

PennEnergy Resources to acquire the assets of Rex Energy

Pittsburgh, PA - PennEnergy Resources, LLC (“PennEnergy” or the “Company”) has agreed to acquire substantially all the assets of Rex Energy Corporation (“Rex”) for a cash purchase price of \$600.5 million. The assets acquired include cash accounts of \$29.5 million held by Rex used to collateralize firm transportation contracts that will be released to PennEnergy at close.

Rex had filed for bankruptcy protection on May 18, 2018. The transaction has been approved by the United States Bankruptcy Court for the Western District of Pennsylvania. Closing is expected to occur on September 28, 2018.

On a combined basis, PennEnergy Resources will operate 329 horizontal producing shale wells. The Company will control 203,500 gross leasehold acres, primarily in the Pennsylvania counties of Butler, Beaver and Armstrong, north of Pittsburgh. Independent Petroleum Consultants, Wright & Company, Inc., estimated total combined net proved reserves of 8.5 trillion cubic feet of natural gas equivalents (“TCFE”), of which 1.7 TCFE are proved developed producing. Assuming current strip pricing, these reserve estimates had an estimated net present value using a 10% discount rate of \$3.2 billion and \$1.3 billion, respectively. Approximately 34% of the Company’s reserves will be derived from natural gas liquids.

With combined gross production of approximately 700 million cubic feet per day of natural gas equivalents (“Mmcfe”) and net production of 450 Mmcfe per day, the Company believes it will be the 10th largest natural gas producer in Pennsylvania and the third largest headquartered in the Commonwealth.

The Company intends to fund the transaction with equity contributions from its existing owners and from its revolving line of credit from a consortium of banks co-led by Wells Fargo and JP Morgan. Pro forma for the transaction, PennEnergy will have total funded debt of approximately 2.0x EBITDA and expects to generate free cash flow immediately upon closing.

“We are thrilled to have the opportunity to integrate the assets of Rex Energy into PennEnergy”, stated Richard D. Weber, Chairman and CEO. “Almost all of the combined assets of the two companies are in the core of the Marcellus Shale, and with nearly 20-years of drilling inventory we have the opportunity to continue delivering growth at attractive rates of returns for many years to come.”

Greg Muse, President and COO added, “Most of Rex’s assets are contiguous to our existing operations and offer us the opportunity to improve on our industry leading costs per unit and further our reputation for safe operations and environmental stewardship. We plan to operate two horizontal rigs on the combined properties and eagerly look forward to integrating the Rex operations”.

About PennEnergy Resources:

PennEnergy Resources, based in Pittsburgh, Pennsylvania, is a privately-held natural gas producer founded by Rich Weber and Greg Muse in 2011. The Company is majority-owned by funds controlled by EnCap Investments of Houston, Texas. Learn more at www.pennenergyresources.com

PennEnergy Resources received financial advice from JP Morgan Securities and legal advice from Vinson & Elkins.