to-period comparison due to various transactions throughout both periods, none of which were individually material.

Interest Expense

Interest expense, which primarily relates to obligations under our revolving credit facility, increased \$799 in the period-to-period comparison primarily due to rising interest rates.

Adjusted EBITDA

Adjusted EBITDA was \$52,898 for the six months ended June 30, 2017 compared to \$33,131 for the six months ended June 30, 2016. The \$19,767 increase was primarily a result of \$4.07 per ton increase in the average sales price per ton, offset in part, by a \$1.52 increase in the cash cost of coal sales per ton, which resulted in a net \$8,637 increase in Adjusted EBITDA. An increase of 529 tons of additional sales also resulted in an increase in Adjusted EBITDA of \$7,570. The remaining variance is due to changes in other income and other costs as discussed above and various other transactions throughout both periods, none of which are individually material.

Distributable Cash Flow

Distributable cash flow was \$26,531 for the six months ended June 30, 2017 compared to \$9,190 for the six months ended June 30, 2016. The \$17,341 increase was attributed to a \$19,767 increase in Adjusted EBITDA as discussed above and a \$6,733 decrease in the PA Mining Acquisition Adjusted EBITDA, offset, in part by a \$3,702 increase in distributions to holders of the Class A Preferred Units, and an increase of \$4,513 in Estimated Maintenance Capital Expenditures. The remaining variance was due to various transactions throughout both periods, none of which are individually material.

Capital Resources and Liquidity

Liquidity and Financing Arrangements

We expect our ongoing sources of liquidity to include cash generated from operations, borrowings under our revolving credit facility and, if necessary, the issuance of additional equity or debt securities. We believe that cash generated from these sources will be sufficient to meet our short-term working capital requirements and our long-term capital expenditure requirements and to make quarterly cash distributions as declared by the board of directors of our general partner. The partnership filed a universal shelf registration on Form S-3 (333-215962) on March 10, 2017, which was declared effective by the SEC on March 14, 2017, with the SEC for an aggregate amount of \$750,000 to provide the Partnership with additional flexibility to access capital markets quickly.

Our partnership agreement requires that we distribute all of our available cash to our unitholders. As a result, we expect to rely primarily upon external financing sources, including commercial bank borrowings and the issuance of debt and equity securities, to fund our acquisitions and expansion capital expenditures, if any.

On July 27, 2017, the Board of Directors of our general partner declared a cash distribution to the Partnership's unitholders for the quarter ended June 30, 2017 of \$0.5125 per common and subordinated unit and \$0.4678 per Class A Preferred Unit. The cash distribution will be paid on August 15, 2017 to the unitholders of record at the close of business on August 7, 2017.

Revolving Credit Facility

Obligations under our \$400,000 senior secured revolving credit facility, with certain lenders and PNC Bank N.A., as administrative agent, are guaranteed by our subsidiaries (the "guarantor subsidiaries") and are secured by substantially all of our and our subsidiaries' assets pursuant to a security agreement and various mortgages. CONSOL Energy is not a guarantor of our obligations under our revolving credit facility.

The unused portion of our revolving credit facility is subject to a commitment fee of 0.50% per annum. Interest on outstanding indebtedness under our revolving credit facility accrues, at our option, at a rate based on either:

The highest of (i) PNC Bank N.A.'s prime rate, (ii) the federal funds open rate plus 0.50%, and (iii) the one-month LIBOR rate plus 1.0%, in each case, plus a margin ranging from 1.50% to 2.50% depending on the total leverage ratio; or

the LIBOR rate plus a margin ranging from 2.50% to 3.50% depending on the total leverage ratio.

As of June 30, 2017, the revolving credit facility had \$190,000 of borrowings outstanding, leaving \$210,000 of unused capacity, which is subject to a quarterly maximum total leverage ratio covenant described below. Interest on outstanding borrowings under the revolving credit facility at June 30, 2017 was accrued at 4.17% based on a weighted average LIBOR rate of 1.17%, plus a weighted average margin of 3.00%.

Our revolving credit facility matures on July 7, 2020 and requires compliance with conditions precedent that must be satisfied prior to any borrowing as well as ongoing compliance with certain affirmative and negative covenants.

Affirmative covenants include, among others, requirements relating to: (i) the preservation of existence; (ii) the payment of obligations, including taxes; (iii) the maintenance of properties and equipment, insurance and books and records; (iv) compliance with laws and material contracts; (v) use of proceeds; (vi) the subordination of intercompany loans; (vii) compliance with anti-terrorism, anti-money laundering, anti-corruption and sanctions laws; and (viii)

collateral.

Negative covenants include, among others, restrictions on our and our guarantor subsidiaries' ability to: (i) create, incur, assume or suffer to exist indebtedness; (ii) create or permit to exist liens on their properties; (iii) make or pay any dividends or distributions; provided that we will be able to make cash distributions of available cash to partners so long as no event of default is continuing or would result therefrom; (iv) merge with or into another person, liquidate or dissolve, acquire all or substantially all of the assets of any going concern or going line of business or acquire all or a substantial portion of another person's assets; (v) make particular investments and loans; provided that we will be able to increase our ownership percentage of our undivided interest in the Pennsylvania Mining Complex and make investments in the Pennsylvania Mining Complex in accordance with our ratable ownership; (vi) sell, transfer, convey, assign or dispose of our assets or properties other than in the ordinary course of business and other select instances; (vii) deal with any affiliate except in the ordinary course of business on

terms no less favorable to us than we would otherwise receive in an arm's length transaction; (viii) amend organizational documents or any documentation governing certain material debt; and (ix) amend, waive or grant a consent under any material contract. In addition, we are obligated to maintain at the end of each fiscal quarter (x) a minimum interest coverage ratio of at least 3.00 to 1.00 and (y) a maximum total leverage ratio of no greater than 3.50 to 1.00 (or 4.00 to 1.00 for two fiscal quarters after consummation of a material acquisition). At June 30, 2017, the interest coverage ratio was 10.91 to 1.00 and the total leverage ratio was 1.89 to 1.00.

Our revolving credit facility also contains events of default, including, but not limited to, cross-default to certain other debt, breaches of representations and warranties, change of control events and breaches of covenants.

Cash Flows

	Six Months Ended June 30,		
	2017	2016	Variance
	(in thousands)		
Cash flows provided by operating activities	\$40,754	\$24,831	\$15,923
Cash used in investing activities	\$(3,972)	\$(6,482)	\$2,510
Cash used in financing activities	\$(39,959)	\$(15,920)	\$(24,039)

Six Months Ended June 30, 2017 Compared with the Six Months Ended June 30, 2016:

Cash flows provided by operating activities increased \$15,923 in the six months ended June 30, 2017 compared to the six months ended June 30, 2016 primarily due to an increase in Adjusted EBITDA of \$19,767 in the period-to-period comparison, and the remaining variance relates to various changes in working capital.

Cash used in investing activities decreased \$2,510 in the six months ended June 30, 2017 compared to the six months ended June 30, 2016 as a result of decreased capital expenditures of \$1,029 and increased proceeds from sale of assets of \$1,481. The decrease in capital expenditures is due to the following items:

	Six Months Ended June 30,		
	2017	2016	Variance
	(in thousands)		
Building and Infrastructure	\$3,184	\$3,987	\$(803)
Equipment Purchases and Rebuilds	1,253	1,511	(258)
Refuse Storage Area	667	270	397
Water Treatment Systems	66	142	(76)
Other	302	591	(289)
Total Capital Expenditures	\$5,472	\$6,501	\$(1,029)

Cash flows used in financing activities increased by \$24,039 from \$15,920 for the six months ended June 30, 2016 to \$39,959 for the six months ended June 30, 2017. The increase was primarily due to a \$24,000 difference in the Revolving Credit Facility activity in the period-to-period comparison, which was comprised of \$13,000 in borrowings during the six months ended June 30, 2016 versus \$11,000 of payments during the six months ended June 30, 2017. The increase was also attributable to an increase in cash distributions of \$3,812 in the period-to-period comparison. This increase was due to cash distributions on Class A Preferred Units for the six months ended June 30, 2017. There were no Class A Preferred Units as of June 30, 2016. The remaining variance is due to various transactions throughout both periods, none of which are individually material.

Off-Balance Sheet Arrangements

We do not maintain off-balance sheet transactions, arrangements, obligations or other relationships with unconsolidated entities or others that have or are reasonably likely to have a material current or future effect on our financial condition,

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changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources which are not disclosed in the Notes to the Unaudited Consolidated Financial Statements of this Form 10-Q.

Contractual Obligations

Our contractual obligations include the revolving credit facility, operating leases, capital leases, asset retirement obligations and other long-term liability commitments. Since December 31, 2016, there have been no material changes to our contractual obligations within the ordinary course of business.

FORWARD-LOOKING STATEMENTS

We are including the following cautionary statement in this Quarterly Report on Form 10-Q to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by, or on behalf of us. With the exception of historical matters, the matters discussed in this Quarterly Report on Form 10-Q are forward-looking statements (as defined in Section 21E of the Exchange Act) that involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenues, income and capital spending. When we use the words "believe," "intend," "expect," "may," "should," "anticipate," "could," "estimate," "plan," "predict," "project," "will," or their negatives, or other similar expressions, the statements which include those words are usually forward-looking statements. When we describe strategy that involves risks or uncertainties, we are making forward-looking statements. The forward-looking statements in this Quarterly Report on Form 10-Q speak only as of the date of this Quarterly Report on Form 10-Q; we disclaim any obligation to update these statements. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties relate to, among other matters, the following: generation of sufficient distributable cash flow to support the payment of minimum quarterly distributions; changes in coal prices or the costs of mining or transporting coal; uncertainty in estimating economically recoverable coal reserves and replacement of reserves; our ability to develop our existing coal reserves and successfully execute our mining plans; changes in general economic conditions, both domestically and globally; competitive conditions within the coal industry; changes in the consumption patterns of coal-fired power plants and steelmakers and other factors affecting the demand for coal by coal-fired power plants and steelmakers; the availability and price of coal to the consumer compared to the price of alternative and competing fuels; competition from the same and alternative energy sources; energy efficiency and technology trends; our ability to successfully implement our business plan and strategy for growth; the price and availability of debt and equity financing; operating hazards and other risks incidental to coal mining; major equipment failures and difficulties in obtaining equipment, parts and raw materials; availability, reliability and costs of transporting coal; adverse or abnormal geologic conditions, which may be unforeseen; natural disasters, weather-related delays, casualty losses and other matters beyond our control; interest rates; labor availability, relations and other workforce factors; defaults by our sponsor under our operating agreement and employee services agreement; changes in availability and cost of capital; changes in our tax status; delays in the receipt of, failure to receive or revocation of necessary governmental permits; defects in title or loss of any leasehold interests with respect to our properties; the effect of existing and future laws and government regulations, including the enforcement and interpretation of environmental laws thereof; the effect of new or expanded greenhouse gas regulations; the effects of litigation; and other factors discussed in our 2016 Form 10-K under "Risk Factors," as updated by any subsequent Form 10-Qs, which are on file at the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk, see Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of our Annual Report on Form 10-K for the year ended December 31, 2016. There have been no material changes to our exposures to market risk since December 31, 2016.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer of our general partner, an evaluation of the effectiveness of our disclosure controls and procedures pursuant to

Rules 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), was conducted as of the end of the period covered by this report. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer of our general partner have concluded that the Partnership's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Refer to paragraph one within Part 1, Item 1. Financial Statements, "Note 10. Commitments and Contingent Liabilities," which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this quarterly report, you should carefully consider the factors discussed in the "Risk Factors" Section in our 2016 Form 10-K. These described risks are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

ITEM 4. MINE SAFETY DISCLOSURES

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in exhibit 95 to this quarterly report.

ITEM 5. OTHER INFORMATION

On July 25, 2017, the board of directors of our general partner accepted the retirement of Lorraine Ritter, as the Chief Financial Officer and Chief Accounting Officer of our general partner, effective as of August 2, 2017. The board of directors of our general partner also approved a Separation of Employment and General Release Agreement with Ms. Ritter as of the same date (the "Separation Agreement") pursuant to which Ms. Ritter agreed to waive all claims and other causes of action she has or may have against our general partner that arose at or prior to the retirement of her employment with our general partner. In consideration for the foregoing release, the Separation Agreement provides for, among other things, the following: (i) a cash payment in the amount of \$933,075, (ii) continued vesting of all unvested equity grants made to Ms. Ritter under the CNX Coal Resources LP 2015 Long-Term Incentive Plan and the equity compensation plan established by CONSOL Energy and (iii) payment by our general partner of all Ms. Ritter's COBRA premiums for a period of 36 months following her retirement of employment with CNX Coal Resources GP LLC.

On July 25, 2017, the board of directors of our general partner appointed David Khani as the Chief Financial Officer of CNX Coal Resources GP LLC, effective as of August 2, 2017. Mr. Khani, age 53, served as the Vice President - Finance of CONSOL Energy from September 1, 2011 until March 1, 2013 and as the Executive Vice President and Chief Financial Officer of CONSOL Energy from March 1, 2013 until his appointment as our general partner's Chief Financial Officer. Effective May 30, 2014, Mr. Khani became a director and the Chief Financial Officer of the general partner of CONE Midstream Partners LP. Mr. Khani has also served as a director of CNX Coal Resources GP LLC since March 16, 2015. Prior to joining CONSOL Energy, Mr. Khani worked for Lehman Brothers, Bear Stearns, Prudential Securities and FBR Capital Markets & Co. ("FBR") from September 1993 to August 2011, including most recently as the Co-Director of Research at FBR. Prior to this role, Mr. Khani served as a Director of Research at FBR and the Managing Director and Co-Head of FBR's Energy and Natural Resources Group. Mr. Khani managed and built equity research teams as well as provided commodity, industry, and company research on oil and gas, exploration and production, local gas distribution, master limited partnerships and coal mining.

There are no family relationships between Mr. Khani and any director, executive officer, or person nominated or chosen by our general partner to become a director or executive officer. Mr. Khani does not have a direct or indirect material interest in any transaction or arrangement in which our general Partner or the Partnership is a participant.

Mr. Khani will be paid an annual salary of to be set by the board of directors of our general partner and will be able to participate in the CNX Coal Resources LP 2015 Long-Term Incentive Plan.

On July 25, 2017, the board of directors of our general partner also appointed John Rothka as the Chief Accounting Officer of our general partner, effective as of August 2, 2017. Mr. Rothka, age 40, served as the Controller of CNX Coal Resources GP LLC from July 2015 until his appointment as our general partner's Chief Accounting Officer. Mr. Rothka joined CONSOL Energy's Accounting Department in September 2005, where he served in positions of increasing responsibility, and was promoted to Senior Manager in February 2012 until July 2015. Prior to joining CONSOL Energy, Mr. Rothka began his professional career at the accounting firm of Aronson LLC from September 1999 to November 2002 before joining Deloitte

from November 2002 to September 2005, where he held several positions of increasing responsibilities in the audit and assurance groups.

There are no family relationships between Mr. Rothka and any director, executive officer or person nominated or chosen by our general partner to become a director or executive officer. Mr. Rothka does not have a direct or indirect material interest in any transaction or arrangement in which our General Partner or the Partnership is a participant.

Mr. Rothka will be paid an annual salary to be set by the board of directors of our general partner and will be able to participate in the CNX Coal Resources LP 2015 Long-Term Incentive Plan.

ITEM 6. EXHIBITS

Exhibits	Description	Method of Filing
31.1	Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith
95	Mine Safety and Health Administration Safety Data.	Filed herewith
101	Interactive Data File (Form 10-Q for the quarterly period ended June 30, 2017, furnished in XBRL).	Filed herewith

SIGNATURES

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

Dated: August 1, 2017
CNX Coal Resources LP

By: CNX Coal Resources GP LLC, its general partner
By: /s/ JAMES A. BROCK
James A. Brock
Chief Executive Officer
(Duly Authorized Officer and Principal Executive Officer)

By: CNX Coal Resources GP LLC, its general partner
By: /s/ LORRAINE L. RITTER
Lorraine L. Ritter
Chief Financial Officer and Chief Accounting Officer
(Duly Authorized Officer, Principal Financial Officer and Principal Accounting Officer)