

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Arch Resources, Inc.		43-0721192	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Matthew C. Giljum	314-994-2700	mgiljum@archrsc.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
1 City Place Drive, Suite 300		St. Louis, MO 63141	
8 Date of action	9 Classification and description		
5/27/2022	Sec. 305(c) Deemed Distribution & Cost Basis Adjustment on Arch Resources Outstanding Warrants		
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
03940R 115 WTS		ARRHW	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► Organizational action: cash dividend on Arch Resources common stock dividend in the amount of \$ 8.11 per share. Under the terms of the outstanding common stock warrants, the dividend results in a decrease to the exercise price per share of each warrant and an increase to the number of shares of common stock received per warrant exercise (i.e., the warrant share number).

Date of action: May 27, 2022.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► See Attached

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► See Attached

Part II **Organizational Action** *(continued)*17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► See Attached18 Can any resulting loss be recognized? ► See Attached19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► See Attached**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ► _____ Date ► _____

Print your name ► **SIGNED COPY AVAILABLE UPON REQUEST**

Title ► _____

**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if
self-employed

PTIN

Firm's name ►

Firm's EIN ►

Firm's address ►

Phone no.

Arch Resources, Inc. Attachment to IRS Form 8937

In October 2016, the Company issued 1,914,856 Series A warrants upon its emergence from bankruptcy at an initial exercise price of \$57.00 per share to holders of unsecured note claims that elected to receive warrants in lieu of cash upon emergence. The Company has provided a notice of adjustment applicable to the warrants.

Under IRC Code Section 6045B, any issuer of a "specified security" must file an information return setting forth: a description of any organizational action (for example, stock splits, mergers and acquisitions, convertible debt) that affects the basis of the specified security of the issuer, the quantitative effect on the specified security's basis resulting from the organizational action, and any other information IRS may prescribe.

The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Code. Warrant Holders should consult their own tax advisors regarding the particular tax consequences of the exercise price adjustment to them, including the applicability and effect of all U.S. federal, state and local and foreign tax laws. Such information is not intended to be a complete analysis or description of all potential federal or other tax consequences of the conversion rate adjustment.

Form 8937, Part II, Line 15

Immediately after the open of business on May 31, 2022 (i.e., the next business day after the ex-dividend date of the cash dividend paid on May 27, 2022), the exercise price of the warrants was reduced from \$53.202 to \$50.489

The Company expects the adjustments to the warrants to be treated for U.S. federal income tax purposes as a deemed taxable dividend distribution in an amount equal to the fair market value of the incremental stock rights attributable to the adjustment to the exercise price of the warrants. As a result, a warrant holder's basis in their warrants should increase by the amount of the deemed dividend distribution. The amount of the distribution and the increase in basis in the warrants is calculated to be \$2.713 per warrant.

Form 8937, Part II, Line 16

The valuation reference date is May 27, 2022, the ex-dividend date of the cash dividend distribution.

Calculation: Excess of (A) over (B):

- (A) The fair market value of the warrants immediately after the adjustment to the exercise price and warrant share number is calculated using a Black-Scholes style option pricing model with pricing inputs including: value of the common stock, exercise price of the warrants, the remaining term of the warrants, an annual risk-free interest rate, and an annualized volatility index percentage.
- (B) The fair market value, determined immediately after the adjustment to exercise price and warrant share number using all of the pricing inputs described in (A) above, of the warrants as if no adjustment to exercise price and warrant share number had occurred.

Effect on basis: see the response to #15 above

Form 8937, Part II, Line 17

IRC Section 305(c). The valuation standard under section 305(c) is "...the excess of (A) the fair market value of the right to acquire stock held by the deemed shareholder immediately after the applicable adjustment, over (B) the fair market value, determined immediately after the applicable adjustment, of such right to acquire stock as if no applicable adjustment had occurred."

Form 8937, Part II, Line 18

There is no associated loss recognition.

Form 8937, Part II, Line 19

The reportable tax year for this warrant adjustment is 2022 for a calendar year taxpayer.