

Westmoreland Announces Agreement to Contribute Kemmerer Mine to Westmoreland Resource Partners, LP

Acquisition Expected to Provide Immediate Accretion to WMLP Upon Closing

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ENGLEWOOD, Colo.--([BUSINESS WIRE](#))--Westmoreland Coal Company (NasdaqGM:WLB, "Westmoreland") and Westmoreland Resource Partners, LP (NYSE:WMLP, "WMLP") announced today that WMLP has agreed to acquire 100% of the outstanding equity interests in Westmoreland Kemmerer LLC ("Kemmerer"), which owns and operates the Kemmerer Mine in Wyoming. Upon closing of the transaction, Westmoreland will receive \$135 million of cash, \$20 million of WMLP common units, and \$75 million of new WMLP Class A convertible units.

"We are excited to announce the first transaction of our MLP drop-down strategy" Since Westmoreland's acquisition of the Kemmerer Mine from Chevron in January 2012, management has significantly enhanced financial and operating performance, exceeding guidance, and signed a new labor agreement driving operational and productivity improvements while reducing safety citations and reportable incidents.

"We are excited to announce the first transaction of our MLP drop-down strategy," said Keith E. Alessi, CEO of Westmoreland and WMLP. "We expect the contribution of Kemmerer to significantly expand the size of the production base at WMLP, diversify the customers we serve, and improve the stability of its cash flows through Kemmerer's long-term contracts. This transaction demonstrates Westmoreland's continued support of WMLP and our commitment to properly capitalize the partnership and position the balance sheet to fund future transactions."

The acquisition, which is expected to close in the third quarter, is expected to be immediately accretive to distributable cash flow on a per unit basis to WMLP. Kemmerer will operate as a wholly-owned subsidiary of WMLP.

When issued, the Series A convertible units will receive Paid-in-Kind (“PIK”) distributions at a rate that mirrors distributions to the common units, and are subject to mandatory conversion into common units on a one-for-one basis upon the earlier of (i) WMLP paying a quarterly distribution of \$0.22/unit to its common unitholders, a 10% increase to the current distribution of \$0.20/unit, or (ii) 12 months following the close of the transaction.

The transaction was approved by the Board of Directors of the general partner of WMLP and by the Conflicts Committee of the Board of Directors, which consists entirely of independent directors. The Conflicts Committee engaged Robert W. Baird & Co. to act as its independent financial advisor and to render a fairness opinion, and Akin Gump Strauss Hauer & Feld LLP to act as its legal advisor. BMO Capital Markets and Holland & Hart LLP acted as financial advisors and legal advisors, respectively, to Westmoreland. Westmoreland retained Houlihan Lokey to render a fairness opinion.

The transaction is subject to a financing condition and other customary closing conditions.

About Westmoreland Coal Company

Westmoreland Coal Company is the oldest independent coal company in the United States. Westmoreland’s coal operations include sub-bituminous and lignite surface coal mining in the Western United States and Canada, an underground bituminous coal mine in Ohio, a char production facility, and a 50% interest in an activated carbon plant. Westmoreland also owns the general partner of and a majority interest in Westmoreland Resource Partners, LP, formerly Oxford Resource Partners, LP, a publicly-traded coal master limited partnership. Its power operations include ownership of the two-unit ROVA coal-fired power plant in North Carolina. For more information, visit www.westmoreland.com; provided that no information contained at such website is incorporated by reference here.

About Westmoreland Resource Partners, LP

Westmoreland LP is a low-cost producer of high-value steam coal in Northern Appalachia. It markets its coal primarily to large electric utilities with coal-fired, base-load scrubbed power plants under long-term coal sales contracts. For more information, visit www.westmorelandmlp.com; provided that no information contained at such website is incorporated by reference here.

About Westmoreland Kemmerer LLC

Kemmerer Mine is a 13,400-acre surface mine complex located in southwest Wyoming. It currently produces coal in three active areas from 12 primary seams and their splits. Coal from this operation primarily supplies fuel to PacifiCorp's adjacent Naughton Power Station via overland conveyor.

Cautionary Note Regarding Forward-Looking Statements

This release may contain "forward-looking statements." Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects" and similar references to future periods. These statements involve known and unknown risks, which may cause our actual results to differ materially from results expressed or implied by the forward-looking statements. These risks include factors such as the uncertainty of negotiations to result in an agreement or a completed transaction, the uncertain nature of the expected benefits from the actual or expected acquisition, the uncertain nature of the announced acquisition, the ability to complete such transactions, risks associated with the our industry or the economy generally, and other such matters discussed in the "Risk Factors" section of both Westmoreland's and WMLP's 2014 Annual Report on Form 10-K and subsequent quarterly reports filed on Form 10-Q. Although either or both of Westmoreland and WMLP may from time to time voluntarily update their prior forward-looking statements, they disclaim any commitment to do so except as required by securities laws.

Contacts

Investor Contact:

Westmoreland Coal Company

Kevin Paprzycki, 855-922-6463