NATURAL RESOURCE PARTNERS LP
Form 424B7
January 04, 2013
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Registration No. 333-183314

Prospectus Supplement

Natural Resource Partners L.P.

15,181,716 Common Units

Representing Limited Partner Interests

This prospectus supplement relates to the offering for resale of up to 15,181,716 units by the selling unitholders of common units representing limited partner interests in us.

You should read this prospectus supplement together with the prospectus dated September 11, 2012.

Investing in our securities involves a high degree of risk. Limited partnerships are inherently different from corporations. Please read Risk Factors beginning on page 4 of the base prospectus, in any applicable prospectus supplement and in the documents incorporated by reference herein and therein before you make any investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is January 4, 2013.

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The following sets forth updated information concerning the beneficial ownership of the common units offered hereunder and supersedes the information appearing under the caption Selling Unitholders in the prospectus dated September 11, 2012 and the prospectus supplement dated October 2, 2012.

This prospectus supplement covers the offering for resale from time to time, in one or more offerings, of up to 15,181,716 common units by selling unitholders. The common units and a portion of our incentive distribution rights were obtained by Adena Minerals, LLC (Adena) in connection with our acquisition of certain assets from Foresight Reserves, L.P. (Foresight) and Adena pursuant to a contribution agreement dated January 4, 2007. On September 20, 2010 we exchanged all of our incentive distribution rights held by our general partner and owners of the general partner, including Adena, for additional common units, such that immediately after such exchange Adena held a total of 16,646,072 common units. On October 2, 2012, Adena distributed 6,049,155 common units to its direct owner, Foresight, and Foresight immediately thereafter distributed all 6,049,155 common units to its direct and indirect owners, as described in our prospectus supplement dated October 2, 2012. On January 2, 2013, Adena distributed 10,596,917 common units to Foresight, and Foresight immediately therefor distributed all 10,596,917 common units to its direct and indirect owners and certain of their affiliates.

No offer or sale may be made by a unitholder unless that unitholder is listed in the table below. The selling unitholders may sell all, some or none of the common units covered by this prospectus supplement. Please read Plan of Distribution. Adena will bear all costs, fees and expenses incurred in connection with the registration of the common units offered by this prospectus supplement except to the extent such costs exceed $150,000. Brokerage commissions and similar selling expenses, if any, attributable to the sale of common units will be borne by the selling unitholders. In addition, we have agreed to indemnify the selling unitholders against certain liabilities in connection with offerings of the common units.

None of the selling unitholders is a broker-dealer registered under Section 15 of the Exchange Act or an affiliate of a broker-dealer registered under Section 15 of the Exchange Act.

The following table sets forth information relating to the selling unitholders as of January 2, 2013 based on information supplied to us by the selling unitholders on or prior to that date. We have not sought to verify such information. Information concerning selling unitholders may change over time, including by the addition of additional selling unitholders. If necessary, we will supplement this prospectus supplement accordingly. The selling unitholders may hold or acquire at any time common units in addition to those offered by this prospectus supplement and may have acquired additional common units since the date on which the information reflected herein was provided to us. Additionally, the selling unitholders may have sold, transferred or otherwise disposed of some or all of the common units listed below in exempt or non-exempt transactions since the date on which the information was provided to us and may in the future sell, transfer or otherwise dispose of some or all of the common units in private placement transactions exempt from or not subject to the registration requirements of the Securities Act.

	Common Units Owned Prior to Offering			Common Units Owned After Offering	
Selling Unitholder	Number of Units	Percentage	Common Units Being Offered	Number of Units(1)	Percentage(1)
Christopher Cline (2)	4,902,410	4.6%	4,861,810	40,600	*
The Alex T. Cline 2004 Irrevocable Trust (3)	1,218,871	1.1%	1,218,871		
The Candice L. Cline 2004 Irrevocable Trust (4)	1,218,871	1.1%	1,218,871		
The Christopher L. Cline 2004 Irrevocable Trust (5)	1,218,871	1.1%	1,218,871		
The Kameron N. Cline 2004 Irrevocable Trust (6)	1,218,871	1.1%	1,218,871		
Munsen, LLC (7)	412,614	*	412,614		
Ikes Fork, LLC (8)	112,564	*	112,564		
Thunderwood Capital, LLC (9)	168,846	*	168,846		
J. Matthew Fifield (10)	112,565	*	112,565		
Forest Glen Investments, LLC (11)	112,562	*	112,562		
C/R III NRP Holdings, L.P. (12)	3,924,806	3.7%	3,924,806		
Alpheus LLC (13)	600,465	*	600,465		

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* Less than one percent

(1) Assumes the sale of all common units held by each respective selling unitholder offered by this prospectus.

(2) The common units owned by Mr. Cline include (i) an aggregate of 4,861,810 common units distributed to Mr. Cline in his individual capacity by Adena on October 2, 2012 and January 2, 2013, which are offered for resale pursuant to this prospectus and (ii) 40,600 common units held by Mr. Cline in his individual capacity, which are not offered for resale pursuant to this prospectus.

(3) The beneficiary of The Alex T. Cline 2004 Irrevocable Trust (the Alex T. Cline Trust) is Alex T. Cline, a child of Mr. Cline. Donald R. Holcomb is the trustee of the Alex T. Cline Trust and may be deemed to have voting and dispositive control over the common units held by the Alex T. Cline Trust.

(4) The beneficiary of The Candice L. Cline 2004 Irrevocable Trust (the Candice L. Cline Trust) is Candice L. Cline, a child of Mr. Cline. Mr. Holcomb is the trustee of the Candice L. Cline Trust and may be deemed to have voting and dispositive control over the common units held by the Candice L. Cline Trust.

(5) The beneficiary of The Christopher L. Cline 2004 Irrevocable Trust (the Christopher L. Cline Trust) is Christopher L. Cline, a child of Mr. Cline. Mr. Holcomb is the trustee of the Christopher L. Cline Trust and may be deemed to have voting and dispositive control over the common units held by the Christopher L. Cline Trust.

(6) The beneficiary of The Kameron N. Cline 2004 Irrevocable Trust (the Kameron N. Cline Trust) is Kameron N. Cline, a child of Christopher Cline. Mr. Holcomb is the trustee of the Kameron N. Cline Trust and may be deemed to have voting and dispositive control over the common units held by the Kameron N. Cline Trust.

(7) The sole manager of Munsen, LLC (Munsen) is John Dickinson. Mr. Dickinson may be deemed to have voting and dispositive control over the common units held by Munsen. Mr. Dickinson may also be deemed to have voting and dispositive control over an additional 2,800 common units held by a trust of which Mr. Dickinson is a trustee, which common units are not offered for resale pursuant to this prospectus. Mr. Dickinson is the President of Cline Resource and Development Company (CRDC).

(8) The manager of Ikes Fork, LLC (Ikes Fork) is Donald R. Holcomb. Mr. Holcomb may be deemed to have voting and dispositive control over the common units held by Ikes Fork. Mr. Holcomb may also be deemed to have voting and dispositive control over the common units held by the selling unitholders identified in footnotes (4), (5), (6) and (7), which are trusts of which Mr. Holcomb is the trustee. Mr. Holcomb is the Vice President, Secretary and Treasurer of CRDC.

(9) The sole owner of Thunderwood Capital, LLC (Thunderwood) is Michael J. Beyer. Mr. Beyer may be deemed to have voting and dispositive control over the common units held by Thunderwood. Mr. Beyer is the President and CEO of Foresight Energy, LLC, an affiliate of CRDC.

(10) J. Matthew Fifield is a member of the Board of Directors of GP Natural Resource Partners LLC. Mr. Fifield also previously served as a Managing Director of CRDC and Foresight Management, LLC, an affiliate of CRDC. In addition, Mr. Fifield also previously served as a Managing Director of Adena, an affiliate of CRDC, and was formerly responsible for business development and was a Managing Director of Gogebic Taconite, LLC, a development stage iron mining company that is an affiliate of CRDC. All of the common units are held in a joint brokerage account with Mr. Fifields s spouse.

(11) The sole manager of Forest Glen Investments, LLC (Forest Glen) is Brian Glasser. Mr. Glasser may be deemed to have voting and dispositive control over the common units held by Forest Glen. Mr. Glasser is a partner in the law firm of Bailey & Glasser LLP, which has provided legal services to CRDC and certain of its affiliates and may continue to do so in the future.

(12) C/R III NRP Holdings, L.P. is the record holder of the common units offered for resale pursuant to this prospectus supplement. C/R Energy GP III, LLC is the general partner of Carlyle/Riverstone Energy Partners III, L.P., which is the general partner of C/R III NRP Holdings, L.P. As such, each of C/R Energy GP III, LLC and Carlyle/Riverstone Energy Partners III, L.P. may be deemed to share beneficial ownership of the common units held by C/R III NRP Holdings, L.P. C/R Energy GP III, LLC is managed by a managing committee comprising Daniel A. D Aniello, William E. Conway, Jr., David M. Rubenstein and Edward J. Mathias, as Carlyle designees, and Pierre F. Lapeyre, Jr., David M. Leuschen, Michael B. Hoffman and Andrew W. Ward, as Riverstone designees. Actions of the managing committee require consent of at least five members of the managing committee, including at least one Carlyle designee and one Riverstone designee. The members of the managing committee of C/R Energy GP III, LLC may be deemed to share beneficial ownership of the common units beneficially owned by C/R Energy GP III, LLC. Such individuals expressly disclaim any such beneficial ownership.

(13) The sole manager of Alpheus LLC (Alpheus) is John F. Dickinson III. Mr. Dickinson may be deemed to have voting and disposition control over the common units held by Alpheus. Mr. Dickinson may also be deemed to have voting and dispositive control over an additional 8,930 common units held by a trust of which Mr. Dickinson is a trustee, which common units are not offered for resale pursuant to this prospectus. Mr. Dickinson is the son of John Dickerson, who is the sole manager of Munsen and the President of CRDC.

Because Christopher Cline owns a substantial amount of our common units and, directly and indirectly, a substantial amount of the ownership interests in our general partner, Mr. Cline may be an affiliate and may be deemed to be an underwriter within the meaning of the Securities Act with respect to any common units offered by him pursuant to this prospectus, in which case any such offer by him would be deemed to be a primary offering by us.

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Prospectus

NATURAL RESOURCE PARTNERS L.P.

Common Units

This prospectus relates to:

- up to $500,000,000 maximum offering price of common units representing limited partner interests in Natural Resource Partners L.P. to be offered on a primary basis; and
- up to 16,646,072 common units representing limited partner interests in Natural Resource Partners L.P. to be offered on a secondary basis by the selling unitholders named in this prospectus or the selling unitholders named in any supplement to this prospectus.

We or the selling unitholder may offer and sell these securities to or through one or more underwriters, dealers or agents, or directly to purchasers, on a continuous or delayed basis. This prospectus describes the general terms of these securities and the general manner in which we or the selling unitholder will offer the securities. The specific terms of any offering may be included in a supplement to this prospectus. The names of any underwriters will be stated in a supplement to this prospectus. AnyAny selling unitholder that is an affiliate of Natural Resource Partners L.P. may be deemed an underwriter within the meaning of the Securities Act of 1933, as amended, or the Securities Act, in connection with the distribution of units being registered for resale on its behalf and, as a result, may be deemed to be offering securities, indirectly, on our behalf. Because the selling unitholder named in this prospectus owns a substantial amount of our common units and owns a substantial amount of the ownership interests in our general partner, it willthat is an affiliate of Natural Resource Partners L.P. may may be an affiliate and may be deemed to be an underwriter within the meaning of the Securities Act of 1933 in connection with the distribution of units being registered for resale on its behalf. We will not receive any of the proceeds from the sale of common units by the selling unitholder named in this prospectus or the selling unitholders named in any supplement to this prospectus.

Investing in our common units involves risks. Limited partnerships are inherently different from corporations. You should carefully consider the risk factors incorporated by reference into this prospectus before you make an investment in our securities.

Our common units are traded on the New York Stock Exchange under the symbol NRP. On September 10, 2012, the last reported sales price of our common units was $ 21.64 per common unit.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 11, 2012.

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In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with any other information. If anyone provides you with different or inconsistent information, you should not rely on it.

You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus. You should not assume that the information contained in the documents incorporated by reference in this prospectus is accurate as of any date other than the respective dates of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under this shelf registration process, the selling unitholder may, over time, offer and sell, in one or more offerings, up to 16,646,072 common units of Natural Resource Partners L.P. or we may, over time, offer and sell, in one or more offerings, up to $500,000,000 in total aggregate offering price of common units of Natural Resource Partners L.P.

This prospectus generally describes Natural Resource Partners L.P. and the securities. Each time we or the selling unitholder sell securities with this prospectus, we may provide you with a prospectus supplement that will contain additional information about the terms of that offering. A prospectus supplement may also add to, update or change information in this prospectus. Before you invest in our securities, you should carefully read this prospectus and any prospectus supplement and the additional information described under the heading Where You Can Find More Information. To the extent information in this prospectus is inconsistent with information contained in a prospectus supplement, you should rely on the information in the prospectus supplement.

The information in this prospectus is accurate as of its date. Additional information, including our financial statements and the notes thereto, is incorporated in this prospectus by reference to our reports filed with the SEC. You should read both this prospectus and any prospectus supplement, together with additional information described under the heading Where You Can Find More Information, and any additional information you may need to make your investment decision. As used in this prospectus, we, us, our and Natural Resource Partners mean Natural Resource Partners L.P. and, where the context requires, our operating company, NRP (Operating) LLC, and its subsidiaries.

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NATURAL RESOURCE PARTNERS L.P.

Natural Resource Partners L.P. is a limited partnership formed in April 2002, and we completed our initial public offering in October 2002. We engage principally in the business of owning, managing and leasing mineral properties in the United States. We own coal reserves in the three major U.S. coal-producing regions: Appalachia, the Illinois Basin and the Western United States, as well as lignite reserves in the Gulf Coast region. As of December 31, 2011, we owned or controlled approximately 2.3 billion tons of proven and probable coal reserves, and we also owned approximately 380 million tons of aggregate reserves in a number of states across the country. We do not operate any mines, but lease our reserves to experienced mine operators under long-term leases that grant the operators the right to mine and sell our reserves in exchange for royalty payments. Our lessees are generally required to make payments to us based on the higher of a percentage of the gross sales price or a fixed price per ton, in addition to minimum payments.

In 2011, our lessees produced 49.2 million tons of coal from our properties and our coal royalty revenues were $279.2 million. Processing fees and transportation fees added $30.2 million to our total revenues. In addition, we received $14.0 million in oil and gas royalties, and our lessees produced 5.9 million tons of aggregates resulting in aggregate royalties of $6.7 million.

Our operations are conducted through, and our operating assets are owned by, our subsidiaries. We own our subsidiaries through a wholly owned operating company, NRP (Operating) LLC. NRP (GP) LP, our general partner, has sole responsibility for conducting our business and for managing our operations. Because our general partner is a limited partnership, its general partner, GP Natural Resource Partners LLC, conducts its business and operations, and the board of directors and officers of GP Natural Resource Partners LLC makes decisions on our behalf. Robertson Coal Management LLC, a limited liability company wholly owned by Corbin J. Robertson, Jr., owns all of the membership interest in GP Natural Resource Partners LLC. Subject to the Investor Rights Agreement with Adena Minerals, LLC, Mr. Robertson is entitled to nominate nine directors, five of whom must be independent directors, to the board of directors of GP Natural Resource Partners LLC. Mr. Robertson has delegated the right to nominate two of the directors, one of whom must be independent, to Adena Minerals.

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

Our operations headquarters is located at 5260 Irwin Road, Huntington, West Virginia 25705 and the telephone number is (304) 522-5757. Our principal executive office is located at 601 Jefferson Street, Suite 3600, Houston, Texas 77002 and our phone number is (713) 751-7507.

For additional information as to our business, properties and financial condition, please refer to the documents cited in Where You Can Find More Information.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Some of the information included in this prospectus, any prospectus supplement and the documents we incorporate by reference contain forward-looking statements. These statements use forward-looking words such as may, will, anticipate, believe, expect, project or other s words. These statements discuss goals, intentions and expectations as to future trends, plans, events, results of operations or financial condition or state other forward-looking information.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you that assumed facts or bases almost always vary from actual results, and the differences between assumed facts or bases and actual results can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this prospectus, any prospectus supplement and the documents we have incorporated by reference. These statements reflect Natural Resource Partners current views with respect to future events and are subject to various risks, uncertainties and assumptions.

Many of such factors are beyond our ability to control or predict. Please read Risk Factors for a better understanding of the various risks and uncertainties that could affect our business and impact the forward-looking statements made in this prospectus. Readers are cautioned not to put undue reliance on forward-looking statements. Except as required by federal and state securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or any other reason.

Forward-looking statements contained in this prospectus and all subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

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RISK FACTORS

An investment in our securities involves risks. Before you invest in our securities, you should carefully consider the risk factors included in our most recent annual report on Form 10-K, subsequent quarterly reports on Form 10-Q and those that may be included in any applicable prospectus supplement, as well as risks described in Management s Discussion and Analysis of Financial Condition and Results of Operations and cautionary notes regarding forward-looking statements included or incorporated by reference herein, together with all of the other information included in this prospectus, any prospectus supplement and the documents we incorporate by reference.

If any of these risks were to materialize, our business, results of operations, cash flows and financial condition could be materially adversely affected. In that case, our ability to make distributions to our unitholders may be reduced, the trading price of our securities could decline and you could lose all or part of your investment.

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USE OF PROCEEDS

Except as otherwise provided in the applicable prospectus supplement, we will use the net proceeds we receive from the sale of the securities for general partnership purposes, which may include repayment of indebtedness, the acquisition of businesses, other capital expenditures and additions to working capital.

Any specific allocation of the net proceeds of an offering of securities to a specific purpose will be determined at the time of the offering and will be described in a prospectus supplement.

We will not receive any of the proceeds from the sale of common units by the selling unitholder.

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DESCRIPTION OF OUR COMMON UNITS

The common units represent limited partner interests in Natural Resource Partners that entitle the holders to participate in our cash distributions and to exercise the rights or privileges available to limited partners under our partnership agreement. For a description of the relative rights and preferences of holders of common units and our general partner in and to partnership distributions, see Cash Distributions in this prospectus.

Our outstanding common units are listed on the New York Stock Exchange under the symbol NRP.

The transfer agent and registrar for our common units is American Stock Transfer & Trust Company.

Status as Limited Partner or Assignee

Except as described under The Partnership Agreement Limited Liability, the common units will be fully paid, and the unitholders will not be required to make additional capital contributions to us.

Transfer of Common Units

Each purchaser of common units offered by this prospectus must execute a transfer application. By executing and delivering a transfer application, the purchaser of common units:

- becomes the record holder of the common units and is an assignee until admitted into our partnership as a substituted limited partner;
- automatically requests admission as a substituted limited partner in our partnership;
- agrees to be bound by the terms and conditions of, and executes, our partnership agreement;
- represents that he has the capacity, power and authority to enter into the partnership agreement;
- grants powers of attorney to officers of the general partner and any liquidator of our partnership as specified in the partnership agreement; and
- makes the consents and waivers contained in the partnership agreement.

An assignee will become a substituted limited partner of our partnership for the transferred units automatically upon the recording of the transfer on our books and records. Our general partner will cause any transfers to be recorded on our books and records no less frequently than quarterly.

Transfer applications may be completed, executed and delivered by a purchaser s broker, agent or nominee. We are entitled to treat the nominee holder of a common unit as the absolute owner. In that case, the beneficial holders rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Common units are securities and are transferable according to the laws governing transfer of securities. In addition to other rights acquired, the purchaser has the right to request admission as a substituted limited partner in our partnership for the purchased common units. A purchaser of common units who does not execute and deliver a transfer application obtains only:

- the right to assign the common unit to a purchaser or transferee; and

the right to transfer the right to seek admission as a substituted limited partner in our partnership for the purchased common units. Thus, a purchaser of common units who does not execute and deliver a transfer application:

will not receive cash distributions or federal income tax allocations, unless the common units are held in a nominee or street name account and the nominee or broker has executed and delivered a transfer application; and

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may not receive some federal income tax information or reports furnished to record holders of common units.

Until a common unit has been transferred on our books, we and the transfer agent, notwithstanding any notice to the contrary, may treat the record holder of the unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

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THE PARTNERSHIP AGREEMENT

The following is a summary of the material provisions of our partnership agreement.

We summarize the following provisions of our partnership agreement elsewhere in this prospectus:

- with regard to distributions of available cash, please see Cash Distributions ;
- with regard to the transfer of common units, please see Description of our Common Units Transfer of Common Units ; and
- with regard to allocations of taxable income and taxable loss, please see Material U.S. Federal Income Tax Consequences.

Organization and Duration

Our partnership was formed on April 9, 2002 and will remain in existence until dissolved in accordance with our partnership agreement.

Purpose

Our purpose under our partnership agreement is limited to serving as a member of the operating company and engaging in any business activities that may be engaged in by the operating company or its subsidiaries or that are approved by our general partner. The limited liability company agreement of the operating company provides that the operating company may, directly or indirectly, engage in:

- its operations as conducted immediately before our initial public offering;
- any other activity approved by our general partner but only to the extent that our general partner reasonably determines that, as of the date of the acquisition or commencement of the activity, the activity generates qualifying income as this term is defined in Section 7704 of the Internal Revenue Code; and
- any activity that enhances the operations of an activity that is described in either of the preceding two clauses.

Notwithstanding the foregoing, our general partner does not have the authority to cause us to engage, directly or indirectly, in any business activity that it reasonably determines would cause us to be treated as an association taxable as a corporation or otherwise taxable as an entity for federal income tax purposes.

Although our general partner has the ability to cause us and the operating company or its subsidiaries to engage in activities other than the ownership of coal and mineral reserves and the leasing of those reserves to mine operators in exchange for royalties from the sale of coal or other minerals mined from our reserves, our general partner has no current plans to do so. Our general partner is authorized in general to perform all acts deemed necessary to carry out our purposes and to conduct our business.

Power of Attorney

Each limited partner and each person who acquires a unit from a unitholder and executes and delivers a transfer application grants to our general partner (and, if appointed, a liquidator), a power of attorney to, among other things, execute and file documents required for our qualification, continuance or dissolution. The power of attorney also grants our general partner the authority to amend, and to make consents and waivers under, and in accordance with, our partnership agreement.

Capital Contributions

Unitholders are not obligated to make additional capital contributions, except as described below under Limited Liability.

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Limited Liability

Participation in the Control of Our Partnership. Assuming that a limited partner does not participate in the control of our business within the meaning of the Delaware Revised Uniform Limited Partnership Act (the Delaware Act) and that it otherwise acts in conformity with the provisions of our partnership agreement, its liability under the Delaware Act will be limited, subject to possible exceptions, to the amount of capital it is obligated to contribute to us for its common units plus his share of any undistributed profits and assets. If it were determined, however, that the right or exercise of the right by the limited partners as a group:

to remove or replace the general partner;

to approve some amendments to our partnership agreement; or

to take other action under our partnership agreement;

constituted participation in the control of our business for the purposes of the Delaware Act, then the limited partners could be held personally liable for our obligations under Delaware law to the same extent as the general partner. This liability would extend to persons who transact business with us and who reasonably believe that the limited partner is a general partner. Neither our partnership agreement nor the Delaware Act specifically provides for legal recourse against our general partner if a limited partner were to lose limited liability through any fault of the general partner. While this does not mean that a limited partner could not seek legal recourse, we have found no precedent for this type of a claim in Delaware case law.

Unlawful Partnership Distributions. Under the Delaware Act, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act shall be liable to the limited partnership for the amount of the distribution for three years. Under the Delaware Act, an assignee who becomes a substituted limited partner of a limited partnership is liable for the obligations of his assignor to make contributions to the partnership, except the assignee is not obligated for liabilities unknown to him at the time he became a limited partner and that could not be ascertained from the partnership agreement.

Failure to Comply with the Limited Liability Provisions of Jurisdictions in Which We Do Business. Our subsidiaries currently conduct business in a number of states. Maintenance of limited liability for Natural Resource Partners, as the sole member of the operating company, may require compliance with legal requirements in the jurisdictions in which the operating company conducts business, including qualifying our subsidiaries to do business there. Limitations on the liability of members for the obligations of a limited liability company have not been clearly established in many jurisdictions. If it were determined that we were, by virtue of our member interest in the operating company or otherwise, conducting business in any state without compliance with the applicable limited partnership or limited liability company statute, or that the right or exercise of the right by the limited partners as a group to remove or replace our general partner, to approve some amendments to our partnership agreement, or to take other action under our partnership agreement constituted participation in the control of our business for purposes of the statutes of any relevant jurisdiction, then the limited partners could be held personally liable for our obligations under the law of that jurisdiction to the same extent as the general partner under the circumstances. We will operate in a manner that our general partner considers reasonable and necessary or appropriate to preserve the limited liability of the limited partners.

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Voting Rights

The following matters require the unitholder vote specified below:

Issuance of additional units	No approval right.
Amendment of partnership agreement	Certain amendments may be made by the general partner without the approval of the unitholders. Other amendments generally require the approval of a unit majority. Please read Amendment of the Partnership Agreement.
Merger of our partnership or the sale of all or substantially all of our assets	Unit majority. Please read Merger, Sale or Other Disposition of Assets.
Amendment of the limited liability company agreement and other action taken by us as sole member of the operating company	Unit majority if such amendment or other action would adversely affect our limited partners (or any particular class of limited partners) in any material respect. Please read Action Relating to Operating Company.
Dissolution of our partnership	Unit majority. Please read Termination and Dissolution.
Reconstitution of our partnership upon dissolution	Unit majority.
Withdrawal of the general partner	The approval of a majority of the common units, excluding common units held by the general partner and its affiliates, is required for the withdrawal of the general partner prior to September 30, 2012 to prevent the withdrawal from being deemed a breach of our partnership agreement. Please read Withdrawal or Removal of the General Partner.
Removal of the general partner	Not less than $66\,^{2}/_{3}\%$ of the outstanding units, including units held by our general partner and its affiliates. Please read Withdrawal or Removal of the General Partner.
Transfer of the general partner interest	The general partner may transfer its general partner interest without a vote of our unitholders to an affiliate (other than an individual) or in connection with the general partner s merger or consolidation with or into, or sale of all or substantially all of its assets to another person (other than an individual). The approval of a majority of the common units, excluding common units held by the general partner and its affiliates, is required in other circumstances for a transfer of the general partner interest to a third party prior to September 30, 2012. Please read Transfer of General Partner Interest.
Transfer of ownership interests in the general partner	No approval required at any time. Please read Transfer of Ownership Interests in the General Partner.

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Matters requiring the approval of a unit majority require the approval of a majority of the common units.

Issuance of Additional Securities

Our partnership agreement authorizes us to issue an unlimited number of additional partnership securities and rights to buy partnership securities for the consideration and on the terms and conditions established by our general partner in its sole discretion without the approval of any limited partners.

It is possible that we will fund acquisitions through the issuance of additional common units or other equity securities. Holders of any additional common units we issue will be entitled to share equally with the then-existing holders of common units in our distributions of available cash. In addition, the issuance of additional partnership common units or other equity securities may dilute the value of the interests of the then-existing holders of common units in our net assets.

In accordance with Delaware law and the provisions of our partnership agreement, we may also issue additional partnership securities that, in the sole discretion of our general partner, may have special voting rights to which the common units are not entitled.

Upon issuance of additional partnership securities, our general partner will have the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase common units or other equity securities whenever, and on the same terms that, we issue those securities to persons other than our general partner and its affiliates, to the extent necessary to maintain the percentage interest of the general partner and its affiliates, including such interest represented by common units that existed immediately prior to each issuance. The holders of common units do not have preemptive rights to acquire additional common units or other partnership securities.

Amendment of Partnership Agreement

General. Amendments to our partnership agreement may be proposed only by or with the consent of our general partner, which consent may be given or withheld in its sole discretion. In order to adopt a proposed amendment, other than the amendments discussed below, our general partner is required to seek written approval of the holders of the number of units required to approve the amendment or call a meeting of the limited partners to consider and vote upon the proposed amendment. Except as described below, an amendment must be approved by a unit majority.

Prohibited Amendments. No amendment may be made that would:

- enlarge the obligations of any limited partner without its consent, unless approved by at least a majority of the type or class of limited partner interests so affected;
- enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by us to our general partner or any of its affiliates without the consent of our general partner, which may be given or withheld in its sole discretion;
- change the duration of our partnership;
- provide that we are not dissolved upon an election to dissolve our partnership by our general partner that is approved by a unit majority; or
- give any person the right to dissolve our partnership other than our general partner s right to dissolve our partnership with the approval of a unit majority.

The provision of our partnership agreement preventing the amendments having the effects described in any of the clauses above can be amended upon the approval of the holders of at least 90% of the outstanding units, voting together as a single class (including units owned by the general

partner and its affiliates).

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No Unitholder Approval. Our general partner may generally make amendments to our partnership agreement without the approval of any limited partner or assignee to reflect:

a change in our name, the location of our principal place of our business, our registered agent or our registered office;

the admission, substitution, withdrawal or removal of partners in accordance with our partnership agreement;

a change that, in the sole discretion of our general partner, is necessary or advisable for us to qualify or continue our qualification as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or to ensure that neither we, the operating company nor any of its subsidiaries will be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;

an amendment that is necessary, in the opinion of our counsel, to prevent us or our general partner or its directors, officers, agents or trustees from in any manner being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisors Act of 1940, or plan asset regulations adopted under the Employee Retirement Income Security Act of 1974, or ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed;

subject to the limitations on the issuance of additional partnership securities described above, an amendment that in the discretion of our general partner is necessary or advisable for the authorization of additional partnership securities or rights to acquire partnership securities;

any amendment expressly permitted in our partnership agreement to be made by our general partner acting alone;

an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of our partnership agreement;

any amendment that, in the discretion of our general partner, is necessary or advisable for the formation by us of, or our investment in, any corporation, partnership or other entity, as otherwise permitted by our partnership agreement;

a change in our fiscal year or taxable year and related changes;

a merger, conversion or conveyance effected in accordance with the partnership agreement; and

any other amendments substantially similar to any of the matters described in the clauses above.

In addition, our general partner may make amendments to our partnership agreement without the approval of any limited partner or assignee if those amendments, in the discretion of our general partner:

do not adversely affect the limited partners (including any particular class of limited partners as compared to other classes of limited partners) in any material respect;

are necessary or advisable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;

are necessary or advisable to facilitate the trading of limited partner interests or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed for trading, compliance with any of which our general partner deems to be in the best interests of us and our limited partners;

are necessary or advisable for any action taken by our general partner relating to splits or combinations of units under the provisions of our partnership agreement; or