

CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT is made and entered into as of August 30, 2016 (the "Effective Date") by and among (i) DELTA NATURAL GAS COMPANY, INC., a Kentucky corporation (the "Disclosing Party" or "Company"), and (ii) SteelRiver Operations LP (the "Recipient").

RECITALS:

A. In connection with the Recipient and its affiliates' consideration of a possible transaction (the "Transaction") with the Company, the Recipient may receive certain information belonging to the Company or about the Company that is non-public, confidential, or proprietary in nature.

B. For purposes of disclosing non-public, confidential or proprietary information to Recipient, the Company requires that Recipient enter into this Agreement to protect and preserve the confidentiality of such information.

AGREEMENTS:

IN CONSIDERATION OF the recitals, the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Disclosing Party and Recipient, intending to be legally bound, agree as follows:

1. Definitions. When used in this Agreement, the following terms have the meanings set forth below:

(a) "Evaluation Material" means all information, data, documents, agreements, records, plans, analyses, projections, files and other materials, whether disclosed orally or disclosed or stored in written, electronic or other form or media, that is obtained from or disclosed by the Disclosing Party or its Representatives after the date hereof regarding the Company, including, without limitation, all analyses, compilations, reports, forecasts, studies, reviews, summaries and other documents prepared by or for the Recipient that contain or otherwise reflect or are generated from such information, data, documents, agreements, records, plans, analyses, projections, files or other materials. The term "Evaluation Material" as used herein does not include information that: (i) at the time of disclosure or thereafter is generally available to and known by the public (other than as a result of its disclosure directly or indirectly by the Recipient or its Representatives in violation of this Agreement); (ii) was available to the Recipient or its Representatives from a source other than the Disclosing Party or its Representatives, provided that such source, to Recipient's knowledge, was not bound by a confidentiality agreement regarding the Company; or (iii) has been independently acquired or

developed by the Recipient or its Representatives without violating any of its obligations under this Agreement.

(b) “Person” means any individual, partnership (whether general or limited), limited liability company, corporation, association, trust, joint venture, governmental agency or body, or other entity.

(c) “Representatives” means, as to any Person, such Person’s affiliates and its and their respective directors, officers, employees, managers, managing members, general partners, agents, representatives, potential financing sources and consultants (including without limitation attorneys, financial advisors and accountants).

(d) “Herein,” “hereby,” “hereof” and like terms refer to this Agreement as a whole and not to particular Sections or provisions of this Agreement. References to “Sections” in this Agreement are references to the Sections of this Agreement.

(e) Other terms not specifically defined in this Section 1 shall have the meanings given to them elsewhere in this Agreement.

2. Non-Disclosure of Evaluation Material. The Recipient shall keep the Evaluation Material strictly confidential and shall not use the Evaluation Material for any purpose other than to evaluate, negotiate and consummate the Transaction. The Recipient shall not disclose, or permit its Representatives to disclose, any Evaluation Material except: (a) if required by law, regulation or legal or regulatory process, but only in accordance with Section 4, or (b) to its Representatives, to the extent necessary to permit such Representatives to assist the Recipient in evaluating, negotiating and consummating the Transaction; provided, that the Recipient shall require each such Representative to maintain the confidentiality of the Evaluation Material consistent with the terms of this Agreement and the Recipient shall be responsible for any breach of this Agreement by any of its Representatives.

3. Additional Confidentiality Obligations. Except for such disclosure as is necessary not to be in violation of any applicable law, regulation, order or other similar requirement of any governmental, regulatory or supervisory authority, the Recipient shall not, and shall not permit any of its Representatives to, without the prior written consent of the Disclosing Party, disclose to any Person (including without limitation any employee (other than the executive officers), vendor, regulator, supplier, accountant, financial institution or contractor of the Disclosing Party): (a) the fact that the Evaluation Material has been made available to it or that it or has received or inspected any portion of the Evaluation Material, (b) the existence or contents of this Agreement, (c) the fact that investigations, discussions or negotiations are taking or have taken place concerning the Transaction, including the status thereof, or (d) any terms, conditions or other matters relating to the Transaction.

4. Required Disclosure. If the Recipient or any of its Representatives is required, in the opinion of the Recipient’s counsel, to disclose any Evaluation Material by applicable law, regulation or legal or regulatory process, the Recipient shall (a) take all reasonable steps to preserve the privileged nature and confidentiality of the Evaluation Material, including requesting that the Evaluation Material not be disclosed to non-parties or the public; (b) give the

Disclosing Party prompt prior written notice of such request or requirement so that the Disclosing Party may seek, at its sole cost and expense, an appropriate protective order or other remedy; and (c) cooperate with the Disclosing Party, at the Disclosing Party's sole cost and expense, to obtain such protective order. In the event that such protective order or other remedy is not obtained, the Recipient (or such other persons to whom such request is directed) will furnish only that portion of the Evaluation Material which, on the advice of the Recipient's counsel, is legally required to be disclosed and, upon the Disclosing Party's request, use its best efforts to obtain assurances that confidential treatment will be accorded to such information.

5. Recipient's Representations and Warranties.

(a) The Recipient hereby represents and warrants that the Recipient is not acting as a broker for or Representative of any other Person in connection with the Transaction, and is considering the Transaction only for its own account and for the account of its affiliates. Except with the prior written consent of the Disclosing Party, the Recipient agrees that (i) it will not act as a joint bidder or co-bidder with any other Person with respect to the Transaction, and (ii) neither the Recipient nor any of its Representatives (acting on behalf of the Recipient or its affiliates) will enter into any discussions, negotiations, agreements, arrangements or understandings (whether written or oral) with any other Person regarding the Transaction, other than the Disclosing Party and its Representatives and the Recipient's Representatives (to the extent permitted hereunder).

(b) The Recipient hereby represents and warrants that neither it nor any of its Representatives is party to any agreement, arrangement or understanding (whether written or oral) that would restrict the ability of any other Person to provide financing (debt, equity or otherwise) to any other Person for the Transaction or any similar transaction.

(c) Notwithstanding anything to the contrary contained herein, without the prior written consent of the Disclosing Party, the Recipient agrees that neither the Recipient nor any of its Representatives will disclose any Evaluation Material to any actual or potential sources of equity financing that are not Representatives.

6. Return or Destruction of Confidential Information. The Disclosing Party may elect at any time to terminate further access by Recipient to Evaluation Material. At any time upon the Disclosing Party's written request, the Recipient shall promptly, and in any event no later than ten (10) business days after the request, return all Evaluation Material (including all copies, extracts or other reproductions) to the Disclosing Party or certify in writing to the Disclosing Party that such Evaluation Material (including any Evaluation Material held electronically) has been destroyed. Notwithstanding the foregoing, Recipient and its Representatives may retain copies of Evaluation Materials as required by law or regulation, and as consistent with its internal document retention policies. Notwithstanding the return or destruction of Evaluation Material, the Recipient and its Representatives shall continue to be bound by their obligations of confidentiality and other obligations hereunder.

7. Non-Solicitation. Except with the express permission of the Disclosing Party, the Recipient agrees that for a period of one (1) year from the Effective Date, neither the Recipient nor its Representatives that are controlled affiliates will directly or indirectly solicit or hire any

senior officer or senior employee of the Disclosing Party or any of its subsidiaries that come to Recipient's attention solely through the evaluation of the Transaction contemplated hereunder, except pursuant to a general solicitation which is not directed specifically to any such officers or employees.

8. Recipient Restrictions. Unless approved in advance in writing by the Board of Directors of the Company, neither the Recipient nor any of its Representatives that are controlled affiliates acting on behalf of or in concert with the Recipient (or any of its Representatives) will, for a period of one (1) year after the date of this Agreement, directly or indirectly:

(a) make, effect, solicit, initiate, cause or participate in--

(i) any acquisition of beneficial ownership of any debt securities or equity securities (including derivatives thereof) of the Company or debt securities or equity securities (including derivatives thereof) of any subsidiary or affiliate of the Company, or rights or options to acquire, or securities convertible or exchangeable into, debt securities or equity securities of the Company or any subsidiary or affiliate of the Company;

(ii) any acquisition of any loans or assets of the Company or any loans or assets of any subsidiary or affiliate of the Company;

(iii) any tender offer, exchange offer, merger, business combination, recapitalization, restructuring, liquidation, dissolution or extraordinary transaction involving the Company or any subsidiary or affiliate of the Company, or involving any debt or equity securities (including derivatives thereof) or loans or assets of the Company or any subsidiary or affiliate of the Company; or

(iv) any statement, public announcement, offer or proposal (including without limitation any "solicitation" of "proxies" as such terms are defined or used in Regulation 14A of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended) to the Board of Directors of the Company, any of the Company's subsidiaries or affiliates, or any of the Company's shareholders regarding or with respect to, or otherwise solicit, seek or offer to effect (including, for the avoidance of doubt, indirectly by means of communication with the press or media), any of the actions described in Sections 8(a)(i), (ii) or (iii) or Sections 8(b), (c) or (d);

(b) join, participate with, solicit, instigate, encourage or assist any third party (including forming a "group" (as defined in the Securities Exchange Act of 1934, as amended, and the regulations thereunder) with any such third party) to take or do, or enter into any discussions or agreements with any third party with respect to, any of the actions set forth in Sections 8(a), (c) or (d);

(c) act, alone or in concert with others, to seek representation on the Board of Directors of the Company or to control or influence the Board of Directors, management or policies of the Company;

(d) take any action that would reasonably be expected to require the Company or any of its affiliates to make a public announcement regarding any of the actions set forth in Sections 8(a), (b) or (c) above;

(e) agree or offer to take, or encourage or propose (publicly or otherwise) the taking of, any action referred to Sections 8(a), (b), (c) or (d);

(f) assist, induce or encourage any other Person to take any action of the types referred to in Sections 8(a), (b), (c) or (d);

(g) enter into any discussion, negotiation, arrangement or agreement with any other Person relating to any of the foregoing;

(h) request or propose that the Company or any of its Representatives amend, modify, waive or consider the amendment, modification or waiver of any provision set forth in Sections 8(a), (b), (c), (d), (e), (f) or (g) or this Section 8(h); or

(i) initiate or maintain contact (except in the ordinary course of business) with any officer, director or employee of the Company regarding the business, operations or prospects of the Company. Recipient acknowledges and agrees that the Company's financial advisor, Tudor, Pickering, Holt & Co., will arrange for appropriate contacts for due diligence purposes. Recipient further agrees that unless otherwise directed by the Company in writing: (i) all communications with the Company regarding a possible Transaction, (ii) requests for additional information, facility tours or meetings with management or employees, or (iii) discussions or questions regarding procedures with respect to a possible Transaction, will be submitted or directed by Recipient or its Representatives only to Tudor, Pickering, Holt & Co., as the Company's financial advisor.

The restrictions in Sections 8(a), (b), (c) and (d) above shall not apply to any of the Recipient's Representatives effecting or recommending transactions in securities (i) in the ordinary course of its business as an investment advisor, broker, dealer in securities, market maker, specialist or block positioner, and (ii) not at the direction or request of the Recipient or any of its affiliates.

Notwithstanding the foregoing provisions of this Section 8, the restrictions set forth in this Section 8 shall terminate and be of no further force and effect if the Company enters into a definitive agreement with respect to, or publicly announces that it plans to enter into, a transaction involving all or a controlling portion of the Company's equity securities or all or substantially all of the Company's assets (whether by merger, consolidation, business combination, tender or exchange offer, recapitalization, restructuring, sale, equity issuance or otherwise). The expiration or termination of the standstill period set forth in this Section 8 will not terminate or otherwise affect any of the other Sections or provisions of this Agreement.

9. No Disclosing Party Representations or Warranties. The Recipient understands and agrees that none of the Disclosing Party or any of its Representatives: (a) have made or make any representation or warranty hereunder, expressed or implied, as to the accuracy or completeness of the Evaluation Material; or (b) shall have any liability hereunder to the

Recipient or its Representatives relating to or resulting from the use of the Evaluation Material or any errors therein or omissions therefrom.

10. No Other Obligation. The parties agree that unless and until a definitive agreement between the Disclosing Party and Recipient has been executed and delivered with respect to a Transaction, the Company will not be under any legal obligation of any kind whatsoever with respect to the Transaction, including any obligation to (a) consummate a Transaction, (b) conduct or continue discussions or negotiations, or (c) enter into or negotiate a definitive agreement. The Disclosing Party reserves the right, in its sole discretion, to reject any and all proposals made by the Recipient or on its behalf with regard to a Transaction, to terminate discussions and negotiations with the Recipient at any time, and to enter into any discussions, negotiations or agreements with any other Person, all without notice to the Recipient or any of its Representatives and at any time and for any reason or no reason. Recipient further acknowledges and agrees that the Company or its financial advisors may establish or change any processes or procedures for discussing or negotiating, or performing investigations or due diligence for, a Transaction.

11. Term. The term of this Agreement shall commence on the Effective Date and shall expire two (2) years from the Effective Date.

12. Remedies. The parties agree that money damages may not be a sufficient remedy for any breach of this Agreement by the Recipient and that in addition to all other remedies it may be entitled to, the Disclosing Party shall be entitled to seek specific performance and injunctive or other equitable relief as a remedy for any such breach.

13. No Waiver of Privileges or Protections. To the extent that any Evaluation Material includes materials subject to the attorney-client privilege, the Disclosing Party is not waiving, and shall not be deemed to have waived or diminished, its attorney work-product protections, attorney-client privileges or similar protections and privileges as a result of disclosing any Evaluation Material (including Evaluation Material related to pending or threatened litigation) to the Recipient or any of its Representatives.

14. Controlling Agreement. The terms of this Agreement shall control over any additional confidentiality requirements imposed by any offering memorandum, web-based database or similar repository of Evaluation Material to which the Recipient or any of its Representatives is granted access in connection with the evaluation, negotiation or consummation of the Transaction, notwithstanding acceptance of such an offering memorandum or submission of an electronic signature, "clicking" on an "I Agree" icon or other indication of assent to such additional confidentiality conditions, it being understood and agreed that its confidentiality obligations with respect to Evaluation Material are exclusively governed by this Agreement and may not be diminished or enlarged except by a written agreement that is hereafter executed by each of the parties hereto.

15. Governing Law. This Agreement is governed by the laws of the State of New York, without giving effect to the principles of conflicts of laws applied by New York or any other jurisdiction.

16. Entire Agreement. This Agreement sets forth the entire agreement of the parties regarding the Evaluation Material, and supersedes all prior negotiations, understandings and agreements. No provision of this Agreement may be modified, waived or changed except by a writing signed by the party to be charged.

17. Severability. If any provision of this Agreement, or the application thereof to any Person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provision as applied to other Persons, places or circumstances shall remain in full force and effect.

18. Assignment. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by any party without the prior written consent of the non-assigning party. Any purported assignment without such consent shall be void and unenforceable. Any purchaser of the Company or all or substantially all of the assets of the Company shall be entitled to the benefits of this Agreement, whether or not this Agreement is assigned to such purchaser.

[Remainder of page intentionally left blank; signature page follows.]

SIGNATURES:

The parties have executed this Agreement effective as of the date set forth in the caption.

DISCLOSING PARTY:

DELTA NATURAL GAS COMPANY, INC.

By: Glenn R. Jennings
Glenn R. Jennings
Chairman, President and Chief Executive
Officer

RECIPIENT:

STEELRIVER OPERATIONS LP

By: SteelRiver Services LLC
Its: General Partner

By: John McGuire

Name: John McGuire

Title: Vice President

[Signature Page to Delta Confidentiality Agreement]