

Arsenal Resources Successfully Completes Pre-Packaged Financial Restructuring

PITTSBURGH--(BUSINESS WIRE)-- Arsenal Resources announced today that its pre-packaged plan of reorganization was confirmed on December 19, 2019. The Company expects the plan to become effective in the first week of January 2020. As previously announced, the plan implements a debt-for-equity exchange pursuant to which \$360 million of long-term debt will be converted into equity and includes a \$100 million equity investment made by certain funds affiliated with Chambers Energy Capital as well as by Mercuria Energy Company, two of the Company's most significant lenders. When the plan becomes effective, the Company also will have access to a partially drawn credit facility with a borrowing base initially set at \$130 million and will not have any other funded debt.

This transaction significantly reduces Arsenal Resources' long-term debt and aligns the Company's midstream agreements with its current development plan. In addition to liquidity available under its new reserve-based credit facility, the Company expects to be cash flow positive in 2020 and is well positioned to execute on its operational plan.

Jon Farmer, the Company's President and CEO said: "The Company is pleased that we have consummated this restructuring, completing the reorganization that began in November. The restructuring, new capital and aligned midstream agreements will position the Company for long-term success. We look forward to working with our employees, vendors and customers towards a successful future."

Arsenal Resources was represented in the restructuring by Simpson Thacher & Bartlett LLP, Young Conaway Stargatt & Taylor, LLP, PJT Partners LP, and Alvarez & Marsal North America, LLC.

About Arsenal Resources

Arsenal Resources is an independent exploration and production company headquartered in Pittsburgh, Pennsylvania that is engaged in the acquisition, exploration, and development of natural gas properties in the Appalachian Basin. Through the strategic employment of select technologies, the Company achieves continuous improvement in efficiencies and production results.

If you would like more information about Arsenal Resources, please contact (724) 940-1100 or visit www.arsenalresources.com

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