



January 7, 2021

Tax Information Provided pursuant to Treasury Regulation § 1.1273-2(f)(9): Issuers' Determination and Communication of "traded on an established market" Status and Issue Price of Newly Issued Debt

On October 13, 2020 (the "Exchange Date"), Ascent Resources Utica Holdings, LLC ("ARUH") and ARU Finance Corporation (together with ARUH, the "Issuers"), closed an exchange (the "Exchange") of approximately \$856.7 million in aggregate principal amount of their 10% senior secured notes due 2022 ("2022 Notes") for approximately \$537.8 million in aggregate principal amount of ARUH's second lien term loans due November 1, 2025 ("2025 Term Loans") and \$318.8 million in aggregate principal amount of the Issuers' new 9.00% senior unsecured notes due November 1, 2027 ("2027 Notes"). The Issuers have determined that the Exchange constitutes a "significant modification" of the 2022 Notes within the meaning of Treasury Regulation § 1.1001-3(e), resulting in a deemed exchange of the 2022 Notes for 2025 Term Loans and 2027 Notes for U.S. federal income tax purposes.

The Issuers have determined that the 2025 Term Loans and 2027 Notes were "traded on an established market" within the meaning of Treasury Regulation § 1.1273-2(f), based upon quotes received from the financial information reporting service Bloomberg. On October 14, 2020, the Bloomberg pricing service reported a bid/ask quote of 90.75/91.75 for the 2027 Notes. Moreover, on October 22, 2020, the Bloomberg pricing service reported a bid/ask quote of 104.375/106.25 for the 2025 Term Loans.

Based on the midpoint of the quotes, the Issuers have determined that the issue price of the 2025 Term Loans and 2027 Notes as of the Exchange Date was as follows:

Debt Instrument	Issue Price (%)
2025 Term Loans	105.3125%
2027 Notes	91.25%

Pursuant to Treasury Regulation § 1.1273-2(f)(9), the Issuers' determinations in this statement are binding on a holder of the 2025 Term Loans and 2027 Notes unless such holder explicitly discloses that its determinations are different from the Issuers' determinations on a timely filed U.S. federal income tax return for the taxable year that includes its acquisition date of the 2025 Term Loans and 2027 Notes.

This notice is only intended to fulfill the Issuers' notification obligation under Treasury Regulation § 1.1273-2(f)(9) and does not constitute tax advice. Investors are encouraged to consult their own tax advisors regarding their particular consequences relating to the Exchange.

For further information please contact:

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