IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	:	Chapter 11
LONESTAR RESOURCES US INC., *et al.*,[1]	:	Case No. 20-34805 (DRJ)
Debtors.	:	(Joint Administration Requested)

DECLARATION OF JOHN R. CASTELLANO IN SUPPORT OF CHAPTER 11 PETITIONS AND FIRST DAY PLEADINGS

Under 28 U.S.C. § 1764, John R. Castellano declares as follows under the penalty of perjury:

1. I am a Managing Director at AlixPartners, LLP ("**Alix**"), which serves as a restructuring advisor to Lonestar Resources US Inc. (the "**Parent**") and its affiliates and subsidiaries, certain of which are the debtors and debtors-in-possession in the above-captioned cases (collectively, the "**Debtors**" or the "**Company**"). I am authorized to submit this declaration (the "**First Day Declaration**") on behalf of the Debtors in the above-captioned chapter 11 cases (collectively, the "**Chapter 11 Cases**").

2. Alix specializes in designing and implementing business turnarounds, assisting companies with the administration of the bankruptcy process, and in providing interim crisis

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are Lonestar Resources US Inc. (4035), Lonestar Resources Intermediate Inc. (2449), LNR America Inc. (3936), Lonestar Resources America Inc. (5863), Amadeus Petroleum Inc. (8763), Albany Services, L.L.C. (3185), T-N-T Engineering, Inc. (0348), Lonestar Resources, Inc. (8204), Lonestar Operating, LLC (5228), Poplar Energy, LLC (5718), Eagleford Gas, LLC (5513), Eagleford Gas 2, LLC (0638), Eagleford Gas 3, LLC (3663), Eagleford Gas 4, LLC (8776), Eagleford Gas 5, LLC (5240), Eagleford Gas 6, LLC (4966), Eagleford Gas 7, LLC (3078), Eagleford Gas 8, LLC (7542), Eagleford Gas 10, LLC (2838), Eagleford Gas 11, LLC (5951), Lonestar BR Disposal LLC (0644), and La Salle Eagle Ford Gathering Line LLC (8877). The Debtors' address is 111 Boland Street, Suite 300, Fort Worth, TX 76107.

management, among other things. Alix provides these services for companies throughout the energy and infrastructure industries and has an intimate understanding of the economic, regulatory, operational, strategic, and financial factors that drive these businesses. Alix's prior experience includes a range of activities and services targeted at restructuring, stabilizing, and improving a company's financial position. These services have historically included: (a) providing executive leadership to financially distressed companies; (b) developing or validating forecasts, business plans, and related assessments of a business's strategic position; (c) monitoring and managing cash, cash flow, and supplier relationships; (d) assessing and recommending cost reduction strategies; and (e) designing and negotiating financial restructuring packages.

3. I hold a bachelor's degree in Accounting from DePaul University and a master's degree in Management, Finance, and Management and Strategy from the Kellogg School of Management at Northwestern University. I have nearly 30 years of industry experience and I have extensive experience in the energy, oil and gas, and infrastructure industries, with areas of expertise in business plan development, contingency planning, and creditor negotiations. In addition, I have almost 25 years of financial restructuring and bankruptcy experience and over 22 years of experience with Alix.[2] I have served as a Managing Director in Alix's Turnaround & Restructuring Group since 2007. Prior to joining Alix, I worked at Ernst & Young LLP in their Assurance practice as an auditor, and in their Consulting practice focusing on restructuring

[2] I have extensive experience advising companies requiring financial or operational restructuring across a wide range of industries, including energy, oil and gas, and infrastructure in both interim management and advisory roles. My in-court and out-of-court restructuring engagements in the oil and gas industry include (i) as CRO/CFO: Triangle Petroleum USA Corporation; DeepOcean Group Holdings; Energy & Exploration Partners, Inc.; Stallion Oilfield Services LTD; Trico Marine Services Inc.; and McDermott International, Inc.; and (ii) as advisor: Bruin E&P Partners, LLC; Memorial Production Partners LP; Nine Point Energy, LLC; Fieldwood Energy, LLC; and Noble Corporation. My other restructuring engagements include serving as advisor to Mirant Corporation and Calpine Corporation during their respective chapter 11 filings.

advisory services, and I was a plant controller and manager of financial, planning and analysis for Sweetheart Cup Company in Chicago.

4. As part of overseeing the Debtors' preparations for these Chapter 11 Cases, liquidity forecasts, business plans, and prepetition diligence process with key constituents, I have familiarized myself with the Debtors' day-to-day operations, financial affairs, business affairs, and books and records through my review of key financial documents and discussions with management and other advisors. Except as otherwise stated in this First Day Declaration, the statements set forth herein are based on (a) my personal knowledge or opinion based on my experience, (b) information that I have received from the Debtors management, my colleagues at Alix working directly with me or under my supervision, direction, or control, or other advisors of the Debtors, and/or (c) my review of relevant documents. References to the Bankruptcy Code (as hereafter defined), the chapter 11 process, and related legal matters are based on my understanding of such matters in reliance on the explanation provided by, and the advice of, the Debtors' counsel. If called upon to testify, I would testify competently to the facts set forth in this First Day Declaration.

5. On September 30, 2020 (the "**Petition Date**"), the Debtors filed voluntary petitions for relief in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the "**Court**"). The Debtors will continue to operate their businesses and manage their properties as debtors-in-possession.

6. I submit this First Day Declaration on behalf of the Debtors in support of their (a) voluntary petitions for relief that were filed under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") and (b) "first-day" pleadings, which are being filed concurrently

herewith (collectively, the "**First Day Pleadings**").[3] The Debtors seek the relief set forth in the First Day Pleadings to minimize the adverse effects of the commencement of the Chapter 11 Cases on their businesses. I have reviewed the Debtors' petitions and the First Day Pleadings, or have otherwise had their contents explained to me, and it is my belief that the relief sought therein is essential to ensure the uninterrupted operation of the Debtors' businesses and to successfully maximize the value of the Debtors' estates.

7. These Chapter 11 Cases are "prepackaged" cases commenced for the purpose of implementing an agreed restructuring of the Debtors' senior secured revolving loan debt and the Debtor's senior unsecured note debt. Prior to the Petition Date, the Debtors entered into the Restructuring Support Agreement, dated as of September 14, 2020 (as may be amended, modified or supplemented, the "**Restructuring Support Agreement**"), a copy of which is attached hereto as Exhibit B, with (a) Citibank, N.A., as administrative agent (in such capacity, together with any successor agent, the "**Prepetition RBL Agent**"), (b) holders of 100% of the outstanding principal amount of revolving loans under the Debtors' prepetition revolving credit facility (such lenders, the "**Consenting RBL Lenders**"), and (c) holders of 83.8% of the outstanding principal amount of the Debtors' senior unsecured notes (such holders, the "**Consenting Noteholders**"), and (d) each transferee that becomes a Permitted Transferee (as defined in the Restructuring Support Agreement) in accordance with Section 10 of the Restructuring Support Agreement.

8. Part I of this First Day Declaration provides an overview of the Debtors' proposed restructuring. Part II provides an overview of the Debtors' businesses, organizational structure,

[3] Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the applicable First Day Pleadings.

capital structure, and significant prepetition indebtedness, as well as a discussion of the Debtors' financial performance and the events leading to the Debtors' chapter 11 filings. Part III sets forth the relevant facts in support of the First Day Pleadings.

PART I

9. The Debtors are commencing these Chapter 11 Cases after extensive discussions over the past several months with certain of their key creditor constituencies. As a result of these negotiations, the Debtors entered into the Restructuring Support Agreement with the Consenting RBL Lenders, the Prepetition RBL Agent, and the Consenting Noteholders (collectively, and each as defined below, the "**Restructuring Support Parties**"). Under the terms of the Restructuring Support Agreement, the Restructuring Support Parties[4] agreed to deleveraging transactions to eliminate approximately $390.0 million of funded debt obligations and preferred equity of the Debtors through the proposed Plan (as defined below) (the "**Restructuring**").

10. The Debtors are filing, concurrently with this Declaration, the *Joint Prepackaged Plan of Reorganization of Lonestar Resources US Inc. and Its Affiliate Debtors Under Chapter 11 of the Bankruptcy Code*, dated September 28, 2020 (as may be amended, modified, or supplemented from time to time, the "**Plan**"), as well as the *Disclosure Statement for the Joint Prepackaged Plan of Reorganization of Lonestar Resources US Inc. and Its Affiliate Debtors Under Chapter 11 of the Bankruptcy Code*, dated September 28, 2020 (as may be amended, modified, or supplemented from time to time, the "**Disclosure Statement**").

11. The Debtors seek to obtain confirmation of the Plan as quickly as the Court's schedule and requisite notice periods will permit. In order to comply with milestones set forth in

[4] Chambers Energy Capital III, LP, the sole holder of preferred stock of Parent, has entered into a letter agreement with the Debtors whereby it has also agreed to support the Plan, subject to the terms thereof.

the Restructuring Support Agreement (the "**Milestones**") and to emerge from bankruptcy as swiftly as practicable, the Debtors have proposed the following timetable:

Event	Date/Deadline	Days Before/After Petition Date
Prepetition Voting Record Date	September 28, 2020	2 days before
Commencement of Solicitation of Holders of Prepetition RBL Claims, Prepetition Notes Claims, and Old Parent Preferred Interests	September 28, 2020	2 days before
Petition Date	September 30, 2020	0
Postpetition Voting Record Date	October 1, 2020	1 day after
Commencement of Solicitation of Holders of Old Parent Common Interests and Mailing of (i) Combined Notice, (ii) Class 9 Ballots and Postpetition Cover Letter, and (iii) Notice of Non-Voting Status and Opt Out Opportunity	October 6, 2020	6 days after
Voting Deadline and Release Opt Out Deadline	November 3, 2020	34 days after
Objection Deadline for Plan and Disclosure Statement	November 3, 2020	34 days after
Combined Hearing on Adequacy of Disclosure Statement and Confirmation of Plan	November 9, 2020	40 days after

12. The Restructuring proposed by the Debtors will provide substantial benefits to the Debtors and all of their stakeholders. The Restructuring will leave the Debtors' business intact and substantially de-levered, which will enhance the Debtors' long-term growth prospects and competitive position and allow the Debtors to emerge from the Chapter 11 Cases as reorganized entities better positioned to perform in the competitive oil and natural gas industry.

PART II

I. COMPANY AND BUSINESS OVERVIEW

13. Parent, a publicly-traded Delaware corporation, was incorporated in 2015 and is headquartered in Fort Worth, Texas. Parent is a crude oil and natural gas exploration and

production ("**E&P**") company focused on the exploration, development and production of unconventional crude oil, natural gas, and natural gas liquids ("**NGLs**") in the Eagle Ford Shale region in South Texas. Parent and its Debtor subsidiaries focus their operations on three regions within the Eagle Ford: the Western Eagle Ford, the Central Eagle Ford, and the Eastern Eagle Ford.[5] Parent is the direct or indirect parent company of each of the other Debtors in the Chapter 11 Cases. Parent is also the indirect owner of Boland Building, LLC ("**Boland**"), a non-debtor entity, which holds certain of the Company's real estate assets. A copy of an organizational chart is attached hereto as Exhibit A.

A. Company History and Ownership Structure

14. The former parent entity of Parent, Lonestar Resources Limited (f/k/a Amadeus Energy Limited) ("**LRL**"), was incorporated under the laws of Australia in January 1993. LRL completed an initial public offering to list its ordinary shares on the Australian Securities Exchange in 1997. During 2010 and 2011, through various U.S. subsidiaries, LRL made investments in prospective leaseholds in the Barnett Shale and Eagle Ford Shale regions in Texas and the Bakken Three Forks regions in Montana, utilizing equity capital from its majority shareholder, Ecofin Water & Power Opportunities Plc ("**Ecofin**"). Following 2011, through its U.S. subsidiaries, LRL made additional acquisitions in conventional oil and gas properties in Oklahoma and Louisiana.

15. In 2012, LRL reorganized its management team and redirected its U.S. asset focus towards the Eagle Ford Shale. In January 2013, LRL acquired Ecofin Energy Resources Plc from

[5] The Western Eagle Ford includes the Debtors' positions in Dimmit, La Salle and Frio Counties, Texas. The Central Eagle Ford includes the Debtors' positions in Gonzales, Karnes, Fayette, Wilson, DeWitt and Lavaca Counties, Texas. The Eastern Eagle Ford includes the Debtors' positions in Brazos and Robertson Counties, Texas.

Ecofin in a reverse merger, which resulted in LRL's name change from Amadeus Energy Limited to Lonestar Resources Limited and Ecofin taking a 68.5% interest in LRL. Between 2013 and 2015, LRL continued acquiring properties in the Eagle Ford Shale and, endeavoring to focus their efforts exclusively on the Eagle Ford region, disposed of LRL's and its subsidiaries' holdings in the Barnett Shale in Texas and their conventional properties in Oklahoma and Louisiana.

16. In December 2015, Parent was incorporated in Delaware in order to effect the redomiciliation of the Company from Australia to the United States. On July 5, 2016, following the culmination of a significant restructuring and reorganization process, Parent acquired all the issued and outstanding shares of LRL, the shares of LRL were delisted from the Australian Securities Exchange, and the Class A common stock of the Company ("**Class A Common Stock**") began trading on the Nasdaq Global Select Market ("**Nasdaq**") under the ticker "LONE". During the remainder of 2016, Parent divested its conventional oil and gas properties located in a number of formations across Texas in order to focus its efforts on development of unconventional oil and gas properties located in the Western Eagle Ford, Central Eagle Ford and Eastern Eagle Ford regions.

17. In June 2017, Parent entered into a purchase agreement (the "**SPA**") with Chambers Energy Capital III, LP ("**Chambers**") whereby Chambers was issued 5,400 shares of Series A-1 Convertible Participating Preferred Stock ("**Series A-1 Preferred Stock**") and 74,600 shares of Series A-2 Convertible Participating Preferred Stock ("**Series A-2 Preferred Stock**") in Parent. Chambers and Parent entered into the SPA in connection with the Company's acquisitions of unconventional oil and gas properties from Battlecat Oil & Gas, LLC ("**Battlecat**") and SN Marquis LLC ("**Marquis**") in the Central Eagle Ford. Parent also issued 2,684,632 shares of

Series B Preferred Stock ("**Series B Preferred Stock**") to Battlecat and Marquis as consideration for such assets. In November 2017, Parent elected to convert the (i) Series A-2 Preferred Stock issued to Chambers (which constituted all of the then-issued and outstanding shares of Series A-2 Preferred Stock) to Series A-1 Preferred Stock on a 1-for-1 basis and (ii) Series B Preferred Stock issued to Battlecat and Marquis to Class A Common Stock on a 1-for-1 basis.

18. As noted above, Parent's Class A Common Stock is listed on Nasdaq under the ticker "LONE". On April 20, 2020, as anticipated, the Company received a notice from Nasdaq indicating non-compliance with Nasdaq's continued listing requirements that required maintaining an average closing security price of at least $1.00 over a period of 30 consecutive trading days. Parent later received further notice from Nasdaq that, in light of the ongoing novel coronavirus ("**COVID-19**") pandemic, compliance with the above-referenced continued listing requirement was tolled until June 30, 2020. Parent has 180 days after June 30, 2020 (*i.e.*, until December 27, 2020) to regain compliance with this listing requirement. Further, on August 17, 2020, Parent received a notice from Nasdaq indicating non-compliance with Nasdaq's continued listing requirements that required that Parent maintain a minimum of $10.0 million in stockholders' equity. Nasdaq provided the Company with 45 calendar days, or until October 1, 2020, to submit a plan to regain compliance with Nasdaq's continued listing requirement. As of the Petition Date, the Parent had 25,375,314 shares of Class A Common Stock outstanding, including 869,252 unvested shares outstanding to employees, and 104,893 shares of Series A-1 Preferred Stock outstanding, and there are currently no outstanding shares of Series A-2 Preferred Stock or Series B Preferred Stock.[6]

[6] The mechanics of the employee stock programs are described in further detail in the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing (A) Payment of Prepetition Workforce Obligations and (B) Continuation*

19. The Series A-1 Preferred Stock are subject to a 9% dividend rate, payable quarterly in cash. Parent has an option, which it first exercised following the third quarter of 2017, to pay in kind ("**PIK**") such dividend in Class A Common Stock for a maximum of twelve quarters before the dividend rate increases (by 5% initially and then by 1% each subsequent quarter where the dividend continues to be PIK, up to a cap at 20%). The dividend rate increase would occur if Parent does not pay the dividend relating to the third quarter of 2020 in cash and to the extent that any dividend is not paid in cash, the stated value of the Series A-1 Preferred Stock would increase at the lesser of the increased dividend rate then in effect and the portion of such dividend not paid in cash. PIK dividends since 2017 have resulted in the issuance of 24,893 shares of Class A Common Stock to the holders of Series A-1 Preferred Stock. Beginning on June 15, 2020, the Series A-1 Preferred Stock became redeemable in cash at a per share amount equal to 110% of the stated value, if redemption occurs prior to June 15, 2021. The Series A-1 Preferred Stock are held entirely by Chambers, which, on an as-converted basis, entitles Chambers to ownership of approximately 40% of the Company's Class A Common Stock as of March 31, 2020.

20. Pursuant to the terms of the SPA, Chambers has the right to appoint a certain number of directors to Parent's Board of Directors (the "**Board**") provided certain conditions are met.[7] Chambers does not own any Class A Common Stock, and Jefferies Financial Group Inc.

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of Workforce Programs on a Postpetition Basis, (II) Authorizing Payment of Payroll Related Taxes, (III) Confirming the Debtors' Authority to Transmit Payroll Deductions, and (IV) Authorizing Payment of Prepetition Claims Owing to Administrators (the "**Employee Wages Motion**").

[7] Pursuant to the SPA, Chambers has the right to designate two directors to the Board as long as Chambers beneficially owns (i) at least 20% of the total number of outstanding shares of Class A Common Stock on an as-converted basis or (ii) at least 30% of the number of Series A-1 Preferred Stock issued to Chambers at the closing of the SPA and at least 15% of the total number of outstanding shares of Class A Common Stock on an as-converted basis. Chambers has the right to designate one director to the Board as long as Chambers beneficially owns (x) at least 10% of the total number of outstanding shares of Class A Common Stock on an as-converted basis or (y) at least 15% of the number of Series A-1 Preferred Stock issued to Chambers at the closing of the SPA and at least 5% of the

and its affiliates ("**Jefferies**") is Parent's largest holder of Class A Common Stock on a pre-converted basis. As of March 31, 2020, (i) Jefferies held approximately 18% of the Company's issued and outstanding Class A Common Stock on a pre-converted basis (or approximately 11% of such stock on an as-converted basis), (ii) Chambers (as noted above) did not hold any of the Company's issued and outstanding Class A Common Stock on a pre-converted basis (but held 40% of such stock on an as-converted basis), and (iii) the executive officers and directors of Parent (other than those directors appointed by Chambers pursuant to the SPA) held 4% of Parent's issued and outstanding Class A Common Stock on a pre-converted basis, and 3% of such stock on an as-converted basis. The remainder of the Class A Common Stock is held by the public at large and is widely disbursed. Jefferies holds the same voting rights as the other holders of Class A Common Stock, but has been granted the right by Parent to have a non-voting Board observer in light of Jefferies' substantial equity holdings. Chambers does not have any specific voting rights with respect to Parent's business pursuant to the SPA outside of its director-designation rights.

21. The power and authority related to the management and control of Parent and its subsidiaries is vested solely in the Board, which may delegate such authority to committees of the Board or executive officers as provided in Parent's governing documents. The Board is currently comprised of eight members, including two directors associated with Chambers (as described above), one director associated with the management of the Company (the Company's current Chief Executive Officer, Frank D. Bracken, III), the Chairman of the

total number of outstanding shares of Class A Common Stock on an as-converted basis. Chambers currently has designated Matthew B. Ockwood and Philip Z. Pace as directors.

Board, and four independent directors. A majority of the members of the Board have significant experience in the oil and gas industry.

22. On April 3, 2020, the Board approved the formation of a special restructuring committee (the "**Restructuring Committee**") consisting of four independent directors (John H. Pinkerton, Henry B. Ellis, Stephen Oglesby and Randy L. Wolsey) and the Company's Chief Executive Officer, Frank D. Bracken, III. The Restructuring Committee was given authority to, among other things, investigate, evaluate, and negotiate a restructuring or sale involving the Company's assets, liabilities and/or corporate structure (each, a "**Restructuring Transaction**"), recommend to the Board whether to pursue such transaction, and complete definitive documentation of any such transaction.

B. Overview of Operations and Revenues

23. General Background. The Debtors are involved in the acquisition, exploration, development, production and operation of crude oil and natural gas properties located primarily in the Eagle Ford Shale region of southern Texas. Overall, between 2011 and 2019, the Debtors have increased their net Eagle Ford acreage by a factor of fourteen. Today, the Debtors operate an Eagle Ford-focused oil and gas enterprise, deriving their revenue directly or indirectly through sales of crude oil, natural gas and NGLs through their E&P operations.

24. The Debtors typically serve as the operator of wells in which they have a significant economic interest, and operate approximately 84% of their Eagle Ford position as of June 30, 2020. An "operator" is the party that is engaged in the production of crude oil, natural gas or NGLs for a well or geographic unit for the benefit of itself and other parties with mineral interests

or leasehold interests in the same well or unit.[8] As operator, the Debtors conduct the day-to-day business of operating the wells and producing oil and gas at the site, and initially pay lease operating and other expenses incurred on behalf of the Debtors and the owners of non-operating working interests in designated wells or units covered by a joint operating agreement or similar agreement.

25. The Debtors currently operate 256 wells in the region, which are located on 52,000 net acres of land. They are also a non-operating working interest partner in an additional 47 wells in the Eagle Ford region. The Debtors' employees primarily focus on designing and managing well development and providing the supervision of operations and maintenance activities at the well site. The Debtors typically engage independent contractors and other vendors to provide all of the oil field services equipment used for drilling, completing, operating or maintaining wells on properties the Debtors operate. In areas where the Debtors hold oil and gas leases but do not have the largest leasehold interest in the applicable well or unit, another entity will typically operate the wells relating to the Debtors' oil and gas leases and distribute a portion of any sales proceeds to the Debtors as a non-operating working interest owner.

26. For the six months ended June 30, 2020, the Debtors' average net daily production was 13,888 barrels of oil equivalents (MBoepd) and the Debtors' total oil and natural gas revenues were $54.25 million, of which $41.99 million is attributable to crude oil sales, $7.90 million is attributable to natural gas sales, and $4.36 million is attributable to NGL sales.

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[8] Additional background regarding the Debtors' operations is included in the *Debtors' Emergency Motion for Entry of an Order Authorizing the Payment of Prepetition Trade Claims of Certain Creditors in the Ordinary Course of Business* (the "**All Trade Motion**") and the *Debtors' Emergency Motion for Entry of an Order Authorizing Payment of (I) Royalty Payments, (II) Working Interest Disbursements, and (III) Lease Obligations* (the "**Royalty Motion**") filed contemporaneously with this First Day Declaration.

27. Customers. As of June 30, 2020, the Debtors' top five customers collectively accounted for 85% of the Debtors' total revenue from the marketing of crude oil, natural gas and NGLs. While the Debtors' oil and gas properties are located in a competitive environment, a significant number of available buyers and available transportation infrastructure exist in the areas where the Debtors operate. As a result, despite the competitive nature of the oil and gas industry, the Debtors believe they could procure substitute or additional customers without a significantly long period of material impact on the Debtors' revenues with respect to crude oil, natural gas or NGL volumes, or significant capital expenditure requirements for infrastructure, if the Debtors were to lose one or more of their material customers.

28. Employees. As of the Petition Date, the Debtors employed 82 employees, including 56 professionals located at their corporate headquarters in Fort Worth, Texas, 26 employees located in the field (who supervise the operation and maintenance of wells in which the Debtors serve as an operator), and 7 independent contractors. None of the employees are party to any collective bargaining agreements.

29. Competition. The oil and natural gas industry is highly competitive. The Debtors have encountered significant competition from other independent operators and from major oil and natural gas companies in acquiring properties, contracting for drilling and oilfield services equipment, and securing trained personnel. There has also been substantial competition for capital available for investment in the crude oil and natural gas industry. Many of the Debtors' competitors have financial and technical resources and staffs substantially larger than the Debtors. As a result, the Debtors have, at times, experienced difficulty acquiring desirable and profitable leases and properties to grow the Debtors' businesses.

C. Summary of Prepetition Debt

30. Prepetition RBL Facility. Debtor Lonestar Resources America Inc. ("**LRAI**") is party to that certain Credit Agreement, dated as of July 28, 2015 by and among LRAI, the lenders from time to time party thereto (the "**Prepetition RBL Lenders**"), Citibank, N.A., as the Prepetition RBL Agent and issuing bank, and other parties thereto (as amended, restated, modified, supplemented, or replaced from time to time in accordance with the terms thereof, the "**Prepetition RBL Credit Agreement**" and the reserve-based revolving credit facility thereunder ,the "**Prepetition RBL Facility**"). The Prepetition RBL Facility has a maturity date of November 15, 2023. Availability of funds under the Prepetition RBL Facility is subject to a borrowing base, which is set by the lenders semi-annually in May and November of each year. As of the Petition Date, the borrowing base under the Prepetition RBL Facility is $225.0 million, and there is a borrowing base deficiency of $60.4 million. The obligations arising under the Prepetition RBL Credit Agreement are secured by senior, first priority interests in, and liens upon, substantially all of the Debtors' oil and natural gas properties. The Prepetition RBL Credit Agreement specifies that the portion of the Debtors' oil and natural gas properties subject to liens in favor of the Prepetition RBL Lenders must account for 100% of the value of the proved oil and gas properties of the Debtors. Each of the Debtors, other than Parent, Lonestar Resources Intermediate Inc., LNR America Inc. and LRAI, are guarantors of the Prepetition RBL Facility. In addition, non-Debtor affiliate Boland is not a guarantor of the Prepetition RBL Facility.

31. As of December 31, 2019, LRAI was not in compliance with the terms of the Prepetition RBL Credit Agreement with respect to satisfaction of a required consolidated current ratio. This constituted an event of default under the Prepetition RBL Credit Agreement. Effective on April 7, 2020, LRAI, the Prepetition RBL Agent and certain Prepetition RBL Lenders entered

into a Waiver and Eleventh Amendment to the Prepetition RBL Credit Agreement (the "**First Waiver**"), whereby the Prepetition RBL Lenders party thereto agreed to waive the occurrence of certain events of default under the Prepetition RBL Credit Agreement relating to LRAI's failure to (i) satisfy the required consolidated current ratio as of December 31, 2019, (ii) timely provide audited financial statements, and (iii) provide financial statements that are not subject to any "going concern" or like qualifications or exceptions for the fiscal year ended December 31, 2019.

32. Effective on June 11, 2020, LRAI, the Prepetition RBL Agent and certain Prepetition RBL Lenders entered into a Waiver and Thirteenth Amendment to the Credit Agreement (the "**Second Waiver**"), whereby the Prepetition RBL Lenders party thereto agreed to waive the occurrence of certain additional events of default under the Prepetition RBL Credit Agreement relating to LRAI's failure to timely provide quarterly financial statements for the fiscal quarter ended March 31, 2020. The Second Waiver also (i) redetermined the borrowing base under the Prepetition RBL Facility from $290.0 million to $286.0 million, (ii) set the next borrowing base redetermination to take place on or around July 1, 2020 (and in no event, later than July 31, 2020), and (iii) imposed limitations on the Debtors' ability to incur indebtedness until such borrowing base redetermination with respect to a number of items, including capital leases and permitted senior debt, as well as limited the Debtors' ability to make dividends on the Series A-1 Preferred Stock.

33. Effective on July 2, 2020, LRAI, the Prepetition RBL Agent and certain Prepetition RBL Lenders entered into a Forbearance Agreement, Fourteenth Amendment and Borrowing Base Agreement (the "**Third Waiver**"), whereby the Prepetition RBL Lenders party thereto agreed to refrain from exercising their rights and remedies under the Prepetition RBL Facility

with respect to the occurrence of certain additional defaults until July 31, 2020, including with respect to the cross-default arising from LRAI's failure to make an interest payment under the Prepetition Notes. The Third Waiver also (i) redetermined the borrowing base under the Prepetition RBL Facility from $286.0 million to $225.0 million, (ii) required the Debtors to use the proceeds of any dispositions of properties or terminations or liquidations of swap agreements to repay the Prepetition RBL Facility (subject to a further reduction in the borrowing base by the amount of such repayments), and (iii) imposed limitations on the Debtors' ability to use certain exceptions to the covenants in the Prepetition RBL Credit Agreement.

34. As of the date of the Third Waiver, the outstanding balance on the Prepetition RBL Facility of $285.4 million meant that there was a borrowing deficiency of $60.4 million. Under the terms of the Prepetition RBL Credit Agreement and the Third Waiver, the borrowing base deficiency was required to be repaid within sixty days of July 2, 2020 (*i.e.*, August 31, 2020). Effective on July 31, 2020, LRAI, the Prepetition RBL Agent and certain Prepetition RBL Lenders entered into Amendment No. 1 to the Forbearance Agreement, Fourteenth Amendment, and Borrowing Base Agreement to the Credit Agreement (the "**Third Waiver Amendment No. 1**") whereby the Prepetition RBL Lenders party thereto agreed to refrain from exercising certain rights and remedies under the Prepetition RBL Facility with respect to the occurrence of certain additional defaults until August 21, 2020. Effective on August 21, 2020, LRAI, the Prepetition RBL Agent and certain Prepetition RBL Lenders entered into a further amendment, Amendment No. 2 to the Forbearance Agreement, Fourteenth Amendment, and Borrowing Base Agreement to the Credit Agreement (the "**Third Waiver Amendment No. 2**"), whereby the Prepetition RBL Lenders party thereto again agreed to refrain from exercising certain rights and

remedies under the Prepetition RBL Facility with respect to the occurrence of certain additional defaults until September 11, 2020. Under the Restructuring Support Agreement, the Consenting RBL Lenders have agreed to continue to forbear from exercising such rights and remedies to the extent the Restructuring Support Agreement remains in full force and effect.

35. The Debtors estimate that as of the Petition Date, the outstanding amounts under the Prepetition RBL Facility consist of approximately $285.0 million of outstanding principal, plus approximately $400,000 in the form of letters of credit, plus accrued but unpaid interest, fees, costs, and expenses.

36. Prepetition Notes. On January 4, 2018, LRAI issued those certain 11.250% senior unsecured notes due 2023 (the "**Prepetition Notes**" and the holders thereof, the "**Prepetition Noteholders**") in an aggregate principal amount of $250.0 million pursuant to that certain Indenture dated as of January 4, 2018 (as amended, restated, modified, supplemented, or replaced from time to time in accordance with the terms thereof, the "**Prepetition Notes Indenture**."), by and among LRAI, the guarantors named thereunder, and UMB Bank, N.A. as the Prepetition Notes Indenture trustee (the "**Prepetition Notes Indenture Trustee**"). Interest on the Prepetition Notes is payable semi-annually on January 1 and July 1 of each year. The Prepetition Notes are guaranteed by each of LRAI's subsidiaries—all Debtors in these Chapter 11 Cases—other than non-debtor Boland.

37. On July 1, 2020, LRAI elected not to make a $14.1 million interest payment due and payable on the Prepetition Notes in order to evaluate other strategic alternatives. LRAI's failure to make such interest payment triggered a thirty day grace period under the Prepetition Notes Indenture before such non-payment would constitute an event of default under the

Prepetition Notes, which would allow acceleration of payment by the Prepetition Noteholders.[9] Effective on July 31, 2020, LRAI, the guarantors from time to time party thereto, the Prepetition Notes Indenture Trustee, and the members of an ad hoc group of Prepetition Noteholders (the "**Ad Hoc Noteholders Group**") entered into a forbearance agreement, whereby the Prepetition Noteholders agreed to refrain from exercising their rights and remedies under the Prepetition Notes Indenture with respect to certain defaults until August 21, 2020 (the "**Noteholder Forbearance**"). Effective on August 21, 2020, the aforementioned parties entered into an amendment to the Noteholder Forbearance, whereby the Prepetition Noteholders agreed to refrain from exercising certain rights and remedies under the Indenture with respect to certain defaults until the earlier of (i) September 11, 2020 or (ii) the execution and effectiveness of a global restructuring support agreement by and among the Company, the forbearing Prepetition Noteholders, and the Prepetition RBL Lenders. Under the Restructuring Support Agreement, the Consenting Noteholders have agreed to continue to forbear from exercising such rights and remedies to the extent the Restructuring Support Agreement remains in full force and effect. As of the Petition Date, the Debtors estimate that there is approximately $250.0 million of principal outstanding under the Prepetition Notes, plus accrued but unpaid interest, fees, costs, and expenses.

38. Unpaid Trade Debt & Related Obligations. In the ordinary course, the Debtors incur trade debt with certain vendors in connection with the operation of their business. The Debtors believe that, as of the Petition Date, they have unsecured trade debt and other

[9] The failure to make such interest payment also constituted a default under the Prepetition RBL Facility. The Prepetition RBL Lenders granted a forbearance of such default under the Third Waiver Amendment and the Restructuring Support Agreement.

obligations, including royalty obligations, of approximately $27.0 million on account of prepetition goods and services provided to the Debtors.

39. PPP Loan. On May 8, 2020, the Debtors received a loan (the "**PPP Loan**"), funded by Citibank, N.A., in the amount of $2,156,800 under the Paycheck Protection Program (the "**PPP**") created by the Coronavirus Aid, Relief and Economic Security Act (the "**CARES Act**"). The Debtors have used the proceeds of the PPP Loan to pay "forgivable expenses" as that term is defined under the PPP and CARES Act. As such, the Debtors anticipate that the full amount of the PPP Loan will be forgiven in accordance with the terms of the PPP and CARES Act.

40. Non-Debtor Building Loan. On August 2, 2017, non-debtor affiliate Boland purchased an office building in Fort Worth, Texas, which currently holds the Company's corporate offices, for an acquisition price of $10.0 million. Boland financed the acquisition pursuant to a building loan with LegacyTexas Bank in the amount of $5,800,000, a building loan with 111 Boland LLC in the amount of $2,108,688, and a construction loan with LegacyTexas Bank in the amount of $1,360,000 million (together, the "**Building Loans**"). The Building Loans are secured by mortgages against the property. As of the Petition Date, Boland's indebtedness under the Building Loans is approximately $8.8 million. The Building Loans do not constitute prepetition debt of the Debtors. Debtor LRI does remit monthly rent payments to Boland for leased office space in the building, which serves as the Company's corporate headquarters; however, as described in further detail in the Cash Management Motion (as defined below), no

monthly rent payments are expected to be made by Debtor LRI to Boland during these Chapter 11 Cases.[10]

D. Summary of Hedging Arrangements

41. To provide partial protection against declines in crude oil and natural gas prices and changes in LIBOR rates, the Debtors have routinely entered into hedging arrangements ("**Hedges**") with certain Prepetition RBL Lenders or their Affiliates (in such capacity, the "**Hedge Counterparties**"). The Debtors' decision on the quantity and price at which they chose to hedge their production was based upon their view of existing and forecasted production volumes, budgeted drilling projections, expected interest rates based on LIBOR, and current and future market conditions. Hedges typically took the form of oil and natural gas price collars, swap agreements, and purchased and sold puts.

42. In order to create additional liquidity prior to the commencement of the Chapter 11 Cases, the Debtors monetized all of their existing Hedges (the "**Hedge Monetization**"),[11] which resulted in approximately $30.5 million in net proceeds. The Hedge Monetization Proceeds were deposited and are held in a blocked account with the Prepetition RBL Agent. The Hedge Monetization proceeds will be used to partially fund the Chapter 11 Cases and to partially pay down the Debtors' exit facilities upon consummation of the Plan. The Debtors have filed,

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[10] Intercompany payments between the Debtors and non-debtor Boland are described in further detail in the *Debtors' Emergency Motion for Entry of Order (I) Authorizing Continued Use of Existing Cash Management System, Including Maintenance of Existing Bank Accounts, Checks, and Business Forms, (II) Authorizing Continuation of Existing Deposit Practices, (III) Approving the Continuation of Intercompany Transactions, and (IV) Granting Administrative Expense Status to Certain Postpetition Intercompany Claims* (the "**Cash Management Motion**") filed contemporaneously herewith.

[11] The Hedge Monetization is described in further detail in the *Debtors' Emergency Motion For Entry of an Order (I) Authorizing the Debtors to Enter into and Perform Under Postpetition Hedge Agreements, (II) Granting Adequate Protection Liens and Adequate Protection Claims, (III) Modifying the Automatic Stay, and (IV) Granting Related Relief* (the "**Hedging Motion**") filed concurrently herewith.

concurrently herewith, the Hedging Motion seeking authority to enter into new or amended and restated hedge agreements (as applicable) with the Consenting RBL Lenders or their Affiliates to permit the Debtors to protect themselves from price risk during the Chapter 11 Cases.

II. EVENTS LEADING TO THE CHAPTER 11 FILINGS

A. General Background

43. Notwithstanding their accretive growth in acquisitions, relatively low production and operational costs, successful ability to place Hedges and increase in proved developed reserves growth, beginning in 2018, the Debtors began to experience significant revenue, cash flow, and liquidity challenges, due in large part to the decrease in market price for crude oil and natural gas. Crude oil prices have been extremely volatile since 2019 and, as described below, decreased even more significantly in the early part of 2020, at times reaching near or at the lowest prices ever recorded in the United States. Declining revenues have made it increasingly difficult for the Debtors to continue to service their debt obligations.

B. Current State of the Oil & Gas Industry and Impact on Debtors

44. The upstream oil and gas business is cyclical and commodity prices have remained volatile for an extended period. The decline of commodity prices that began in mid-2014 was exacerbated in 2020 due to a number of factors, including but not limited to: (a) weakened demand for oil, natural gas and NGLs in response to the worldwide COVID-19 outbreak; (b) a failure by the Organization of the Petroleum Exporting Countries ("**OPEC**") and a group of other oil producing nations led by Russia to agree on oil production cuts in response to the COVID-19 outbreak; (c) Saudi Arabia's announcement, following the events referenced in clause (b), that it would increase production and cut oil prices via a strong supply increase; and (d) volatility in oil

price markets due to oversupply, lack of available storage capacity, and calls by investors for E&P companies to reduce current year development capital spending.

45. In response to the decrease in demand and condition of relative oversupply in response to the COVID-19 outbreak, West Texas Intermediate ("**WTI**") prices at times in 2020 went negative, obligating producers to pay buyers to take crude oil at month end settlement. WTI prices have remained heavily volatile during 2020. The depressed pricing environment has continued for longer than expected and has affected the Debtors just as it has affected the industry as a whole. The Debtors' average realized prices for the first half of 2020 have decreased 44% for crude oil, 31% for natural gas and 47% for NGLs, in each case, as compared with 2019 realized prices. These low prices resulted in significant negative impacts on revenues, profitability, cash flows and proved reserves and ultimately led to asset impairments and a reduction in the Debtors' capital spending program.

46. Even with Hedges in place, these challenges, among others, have caused a significant decline in the Debtors' financial health. To illustrate, the Debtors' revenue has declined from approximately $93.0 million to approximately $54.3 million, while net income has declined from a net *loss* of approximately $49.5 million in the first half of 2019 to a net *loss* of $156.0 million in the first half of 2020. The Debtors also recognized a nearly $200.0 million impairment on the value of their oil and gas properties in the first half of 2020 due to low commodity prices, a less favorable operating environment than years past in the Eagle Ford, and worse than expected well results.

47. As a result of these challenges, the Debtors began to face significant liquidity concerns and were unable to comply with certain covenants required under their debt agreements.

As noted above, the Debtors negotiated and entered into the Second Waiver and the Third Waiver with respect to the Prepetition RBL Facility that resulted in certain other additional limitations on the incurrence of indebtedness and use of certain funds. The borrowing base redetermination under the Prepetition RBL Facility also reduced the borrowing base from $290.0 million to $225.0 million, which resulted in a $60.4 million borrowing base deficiency. The Debtors expect, as of the Petition Date, they will have total available liquidity of approximately $36.1 million (including approximately $30.5 million of proceeds from the Hedge Monetization). As of August 2020, the Debtors have a current liabilities balance of approximately $69.0 million.[12]

48. The Debtors' significant debt and limited liquidity, the volatility of the commodity price market, and the Debtors' resulting inability to comply with certain covenants in their debt agreements led to substantial doubt that the Debtors would be able to continue as a going concern. As such, the Debtors' third-party auditors included a condition in their report with respect to the Debtors' audited year ended December 31, 2019 financial statement indicating uncertainty as to the Debtors' ability to continue as a going concern.

C. The Debtors' Cost-Reduction Initiatives

49. In response to these challenges, the Debtors have taken a number of actions to reduce costs in 2019 and 2020. The Debtors pursued price concessions from third-party service vendors and successfully negotiated reduced rates for water disposal, chemicals, rentals and workovers. Beginning in March 2020, the Debtors deferred most workover operations, replaced all third-party roustabout crews with company employees, and significantly cut field labor overtime and third-party costs for water disposal, chemicals, and rentals. As a result of these

[12] Current liabilities include accrued interest.

ongoing efforts, the Debtors were able to achieve a per-unit lease operating expense and gas gathering expense of $5.81/BOE in the first six months of 2020, a 21% reduction from $7.35/BOE in the first six months of 2019. The Debtors achieved a 39% reduction in LOE per BOE in the second quarter of 2020 compared to 2019, resulting in a savings of approximately $3.0 million per quarter.

50. In response to the COVID-19 pandemic, the Debtors shut-in or stored approximately 4,700 MBoepd of production during late April and all of May 2020. Each of these shut-in wells came back online during the first week of June 2020. The Debtors have also reduced their anticipated 2020 capital expenditures budget to approximately $65.0 million, compared to $166.2 million of capital expenditures in 2019, with a temporary cessation of drilling activity beginning in August 2020.

51. Finally, in August 2020, the Debtors sold a 40% working interest in three wells in the Hawkeye joint development area, generating approximately $9.1 million of proceeds before closing adjustments. The proceeds were used to fund accrued drilling and completion related capital expenditures for the wells that had previously been incurred on a 100% working interest basis, as the Debtors' joint interest partner declined to participate.

52. Despite these cost-reduction initiatives, the Debtors still had a number of upcoming obligations that would have drastically reduced the Debtors' liquidity absent the filing of these Chapter 11 Cases. In particular, as noted above, the Debtors elected not to make a semi-annual interest payment to the Prepetition Noteholders, which came due on July 1, 2020 in the amount of $14.1 million. During the thirty-day grace period, however, the Debtors entered into the Noteholder Forbearance and the Third Waiver Amendment Nos. 1 and 2 (and ultimately the

Restructuring Support Agreement), which gave the Debtors additional time to engage with the Prepetition Noteholders and the Prepetition RBL Lenders on the terms of a consensual restructuring.

D. Engagement of Advisors; Signing of Restructuring Support Agreement

53. Due to the Debtors' revenue, cash flow, and liquidity challenges discussed above, Parent's Restructuring Committee began to explore potential strategic alternatives and restructuring transactions. In connection with the Restructuring Committee's efforts, Parent retained (i) Rothschild & Co US Inc. ("**Rothschild**") and Intrepid Partners, LLC ("**Intrepid**"), on April 7, 2020, as co-financial advisors and investment bankers, (ii) Latham & Watkins LLP ("**Latham**"), on April 10, 2020 and Hunton Andrews Kurth LLP ("**HAK**"), on May 15, 2020, as co-counsel, and (iii) Alix on July 9, 2020, as restructuring advisor. With the assistance of its advisors, the Company evaluated and considered various potential strategic and financial alternatives with the goal of maximizing enterprise value, including, among other alternatives, a debt or equity financing or a recapitalization.

54. In the last few months, the Debtors, through their advisors and with the oversight of the Restructuring Committee, continued to seek refinancing alternatives and spent substantial time and effort attempting to negotiate a consensual out-of-court Restructuring Transaction among the Company, the Prepetition RBL Lenders and the Prepetition Noteholders. However, after full consideration of the Debtors' potential strategic and financial alternatives (with the assistance of their management and advisors), the proposals submitted by potential investors, and follow-up discussions with certain potential investors, it became clear that an out-of-court restructuring was not a viable option for the Debtors. Accordingly, the Restructuring Committee ultimately

determined that the commencement of the Chapter 11 Cases was necessary to preserve the Debtors' going concern value in face of the challenges described above.

55. Having reached that conclusion, the Debtors, with the assistance of their advisors, commenced extensive, good-faith discussions with the Prepetition RBL Agent, Prepetition RBL Lenders, and the Ad Hoc Noteholders Group of Prepetition Noteholders collectively holding approximately 83.8% of the outstanding Prepetition Notes regarding a potential restructuring of the Prepetition RBL Facility and the Prepetition Notes that would materially de-lever the Debtors' balance sheet and provide the Debtors sufficient liquidity to continue as a going concern. In the course of these negotiations, the Debtors, the Prepetition RBL Agent, Prepetition RBL Lenders, and the Ad Hoc Noteholders Group exchanged and considered, with the assistance of their respective advisors, numerous restructuring proposals.

56. As a result of those extensive negotiations, the Debtors, the Prepetition RBL Agent, the Consenting RBL Lenders and the Consenting Noteholders entered into the Restructuring Support Agreement, dated as of September 14, 2020, pursuant to which the parties thereto agreed on the material terms of a consensual Plan. A copy of the Restructuring Support Agreement is attached hereto as Exhibit B, and its key terms are as follows:[13]

General Terms

- Funding of Cases; Hedges. The Chapter 11 Cases will be funded with cash on-hand and certain proceeds resulting from the Hedge Monetization.
- Exit Facilities. On the Effective Date, the Reorganized Debtors will enter into (a) a first-out senior secured revolving credit facility in an amount equal to 80% of the

[13] The following is a summary of certain key terms of the Restructuring Support Agreement and is qualified in its entirety be reference to the Restructuring Support Agreement. If there are any inconsistencies between this summary and the terms of the Restructuring Support Agreement, the Restructuring Support Agreement shall govern in all respects. Capitalized terms used in this section but not defined herein have the meanings ascribed to them in the Restructuring Support Agreement.

aggregate outstanding principal amount of loans and letters of credit under the Prepetition RBL Facility held by Prepetition RBL Lenders that vote to accept the Plan; *provided* that, on the Effective Date, the aggregate principal amount of the new revolving credit facility shall not be less than $152 million (the "**Exit Revolving Credit Facility**"), (b) a second-out senior-secured term loan credit facility in an amount equal to 20% of the aggregate outstanding principal amount of loans and letters of credit under the Prepetition RBL Facility held by Prepetition RBL Lenders that vote to accept the Plan (the "**Exit Second Out Term Loan Facility**"), and (c) to the extent any Prepetition RBL Lenders do not vote to accept the Plan, a last-out senior-secured term loan credit facility in an amount equal to 100% of the aggregate outstanding principal amount of loans and letters of credit under the Prepetition RBL Facility held by such Prepetition RBL Lenders that do not vote to accept the Plan (the "**Exit Last Out Term Loan Facility**").

- Prepetition RBL Lenders. On the Effective Date, in addition to the reimbursement described in Article V.U of the Plan, (i) each Holder of an Allowed Prepetition RBL Claim that votes to accept the Plan will receive its Pro Rata share of: (A) Cash in an amount equal to all accrued and unpaid interest (calculated at the non-default rate so long as the Restructuring Support Agreement has not been terminated), fees, and other amounts (excluding amounts owed for principal, undrawn letters of credit and contingent reimbursement and indemnification obligations) owing to the Prepetition RBL Secured Parties under the Prepetition RBL Credit Agreement through the Effective Date, as set forth in the Prepetition RBL Loan Documents, to the extent not previously paid (the "**Prepetition RBL Cash Distribution**"); (B) revolving loans under the Exit Revolving Credit Facility (the "**Exit Revolving Loans**"); (C) warrants (the "**New Warrants**") to purchase up to 10% of the new equity interests (the "**New Equity Interests**") in Reorganized Parent authorized to be issued on or after the Effective Date pursuant to the Plan and the Amended/New Organizational Documents (subject to dilution only by the MIP Equity (defined below)), the terms and conditions of which are set forth on the Warrants Term Sheet attached as Exhibit 2 to the Plan Term Sheet;[14] and (D) term loans under the Exit Second Out Term Loan Facility (the "**Exit Second Out Term Loans**"), and (ii) each Holder of an Allowed Prepetition RBL Claim that does not vote on the Plan or votes to reject the Plan will receive its Pro Rata share of: (A) the Prepetition RBL Cash Distribution and (B) term loans under the Exit Last Out Term Facility (the "**Exit Last Out Term Loans**").

- Prepetition Noteholders. On the Effective Date, each Holder of an Allowed Prepetition Notes Claim will receive its Pro Rata share of 96% of the New Equity Interests Pool (subject to dilution by the MIP Equity and any issuances of New Equity Interests upon the exercise of the New Warrants).

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[14] The Plan Term Sheet is attached as Exhibit A to the Restructuring Support Agreement.

- General Unsecured Creditors. On or as soon as practicable after the earliest to occur of the Effective Date and the date a General Unsecured Claim becomes due in the ordinary course of business, each Holder of an Allowed General Unsecured Claim will receive payment in full in Cash on account of its Allowed General Unsecured Claim or such other treatment as would render such claim unimpaired (in each case except to the extent that a holder of a General Unsecured Claim agrees to less favorable treatment).

- Preferred Equity Interests. On the Effective Date, in accordance with the terms of the Preferred Equity Side Letter, all existing Series A-1 Preferred Stock (the "**Old Parent Preferred Interests**") of the Parent will be cancelled, and each Holder of Allowed Old Parent Preferred Interests will receive on account of such Old Parent Preferred Interests its *pro rata* share of 3% of the New Equity Interests (subject to dilution by the MIP Equity and any issuances of New Equity Interests upon the exercise of the New Warrants).

- Common Equity Interests. On the Effective Date, all existing Class A Common Stock (the "**Old Parent Common Interests**") of the Parent will be cancelled, and each Holder of Allowed Old Parent Common Interests will receive on account of the Old Parent Common Interests, its *pro rata* share of 1% of the New Equity Interests (subject to dilution by the MIP Equity and any issuances of New Equity Interests upon the exercise of the New Warrants).

- Management Incentive Plan. On or before the 60th day following the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Parent will enter into a management incentive plan (the "**Management Incentive Plan**"), which will (a) reserve 8% of the New Equity Interests (or restricted stock units, options, or other rights exercisable, exchangeable, or convertible into such New Equity Interests) on a fully diluted basis (the "**MIP Equity**"), for awards to certain members of senior management to be determined by the directors of the initial board or other governing body of the Reorganized Parent (the "**New Board**") and (b) otherwise contain terms and conditions (including the form of awards, allocation of awards, vesting and performance metrics) to be determined by the New Board.

Milestones

Pursuant to the Debtors' Restructuring Support Agreement, the Debtors have agreed to comply with the following milestones with respect to the Plan:

Deadline to commence the Chapter 11 Cases	**Within ten (10) Business Days of the solicitation commencement date, and in any event on or before, September 30, 2020**

Deadline for entry of Interim Cash Collateral Order, Postpetition Hedge Order, and an order conditionally approving the Disclosure Statement and the other Solicitation Materials	**Five (5) Business Days after the Petition Date**
Deadline to commence Solicitation of votes to accept or reject the Plan from Holders of the Parent Common Equity Interests	**Ten (10) Business Days after the Petition Date**
Deadline for entry of Final Cash Collateral Order	**Forty-five (45) calendar days after the Petition Date**
Deadline for entry of the Confirmation Order approving the Disclosure Statement on a final basis and confirming the Plan	**Sixty (60) calendar days after the Petition Date**
Deadline for the Effective Date	**The earlier of (a) fourteen (14) calendar days after the date of entry of the Confirmation Order and (b) December 1, 2020**

PART III

57. In furtherance of the objective of preserving value for all stakeholders, the Debtors have sought approval of the First Day Pleadings and related orders (the "**Proposed Orders**"), and respectfully request that the Court consider entering the Proposed Orders granting the relief requested in the First Day Pleadings. For the avoidance of doubt, the Debtors seek authority, but not direction, to pay amounts or satisfy obligations with respect to the relief requested in any of the First Day Pleadings.

58. I have reviewed each of the First Day Pleadings, Proposed Orders, and exhibits thereto (or have otherwise had their contents explained to me), and the facts set forth therein are true and correct to the best of my knowledge, information, and belief. Moreover, I believe that the relief sought in each of the First Day Pleadings (i) is vital to enabling the Debtors to make the transition to, and operate in, chapter 11 with minimal interruptions and disruptions to their

businesses or loss of productivity or value and (ii) constitutes a critical element in the Debtors' ability to successfully maximize value for the benefit of their estates.

A. Administrative and Procedural PLEADINGS

(i) Joint Administration Motion[15]

59. By the Joint Administration Motion, the Debtors seek entry of an order directing the joint administration of their twenty-two (22) Chapter 11 Cases for procedural purposes only. Many of the motions, hearings, and other matters involved in the Chapter 11 Cases will affect all Debtors. Thus, I believe that the joint administration of the Chapter 11 Cases will avoid the unnecessary time and expense of duplicative motions, applications, orders, and other pleadings, thereby saving considerable time and expense for the Debtors and resulting in substantial savings for their estates. On behalf of the Debtors, I respectfully submit that the Joint Administration Motion should be granted and that failure to do so on an emergency basis would severely disrupt the Debtors' operations at this critical juncture.

(ii) Retention Applications

60. I believe that the retention of chapter 11 professionals is essential to the Chapter 11 Cases. Accordingly, during the Chapter 11 Cases, the Debtors anticipate that they will request permission to retain, among others, the following professionals: (i) Latham & Watkins LLP, as co-counsel; (ii) Hunton Andrews Kurth LLP, as co-counsel; (iii) Prime Clerk, LLC, as claims and noticing agent; (iv) Rothschild & Co US Inc. and Intrepid Partners, LLC, as co-financial advisors and investment bankers; and (v) AlixPartners, LLP, as restructuring advisor. I believe that the

[15] "**Joint Administration Motion**" means the *Debtors' s Emergency Motion for Entry of an Order Directing Joint Administration of Related Chapter 11 Cases*, filed concurrently herewith.

above professionals are well-qualified to perform the services contemplated by their various retention applications, the services are necessary for the success of the Chapter 11 Cases, and the professionals will coordinate their services to avoid duplication of efforts. I understand that the Debtors may find it necessary to seek retention of additional professionals as the Chapter 11 Cases progress.

(iii) Consolidated Creditor List Motion[16]

61. By the Consolidated Creditor List Motion, the Debtors seek entry of an order (a) authorizing the Debtors to file a consolidated creditor matrix and list of the 30 largest general unsecured creditors in lieu of submitting separate mailing matrices and creditor lists for each Debtor; (b) waiving the requirement to file a list of and provide notice directly to the Debtor entity Lonestar Resources US Inc.'s equity security holders; and (c) authorizing the Debtors to redact certain personal identification information for individuals.

62. The preparation of separate lists of creditors for each Debtor would be expensive and unduly burdensome, and a large number of creditors may be shared among the Debtors. For this reason, I believe that the Creditor Matrix and Top 30 List will reduce administrative costs and promote administrative efficiency.

63. In addition, Lonestar Resources US Inc. is a publicly-traded company with actively trading stock and does not maintain a list of its equity security holders and, therefore, must obtain the names and addresses of its shareholders from a securities agent. I believe that preparing and

[16] "**Consolidated Creditor List Motion**" means the *Debtors' Emergency Motion for Entry of Order (I) Authorizing the Debtors to File a Consolidated Creditor Matrix and a List of the Thirty (30) Largest Unsecured Creditors, (II) Waiving the Requirement to File a List of Equity Security Holders, and (III) Authorizing the Debtors to Redact Certain Personal Identification Information*, filed concurrently herewith. Capitalized terms used, but not otherwise defined, in this section shall have the respective meanings ascribed to them in the Consolidated Creditor List Motion.

submitting such a list with last known addresses for each such equity security holder and sending notices to all such parties will create undue expense and administrative burden with limited corresponding benefit to the estates or parties in interest.

64. I believe that cause exists to authorize the Debtors to redact from any paper filed with the Court the home addresses of individual creditors—including the Debtors' employees and contract workers—from the Creditor Matrix because, among other reasons, such information could be used to perpetrate identity theft or harass such individuals.

65. On behalf of the Debtors, I respectfully submit that the Consolidated Creditor List Motion should be granted and that failure to do so on an emergency basis would create undue expenses and administrative burden and severely disrupt the Debtors' operations at this critical juncture.

(iv) Solicitation Procedures Motion[17]

66. By the Solicitation Procedures Motion, the Debtor seek entry of an order (a) scheduling the Combined Hearing on November 9, 2020, or as soon thereafter as the Court's calendar allows, but not later than November 19, 2020, to (i) approve the adequacy of the Disclosure Statement on a final basis and (ii) consider confirmation of the Plan; (b) establishing November 3, 2020, at 4:00 p.m. (Prevailing Central Time), as the deadline to file objections to the

[17] "**Solicitation Procedures Motion**" means the *Debtors' Emergency Motion for Entry of an Order (I) Scheduling Combined Hearing on (A) Adequacy of Disclosure Statement and (B) Confirmation of Plan; (II) Fixing Deadline to Object to Disclosure Statement and Plan; (III) Approving (A) Solicitation Procedures, (B) Form and Manner of Notice of Commencement, Combined Hearing, and Objection Deadline, and (C) Notice of Non-Voting Status and Opt Out Opportunity; (IV) Approving Procedures for Assumption of Contracts and Leases and Form and Manner of Cure Notice; (V) Conditionally Approving Disclosure Statement; (VI) Conditionally (A) Directing the United States Trustee Not to Convene Section 341 Meeting of Creditors and (B) Waiving Requirement of Filing Statements of Financial Affairs and Schedules of Assets and Liabilities; and (VII) Granting Related Relief*, filed concurrently herewith. Capitalized terms used, but not otherwise defined, in this section shall have the respective meanings ascribed to them in the Solicitation Procedures Motion.

adequacy of the Disclosure Statement or confirmation of the Plan (the "**Objection Deadline**"); (c) approving the Solicitation Procedures with respect to the Plan, including the forms of Ballots and Cover Letters; (d) approving the form and manner of the Notice of Non-Voting Status and Opt Out Opportunity; (e) approving the form and manner of the Combined Notice of the commencement of the Debtors' Chapter 11 Cases, the Combined Hearing and the Objection Deadline; (f) approving the Assumption Procedures and the form and manner of the Cure Notice; (g) conditionally approving the Disclosure Statement; (e) so long as the Plan is confirmed on or before November 27, 2020, (i) directing the U.S. Trustee not to convene a 341 Meeting and (b) waiving the requirement that the Debtors file SOFAs and Schedules; and (f) granting related relief.

67. The Debtors seek a Combined Hearing to consider approval of the Disclosure Statement and the Plan. In order to obtain confirmation of the Plan and emerge from bankruptcy as soon as practicable, the Debtors request that the Combined Hearing be held, subject to the Court's schedule, on November 9, 2020 (the "**Combined Hearing Date**") but no later than November 19, 2020. I believe that the proposed schedule set forth in the Solicitation Procedures Motion affords claim and interest holders and all other parties in interest ample notice of these Chapter 11 Cases and the Combined Hearing. Specifically, the proposed schedule affords approximately thirty-four (34) days after the Combined Notice is served for parties to evaluate their rights in respect of the Plan prior to the proposed Combined Hearing thereon and, therefore, I believe no party in interest will be prejudiced by the requested relief.

68. The Debtors request that the Court approve the solicitation, balloting, tabulation, and related activities to be undertaken in connection with solicitation of the Plan, which were commenced by the Debtors prior to the Petition Date and are proposed to be completed on the

timeline set forth in the Solicitation Procedures Motion (collectively, the "**Solicitation Procedures**"). The Debtors submit that the Solicitation Procedures (i) comply with the various applicable provisions of the Bankruptcy Rules, Bankruptcy Code and non-bankruptcy laws and (ii) should be approved.

69. Four classes of claims or equity interests are impaired and are entitled to vote to accept or reject the Plan – Class 4 (Prepetition RBL Claims), Class 5 (Prepetition Notes Claims), Class 8 (Old Parent Preferred Interests), and Class 9 (Old Parent Common Interests). On the Prepetition Solicitation Date, I understand the Debtors commenced solicitation of votes from members of Class 4, Class 5, and Class 8 by transmitting copies of the solicitation package containing the Disclosure Statement, including the other exhibits thereto, one or more Ballots, as applicable, and a Cover Letter (the "**Solicitation Package**") to each holder of an impaired claim or equity interest in such classes. It is my understanding that the Solicitation Package sent to holders of claims and equity interests in Classes 4, 5, and 8 advised such holders, among other things, that the deadline for submitting a Ballot containing a vote to accept or reject the Plan is November 3, 3030 at 5:00 p.m. (Prevailing Central Time) (the "**Voting Deadline**"). Within three (3) business days of conditional approval of the Disclosure Statement, the Debtors intend to provide the Solicitation Package to holders of Old Parent Common Interests in Class 9, which will advise such parties, among other things, of the Voting Deadline.

70. I believe that all holders of claims and equity interests in the Voting Classes will have adequate time to consider the materials in the Solicitation Packages.

71. The Plan provides that specific Classes of claims against, and interests in, the Debtors are not entitled to vote because they are presumed to either accept or reject the Plan, and

therefore, their votes will not be solicited. In lieu of furnishing each of the Non-Voting Holders with a copy of the Plan and Disclosure Statement, the Debtors propose to send to such Non-Voting Holders the Combined Notice, which sets forth the manner in which a copy of the Plan and the Disclosure Statement may be obtained. In addition, I understand the Debtors have made the Disclosure Statement and the Plan available at no cost on the Solicitation Agent's case information website. The Debtors also propose to mail (or cause to be mailed) within three (3) business days of the entry of the Scheduling Order or as soon as reasonably practicable thereafter, to each Non-Voting Holder as of the Postpetition Voting Record Date a Notice of Non-Voting Status and Opt Out Opportunity, which will include, among other things, a disclosure regarding the settlement, release, exculpation, and injunction language set forth in the Plan and a form by which each Non-Voting Holder can elect to "opt out" of the third party releases contained in the Plan. It is my understanding that the mailing of Notices of Non-Voting Status and Opt Out Opportunity in lieu of Solicitation Packages satisfies the requirements of Bankruptcy Rule 3017(d). I further believe that the Solicitation Procedures proposed by the Debtors and described herein with respect to the Non-Voting Classes comply with the Bankruptcy Code and should be approved.

72. At the Combined Hearing, the Debtors will seek approval of the Disclosure Statement. I believe that the Disclosure Statement is extensive and comprehensive. It contains descriptions of, among other things: (i) the Plan; (ii) the operation of the Debtors' business; (iii) the Debtors' significant prepetition indebtedness; (iv) the Restructuring Support Agreement; (v) the proposed capital structure of the Reorganized Debtors; (vi) securities to be issued upon consummation of the Plan; (vii) financial information and valuations that would be relevant to creditors' determinations of whether to accept or reject the Plan; (viii) a liquidation analysis setting

forth the estimated return that holders of claims and equity interests would receive in a hypothetical chapter 7 liquidation; (ix) risk factors affecting the Plan; and (x) federal tax law consequences of the Plan.

73. The Debtors request that the Court set November 3, 2020, at 4:00 p.m. (Prevailing Central Time), as the Objection Deadline to file objections to the adequacy of the Disclosure Statement or confirmation of the Plan, which is at least twenty-eight (28) days from the date that the Debtors propose to mail the Combined Notice. The Debtors will file the Plan Supplement no later than seven (7) days prior to the Objection Deadline, as required by the Plan. The Debtors propose to file a proposed Confirmation Order no later than November 6, 2020. The Debtors request that the Court schedule the Combined Hearing for November 9, 2020, at which time the Debtors will seek confirmation of the Plan. I believe that the Plan satisfies all of the requirements for confirmation under the Bankruptcy Code.

74. The Debtors propose to mail (or cause to be mailed) within three (3) business days of the entry of the Scheduling Order or as soon as reasonably practicable thereafter, to all known holders of claims and equity interests, the Combined Notice setting forth, among other things, (i) notice of the commencement of these Chapter 11 Cases, (ii) the date, time, and place of the Combined Hearing, (iii) instructions for obtaining copies of the Disclosure Statement and Plan, and (iv) the Objection Deadline and procedures for filing objections to the adequacy of the Disclosure Statement and/or confirmation of the Plan. In addition to mailing the Combined Notice to parties in interest in these Chapter 11 Cases, the Debtors will post to the Solicitation Agent's case information website various chapter 11 documents, including the following: (i) the Plan, (ii) the Disclosure Statement, (iii) the Solicitation Procedures Motion and any orders entered in

connection with therewith, and (iv) the Combined Notice. I believe that the Combined Notice will provide sufficient notice to all parties in interest of the (i) commencement of these Chapter 11 Cases, (ii) the date, time, and place of the Combined Hearing, and (iii) the procedures for objecting to the adequacy of the Disclosure Statement or the confirmation of the Plan.

75. To facilitate assumption of their Contracts and Leases, the Debtors propose Assumption Procedures as set forth in the Solicitation Procedures Motion. I believe that approval of the Assumption Procedures and the form of Cure Notice set forth in the Solicitation Procedures Motion will allow Contract Parties sufficient time to review the Cure Notice and file any objections to Cure Amounts prior to the Combined Hearing.

76. Finally, the Debtors request that the Scheduling Order provide that: (i) the 341 Meeting shall not be scheduled by the U.S. Trustee before November 27, 2020, which is approximately fifty-eight (58) days from the Petition Date; (ii) the time for filing the SOFAs and Schedules be extended until the same date; and (iii) if the Plan is confirmed on or before November 27, 2020, the requirement that the 341 Meeting be held be waived, and the Debtors be excused from filing the SOFAs and Schedules, in each case without further order of the Court. I believe that this relief is appropriate under the circumstances, because the Debtors anticipate the near-term confirmation of the Plan and subsequent emergence from chapter 11, with all holders of Allowed General Unsecured Claims paid in full, in cash.

77. For the reasons set forth above, I respectfully submit that the Court should approve the Solicitation Procedures Motion.

B. OPERATIONAL AND FINANCING MOTIONS

(i) Cash Collateral Motion[18]

78. By the Cash Collateral Motion, the Debtors seek entry of orders (a) authorizing the Debtors to (i) use Cash Collateral and all other Prepetition Collateral, solely in accordance with the terms of the Interim Cash Collateral Order, and (ii) provide adequate protection to the Prepetition RBL Agent under the Prepetition RBL Credit Agreement, and the other Prepetition Secured Parties; (b) subject to entry of the Final Cash Collateral Order, authorizing the Debtors to grant adequate protection liens on the proceeds and property recovered in respect of the Debtors' claims and causes of action (but not on the actual claims and causes of action) arising under sections 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code or any other similar state or federal law; (c) modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of the Interim Cash Collateral Order and the Final Cash Collateral Order; (d) subject to entry of the Final Cash Collateral Order, except to the extent of the Carve Out, waiving all rights to surcharge any Prepetition Collateral or Collateral under sections 506(c) or 552(b) of the Bankruptcy Code or any other applicable principle of equity or law; (e) scheduling an interim hearing to consider the relief sought in the Cash Collateral Motion and entry of the proposed Interim Cash Collateral Order and scheduling a final hearing to consider entry of the Final Cash Collateral Order and grant the relief requested in the Cash Collateral Motion on a final basis; (f) waiving the applicable stay with

[18] "**Cash Collateral Motion**" means the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors' Limited Use of Cash Collateral, (II) Granting Adequate Protection to the Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief*, filed concurrently herewith. Capitalized terms used, but not otherwise defined, in this section shall have the respective meanings ascribed to them in the Cash Collateral Motion.

respect to the effectiveness and enforceability of the Interim Cash Collateral Order or the Final Cash Collateral Order (including a waiver pursuant to Bankruptcy Rule 6004(h)); and (g) granting related relief.

79. Prior to the Petition Date, the Debtors engaged with the Prepetition RBL Agent, on behalf of the Prepetition Secured Parties, regarding the terms on which they would consent to permit the Debtors to continue to use Cash Collateral. These good-faith and arms'-length discussions resulted in the proposed Interim Cash Collateral Order, entry of which will allow the Debtors to transition smoothly into chapter 11, effectuate the Restructuring Support Agreement, and confirm and consummate the Plan, all while continuing to operate their businesses without disruption.

80. It is my understanding that all of the cash of the Debtors constitutes Cash Collateral. Accordingly, I believe that, absent authority to use Cash Collateral, even for a limited period of time, the continued operation of the Debtors' businesses would suffer, causing immediate and irreparable harm to the Debtors, their respective estates, and their creditors. The use of Cash Collateral is critical to preserve and maintain the going concern value of the Debtors, and is necessary to pay wages, suppliers, vendors, lessors, and utility providers and other payments that are essential or appropriate for the continued management, operation, and preservation of the Debtors' business and assets. Further, I believe the use of Cash Collateral will maximize value for all of the Debtors' stakeholders.

81. Moreover, the terms and conditions on which the Debtors may use Cash Collateral have been carefully designed to meet the dual goals of sections 361 and 363 of the Bankruptcy Code. If the Interim Cash Collateral Order is entered, the Debtors will have ample working capital

to operate their businesses and maximize value for the benefit of their stakeholders. At the same time, the Prepetition RBL Agent and the Prepetition Secured Parties will be adequately protected with, among other things, (a) liens on all property, assets, and rights of the Debtors, (b) superpriority administrative expense claims against each of the Debtors, (c) adequate protection payments, and (d) reimbursement of professional fees and expenses.

82. The Debtors authorized Alix to initiate the process of evaluating the Debtors' projected financing needs to fund a potential chapter 11 restructuring. Alix worked closely with the Debtors' management and other advisors to assess the Debtors' cash needs for their businesses and potential chapter 11 cases. As part of that evaluation, Alix, with the assistance of the Debtors' management, prepared a cash-flow forecast detailing the Debtors' postpetition cash needs in the initial 13 weeks of these Chapter 11 Cases, which is attached as Exhibit A to the Interim Cash Collateral Order (the "**Budget**"). The Budget takes into account projected cash receipts and disbursements during the projected period and considers a number of factors, including the effect of the chapter 11 filing on the operation of the business.

83. I believe that immediate access to Cash Collateral in accordance with the Budget will provide the Debtors with the necessary liquidity to (a) minimize disruption to the Debtors' businesses and ongoing operations, (b) preserve and maximize the value of the Debtors' estates for the benefit of all the Debtors' creditors, and (c) avoid immediate and irreparable harm to the Debtors and their creditors, businesses, employees, and assets. If the Debtors are unable to access Cash Collateral to meet their obligations on a timely basis, I believe that the Debtors could suffer permanent harm. Accordingly, I respectfully submit that the Court should approve the Cash Collateral Motion.

(ii) Cash Management Motion[19]

84. By the Cash Management Motion, the Debtors seek entry of an order (i) authorizing, but not directing, the Debtors to continue to maintain and use their existing cash management system, including maintenance of their existing bank accounts, checks, and business forms; (ii) granting the Debtors an extension of time for a period of 60 days from the Petition Date (*i.e.*, until November 30, 2020), within which to comply with certain bank account and related requirements of the U.S. Trustee or make such other arrangements as agreed with the U.S. Trustee to the extent that such requirements are inconsistent with the Debtors' practices under their existing cash management system or other actions described herein; (iii) authorizing, but not directing, the Debtors to continue to maintain and use their existing deposit practices notwithstanding the provisions of section 345(b) of the Bankruptcy Code; (iv) authorizing the Debtors to open and close bank accounts in the ordinary course of business; (v) authorizing, but not directing, the continuation of intercompany transactions among the Debtors; (vi) according administrative expense status to postpetition intercompany claims arising from transactions among the Debtors; (vii) authorizing the Bank with which the Debtors maintain their accounts to continue to maintain, service, and administer such accounts; and (viii) authorizing the Debtors to maintain the Corporate Credit Card Program.

85. The Debtors oversee the collection, disbursement, and movement of cash from their operations through a cash management system (the "**Cash Management System**") that manages

[19] "**Cash Management Motion**" means the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing Continued Use of Existing Cash Management System, Including Maintenance of Existing Bank Accounts, Checks, and Business Forms, (II) Authorizing Continuation of Existing Deposit Practices, (III) Approving the Continuation of Intercompany Transactions, and (IV) Granting Administrative Expense Status to Certain Postpetition Intercompany Claims*, filed concurrently herewith. Capitalized terms used, but not otherwise defined, in this section shall have the respective meanings ascribed to them in the Cash Management Motion.

the Debtors' cash inflows and outflows through a number of bank accounts. I believe the Cash Management System is critical to the Debtors' operations, as it enables the Debtors to, among other things, (i) monitor cash receipts and ensure payment of necessary disbursements, (ii) track various intercompany transfers and transactions between the Debtors and the Debtors and their non-Debtor affiliate, Boland, and (iii) ensure accurate cash forecasting and reporting.

86. The Cash Management System includes a total of 19 Debtor bank accounts (together with any accounts opened after the Petition Date, the "**Bank Accounts**"), which are held at Citibank, N.A. (the "**Bank**"). In addition, non-Debtor affiliate Boland maintains one bank account at Prosperity Bancshares, Inc. Of the 19 Bank Accounts, ten are active and nine are inactive (the "**Inactive Accounts**"). I understand that the Debtors pay fees and expenses to the Bank related to the costs of administering the Bank Accounts (the "**Bank Fees**") on a monthly basis. I understand that, as of the Petition Date, the approximate balances of the Bank Accounts are as follows:

Account Name	Debtor Account Holder	Approx. Balance as of the Petition Date
Amadeus Petroleum Account *Citibank—3884* (inactive)	Amadeus Petroleum Inc.	$0
Eagleford Gas Accounts	Eagleford Gas LLC	$0
Citibank—3677 (inactive)	Eagleford Gas 2 LLC	$0
Citibank—3680 (inactive)	Eagleford Gas 3 LLC	$0
Citibank—3703 (inactive)	Eagleford Gas 5 LLC	$0
Citibank—3732	Eagleford Gas 6 LLC	$0
Citibank—3897 (inactive)	Eagleford Gas 7 LLC	$0
Citibank—3729	Eagleford Gas 8 LLC	$3,491

Account Name	Debtor Account Holder	Approx. Balance as of the Petition Date
Citibank—3745 (inactive) *Citibank—3758* *Citibank—6357* (inactive)	Eagleford Gas 10 LLC Eagleford Gas 11 LLC	$58,594 $0
General Corporate Account *Citibank—3842*	Lonestar Resources Inc.	$898,865
Operating Company Account *Citibank—3761*	Lonestar Operating LLC	$406,179
Petty Cash Account *Citibank—7136*	Lonestar Operating LLC	$6,021
Royalty Account *Citibank—3774*	Lonestar Operating LLC	$4,020,340
Utility Deposit Account *Citibank—3790*	Eagleford Gas 4 LLC	$0[20]
Debt & Hedging Account *Citibank—3826*	Lonestar Resources America Inc.	$0
Public Company Fees & Expenses Account *Citibank—3839*	Lonestar Resources US Inc.	$30,529,784
Poplar Energy Account *Citibank—3787* (inactive)	Poplar Energy LLC	$0
TNT Operating Account *Citibank—3635* (inactive)	TNT Operating LLC	$0

[20] The Utility Deposit Account will be used for the purpose of holding the Adequate Assurance Deposit (as defined in the Utilities Motion). The Utilities Motion contemplates funding the Utility Deposit Account with approximately $152,100.

87. As noted above, in addition to the Debtor Bank Accounts, non-Debtor affiliate Boland maintains a bank account used for mortgage and building expenses (the "**Mortgage Account**"). Boland owns the office building in which the Debtors' corporate headquarters are located. In the ordinary course of business, Debtor Lonestar Resources Inc. pays monthly rent payments to non-Debtor Boland. I understand, however, that the Debtors do not expect to make any payments to Boland during the Chapter 11 Cases. I understand that as of the Petition Date, the Mortgage Account holds a balance of approximately $284,067.

88. I understand that the Cash Management System has two main components: cash collection and cash disbursement. The Debtors' receipts enter the Cash Management System primarily via check or wire transfer and, to a limited extent, ACH Payments. I understand that (i) the Debtors' production revenue receipts from oil, NGLs and natural gas are deposited into the Royalty Account, (ii) their joint interest billing and non-operating revenues are collected by the three active Eagleford Gas Accounts (accounts 3732, 3729, 3758) and (iii) funds received on account of the Debtors' hedging arrangements are deposited into the Debt & Hedging Account. I understand that funds received in the various accounts described above either remain in the respective account to cover disbursements or are transferred to one of the other Bank Accounts used to cover payroll and other payables and expenses incurred by the Debtors.

89. I understand that the Debtors' disbursements are generally made from the General Corporate Account, the Operating Company Account, the Royalty Account, the Petty Cash Account, the Debt & Hedging Account, and the Public Company Fees & Expenses Account. The General Corporate Account is the primary account used by the Debtors to satisfy their various financial obligations. While certain of the Debtors' other Bank Accounts may act as both

collection and disbursement accounts, typically, funds are transferred from the Debtors' other Bank Accounts to the General Corporate Account to cover various expenses on behalf of the entire corporate family. In particular, funds in the General Corporate Account are used to pay general and administrative expenses, payroll and other corporate expenses. In addition, funds that are transferred into the General Corporate Account may then be transferred into one or more of the Debtors' other disbursement accounts, including the Royalty Account, the Operating Company Account, the Utility Deposit Account and the Debt & Hedging Account, to cover various expenses. I understand that where disbursements are made from the account of one Debtor on account of obligations of another Debtor, such disbursements are recorded in each Debtor's books and records as intercompany receivables or payables, as applicable. I believe that the Cash Management System is an ordinary course, customary, and essential business practice, the continued use of which is essential to the Debtors' business operations during the Chapter 11 Cases and the Debtors' goal of maximizing value for the benefit of all parties in interest.

90. I understand the Debtors maintain relationships with each other (and non-Debtor affiliate Boland) in the ordinary course of business (collectively, the "**Intercompany Transactions**") some of which may result in intercompany receivables and payables (the "**Intercompany Claims**") being generated as cash is transferred between the Debtors' Bank Accounts. I understand that the Intercompany Transactions are frequently conducted pursuant to the Debtors' internal cash management arrangements (both formal and informal). The Intercompany Transactions between Debtors are made through book entries to (i) reimburse certain Debtors for various expenditures associated with their businesses, (ii) fund the Bank Accounts for general corporate and capital expenditures, or (iii) transfer funds between the Debt

& Hedging Account to the General Corporate Account. Intercompany Transactions are also made via wire and check from Debtor Lonestar Resources Inc. to non-Debtor affiliate Boland on account of monthly rent payments for the Debtors' office lease. I believe if the Intercompany Transactions were to be discontinued, the Cash Management System and the Debtors' operations would be disrupted unnecessarily to the detriment of the Debtors, their creditors, and other stakeholders.

91. I believe that (i) the Debtors are able to work with the Bank to ensure that the goal of separation between the prepetition and postpetition periods is observed, and (ii) enforcement of certain of UST Requirements would disrupt the Debtors' operations and impose a financial burden on the Debtors' estates. Specifically, I believe that the creation of new debtor-in-possession accounts designated solely for tax obligations would be unnecessarily burdensome. I also believe that changing the Debtors' existing checks, correspondence, and other business forms would be expensive, unnecessary, and burdensome to the Debtors' estates. Therefore, I believe that the Debtors should be granted an extension of time to comply with the UST Requirements.

92. I also believe that the Debtors should be authorized to continue their Deposit Practices. I believe that maintaining the Deposit Practices is in the best interests of the Debtors, especially in light of the fact that all of the Bank Accounts are insured by the FDIC.

93. I understand that the Debtors provide certain employees with access to corporate credit cards (the "**Corporate Credit Cards**") maintained through American Express, to be used for authorized business expenses on behalf of the Debtors. Such authorized business purchases, include, but are not limited to, business travel (including airfare, lodging, taxi costs, automobile rentals, meals, and internet charges), and other general business related expenses. The Debtors

pay the balances that accrue under the Corporate Credit Cards directly to American Express on a monthly basis and they are solely liable for the amounts charged on the Corporate Credit Cards, with no recourse to the individual employees. I believe the continued use of the Corporate Credit Cards is critical to the Debtors' business operations insofar as it is one of the primary mechanisms by which employee expenses incurred in the ordinary course of employment are efficiently paid. It is my understanding that for the twelve months prior to the Petition Date, the Debtors' employees incurred approximately $98,500 per month in the aggregate on account of business expenses charged to the Corporate Credit Cards. The Debtors do not believe that any amounts are outstanding on account of prepetition business expenses charged to the Corporate Credit Cards as of the Petition Date.

94. I believe that immediate and irreparable harm would result if the relief requested in the Cash Management Motion is not granted. Continuity of the Cash Management System is critical to the Debtors' ongoing business operations. I believe that to require the Debtors to adopt a new cash management system at this early and critical stage would be expensive, impose needless administrative burdens, and cause undue disruption. Any disruption in the collection and disbursement of funds as currently implemented would adversely (and perhaps irreparably) affect the Debtors' ability operate effectively during the pendency of these Chapter 11 Cases and maximize estate value. Accordingly, I believe that it is in the best interest of the Debtors, their estates, and all parties in interest to grant the relief requested in the Cash Management Motion.

(iii) Employee Wages Motion[21]

95. By the Employee Wages Motion, the Debtors seek entry of an order (i) authorizing the Debtors, in their discretion, to (a) pay or otherwise honor various Workforce Obligations to or for the benefit of their Workforce for compensation, expense reimbursement, and benefits under the Workforce Programs, and (b) continue the Workforce Programs in the ordinary course during the pendency of the Chapter 11 Cases in the manner and to the extent that such Workforce Programs were in effect immediately prior to the filing of the Chapter 11 Cases; (ii) authorizing the Debtors to pay any and all local, state, federal, and foreign withholding and payroll-related or similar taxes, as applicable, relating to the prepetition Workforce Obligations; (iii) authorizing, but not requiring the Debtors to continue to deduct and to transmit deductions from payroll checks as authorized by Employees, as required by any Workforce-related plan, program or policy, or as required by law; (iv) authorizing, but not requiring, the Debtors to pay any prepetition claims owing to vendors and third party Administrators; and (v) authorizing and directing all banks to receive, process, honor, and pay all of the Debtors prepetition checks and fund transfers on account of any obligations authorized to be paid pursuant to the Employee Wages Motion.

a. The Debtors' Workforce

96. As of the Petition Date, the Debtors' Workforce consisted of 82 Employees (56 salaried and 26 hourly). None of the Debtors' Employees are subject to a collective bargaining

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[21] "**Employee Wages Motion**" means the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing (A) Payment of Prepetition Workforce Obligations and (B) Continuation of Workforce Programs on a Postpetition Basis, (II) Authorizing Payment of Payroll Related Taxes, (III) Confirming the Debtors' Authority to Transmit Payroll Deductions, and (IV) Authorizing Payment of Prepetition Claims Owing to Administrators* filed concurrently herewith. Capitalized terms used, but not otherwise defined, in this section shall have the respective meanings ascribed to them in the Employee Wages Motion.

agreement or similar labor agreement. The Debtors' Workforce also consists of 7 independent contractors, who are engaged directly by the Debtors.

97. I believe the Debtors' ability to preserve their businesses and successfully reorganize is dependent on the expertise and continued enthusiasm and service of their Workforce. Due to the disruption and uncertainty that typically accompanies a chapter 11 filing, I believe that the morale and, thus, the performance of the Workforce will be adversely affected absent the relief requested in the Employee Wages Motion. I also believe that if the Debtors fail to pay the Workforce Obligations in the ordinary course, their Workforce will suffer extreme personal hardship and, in some cases, may be unable to pay their basic living expenses. Such a result would have a highly negative impact on Workforce morale and likely would result in unmanageable performance issues or turnover, thereby resulting in immediate and irreparable harm to the Debtors and their estates. I believe the continuation of the Workforce Programs is vital to preserving and rebuilding Workforce morale during the pendency of the Chapter 11 Cases and to reducing the level of attrition that might otherwise occur.

b. Workforce Compensation Programs

98. *Employee Payroll*. Salaried Employees are paid on a semi-monthly basis, current through the date on which payroll occurs. Hourly Employees are paid wages on a bi-weekly basis, in arrears, with a typical one-week delay to account for timesheet verification and processing. It is my understanding that in the twelve months prior to the Petition Date, (i) the average payroll amount for each half-month pay period for Salaried Employees was approximately $365,000 and (ii) the average payroll amount for each two-week pay period for Hourly Employees was approximately $72,500. The Debtors utilize ADP for payroll processing services related to payment of the Employees' wages and salaries. As the Debtors pay their Employees semi-monthly

and bi-weekly, Employees often have a significant amount of unpaid wages and other compensation that has accrued, but is unpaid at any point in time. The Debtors estimate that, as of the Petition Date, they owe approximately $98,000 in gross wages and salaries to Employees. It is my understanding that no individual Employee is owed wages or salary compensation in excess of the $13,650 statutory cap pursuant to section 507(a)(4) of the Bankruptcy Code.

99. *Independent Contractors' Compensation*. The Debtors pay their Independent Contractors directly. I believe it is critical for the Debtors' business to maintain the flexibility to secure the services of their Independent Contractors as necessitated by their business needs from time to time. I believe further that remaining current on payments due to Independent Contractors is necessary for that purpose. The Debtors estimate that, as of the Petition Date, they owe approximately $20,500 to Contractors. It is my understanding that no contractor is owed compensation in excess of the $13,650 statutory cap pursuant to section 507(a)(4) of the Bankruptcy Code.

100. *Payroll Deductions*. I understand that in the ordinary course of their businesses, the Debtors make deductions from Employees' paychecks for payments to third parties on behalf of Employees for various federal, state, and local, income, Federal Insurance Contributions Act (FICA), employment insurance and other taxes, as well as for court ordered garnishments, savings programs, repayments for loans taken against the savings programs, benefit plans, insurance and other similar programs. It is my understanding that the Debtors' average aggregate bi-weekly Deductions for Hourly Employees are approximately $18,000 and the Debtors' average aggregate semi-monthly Deductions for Salaried Employees are approximately $112,500. The Debtors estimate that, as of the Petition Date, accrued but unpaid Deductions total approximately $36,500,

including employee contributions to the 401(k) Plan and those deductions to be remitted to HSAs and FSAs.

101. *PTO*. As part of their overall compensation, Employees are eligible, in certain circumstances, to receive PTO for, among other things, vacation, personal days, and holidays. The specifics of the Debtors' PTO policies vary based upon the Employee's position and length of employment. I believe these programs are typical and customary, and continuing to offer them is necessary for the Debtors to retain Employees during the reorganization process. As unused PTO and sick time is not payable upon the voluntary or involuntary termination of any Employee's employment, the Debtors have recorded no value to aggregate accrued PTO and sick time for their Employees. Accordingly, PTO is not included in the calculations for the purposes of the statutory priority cap under section 507(a)(4) of the Bankruptcy Code.

102. *Annual Bonus Program*. In the ordinary course of business, to encourage and reward outstanding performance, I understand that the Debtors offer certain Employees the opportunity to earn cash bonuses under the Annual Bonus Program. The payments under the Annual Bonus Program are determined by the Compensation Committee of the Board of Directors of Debtor Lonestar Resources US Inc., in their discretion, and are based on employee performance, company performance and tenure. In March 2020, I understand that the Debtors paid approximately $3 million in the aggregate to all Employees, including approximately $200,000 in the aggregate to Hourly Employees and approximately $2.8 million in the aggregate to Salaried Employees, under the Annual Bonus Program for fiscal year 2019. As of the Petition Date, the Debtors estimate that approximately $2.0 million has accrued in connection with the Annual Bonus Program, including approximately $755,000 for insiders. Pursuant to the Employee Wages

Motion, the Debtors are not seeking the authority to make payments under the Annual Bonus Program during the Chapter 11 Cases without further order of the Court.

103. *The SIP*. It is my understanding that in the ordinary course of business, the Debtors provide all Employees (both insiders and non-insiders) with the opportunity to earn additional compensation under the SIP. Under the SIP, all Employees are eligible to receive awards such RSUs and SARs, in the Debtors' discretion. An Employee's eligibility to receive awards under the SIP is based on his or her role, responsibility, performance, and service, among other factors. I understand that the Debtors project that approximately 660,000 RSUs[22] will vest in 2020 and 2021, all of which will be settled in Shares. The Debtors do not seek authority to settle such RSUs in cash at this time. In addition, the Debtors project that approximately 907,000 SARs are currently exercisable and that 100,000 additional SARs will vest in 2020 and 2021 which, based on the Debtors' liquidity, will be settled in Shares. As of the Petition Date, I understand that the fair market value of each Share is significantly below the exercise price of the relevant SARs and, therefore, the Debtors attribute no value to the SARs.

104. While it is my understanding that the Debtors do not intend to make any further grants under the SIP during the Chapter 11 Cases, pursuant to the Employee Wages Motion, the Debtors request authority to honor the SIP awards previously granted and continue the vesting of awards under the SIP in the ordinary course of business and consistent with historical practice, both for insider and non-insider Employees. For the avoidance of doubt, the Debtors do not request by the Employee Wages Motion authority to make any cash payments under the SIP without further order of the Court.

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[22] This number does not include RSUs that have already vested in 2020.

c. Employee Reimbursement Programs

105. In the ordinary course of business, the Debtors reimburse eligible members of their Workforce by making various payments in connection with: (i) the Debtors' Vehicle Program and Employee Vehicle Fleet Program, (ii) reimbursement of Relocation Expenses, (iii) Per-Diem, (iv) Miscellaneous Reimbursements and (v) the fees and expenses of the Debtors' Independent Directors.

106. As further provided in the Employee Wages Motion, certain of the amounts due on account of the Employee Reimbursement Obligations remain unsatisfied as of the Petition Date because certain obligations of the Debtors under the applicable programs or policies accrued either in whole or in part prior to the commencement of the Chapter 11 Cases, but will not be required to be paid or provided in the ordinary course of the Debtors' business until a later date. The Debtors request authority to satisfy, as they come due, all prepetition Employee Reimbursement Obligations that have accrued. The Debtors estimate that the aggregate accrued but unsatisfied amount of such prepetition Employee Reimbursement Obligations is approximately $35,900.

d. Employee Benefits Programs

107. In the ordinary course of business, I understand the Debtors offer full-time Employees, their eligible spouses and dependents, and certain former Employees various standard employee benefits, including, without limitation: (i) medical, prescription drug, dental, and vision coverage, (ii) the opportunity to participate in the HSAs and FSAs, (iii) the opportunity to participate in the Income Protection Plans, (iv) the opportunity to participate in the 401(k) Program, (v) the Severance Program, (vi) workers' compensation, and (vii) Benefits Management and Consultation.

108. As further provided in the Employee Wages Motion, certain of the Employee Benefits Obligations remain unsatisfied as of the Petition Date because certain obligations of the Debtors under the applicable plans, programs or policies accrued either in whole or in part prior to the commencement of the Chapter 11 Cases, but will not be required to be paid or provided in the ordinary course of the Debtors' business until a later date. The Debtors request authority to satisfy, as they come due, all prepetition Employee Benefits Obligations that have already accrued. The Debtors estimate that the aggregate accrued but unsatisfied amount of such prepetition Employee Benefits Obligations is approximately $5,000.

e. Honoring Prepetition Workforce Obligations

109. The Debtors request authority to pay or provide, as they become due, all prepetition Workforce Obligations that are described in the Employee Wages Motion. The Debtors estimate that the aggregate amount of the prepetition Workforce Obligations described above is approximately $212,400.

110. Due to the disruption and uncertainty that typically accompanies a chapter 11 filing, I believe that the continuity and competence of the Workforce would be jeopardized if the relief requested in the Employee Wages Motion is not granted. Specifically, I believe that payment of prepetition Employee Compensation Obligations, Employee Reimbursement Obligations and Employee Benefits Obligations, in the ordinary course of business, is vital to preventing losses in the Debtors' workforce during the pendency of the Chapter 11 Cases and to maintaining the continuity and stability of the Debtors' operations.

f. Postpetition Continuation of Workforce Programs

111. The Debtors also request confirmation of their right to continue to honor and perform their obligations with respect to all of the Workforce Programs. I believe that the

Workforce Programs are essential to the Debtors' efforts to maintain morale, reward performance through certain initiatives, minimize attrition, and preserve the continuity and stability of the Debtors' operations. I believe that the expenses associated with the Workforce Programs are reasonable and cost-efficient in light of the potential attrition, loss of morale and productivity, and disruption of business operations that would occur if the Workforce Programs were discontinued. Notwithstanding the foregoing, the Debtors reserve the right to evaluate all Workforce Programs and to make such modifications, including terminating any particular plan, program or policy, as may be necessary or appropriate during these Chapter 11 Cases.

g. Payments to Administrators

112. The Debtors contract with the Administrators to administer and deliver payments or other benefits to their Employees. The Debtors pay certain of these Administrators fees and expenses incurred in connection with the administration of the Workforce Programs. As of the Petition Date, the Debtors estimate that there are no amounts outstanding to the Administrators, but, out of an abundance of caution, request the authority to pay the Administrators in the ordinary course. I believe that the Administrators may fail to adequately and timely perform or may terminate their services to the Debtors unless the Debtors pay the Administrators in the ordinary course. I also believe that a need to engage replacement Administrators postpetition likely would cause significant disruption to the payment of benefits and other obligations to the Workforce. Accordingly, I believe that the payment of any claims owed to the Administrators in the ordinary course is in the best interest of the Debtors' estates.

h. Honoring of Prepetition Checks

113. Prior to the Petition Date, the Debtors paid certain of their prepetition Workforce Obligations with checks that had not been presented for payment as of the Petition Date. In order

to ensure the orderly payment of the prepetition Workforce Obligations, the Debtors request that the Court enter the proposed order authorizing the Debtors' banks to honor any such checks that are drawn on the Debtors' accounts, and authorizing the banks to rely on the representations of the Debtors as to which checks are subject to the Employee Wages Motion. To the extent that any such checks are nevertheless refused payment, the Debtors additionally request authority to replace any checks or electronic fund transfers that may be dishonored and to reimburse any related expenses that may be incurred as a result of any bank's failure to honor a prepetition check or electronic fund transfer.

(iv) Hedging Motion[23]

114. By the Hedging Motion, the Debtors request entry of an order authorizing (a) the Debtors to (i) enter into and perform under new hedge agreements and amended and restated hedge agreements (as applicable), substantially in the form attached to the Hedging Order as Exhibit 1 (the "**Postpetition Hedge Agreements**") with the Postpetition Hedging Lenders; (ii) enter into new Hedging Obligations under the Postpetition Hedge Agreements during the pendency of the Chapter 11 Cases with the Postpetition Hedging Lenders; (iii) perform under and honor, pay, or otherwise satisfy, and guarantee on a joint and several basis, all obligations and indebtedness of the Debtors with respect to the Hedging Obligations as they come due; (iv) grant Adequate Protection Liens (as defined in the Cash Collateral Orders) to the Prepetition RBL Agent, for the benefit of the Postpetition Hedging Lenders, to secure all Hedging

[23] "**Hedging Motion**" means the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Enter into and Perform Under Postpetition Hedge Agreements, (II) Granting Adequate Protection Liens and Adequate Protection Claims, (III) Modifying the Automatic Stay, and (IV) Granting Related Relief.* Capitalized terms used, but not otherwise defined, in this section shall have the respective meanings ascribed to them in the Hedging Motion.

Obligations; and (v) grant allowed Adequate Protection Claims (as defined in the Cash Collateral Orders), against each of the Debtors, jointly and severally, to the Postpetition Hedging Lenders on account of the Hedging Obligations; (b) the Prepetition RBL Agent to exercise all rights and remedies with respect to the Collateral (as defined in the Cash Collateral Orders) for the benefit of the Postpetition Hedging Lenders in accordance with the Cash Collateral Orders following the occurrence and during the continuation of an Event of Default (for which one of the Debtors is the Defaulting Party) or a Termination Event (for which any of the Debtors is an Affected Party) under, and as defined in, any of the Postpetition Hedge Agreements; and (c) the Postpetition Hedging Lenders to exercise any rights, powers and remedies under the Postpetition Hedge Agreements.

115. As I believe is customary in the Debtors' industry, to provide partial protection against declines in crude oil and natural gas prices and changes in LIBOR rates, the Debtors have routinely entered into financial derivative contracts primarily to hedge the Debtors' exposure to commodity prices (such contracts, "**Commodity Hedges**") and interest rate risks (such contracts, "**Interest Rate Hedges**") and, together with Commodity Hedges, the "**Hedges**") with certain holders of the outstanding principal amount of revolving loans issued under the Prepetition RBL Credit Agreement or their affiliates. The Debtors use the Hedges to protect the economic value of their operations by preventing substantial declines in cash flows.

116. Typically, when Commodity Hedges are available at terms (or prices) acceptable to the Debtors, the Debtors generally hedge a substantial, but varying, portion of anticipated oil, natural gas, and natural gas liquids for future periods. I understand that the Debtors' decision on the quantity and price at which they choose to hedge their production is based upon their view of

existing and forecasted production volumes, budgeted drilling projections, expected interest rates based on LIBOR, and current and future market conditions. When commodity prices are depressed and forward commodity price curves are in backwardation (*i.e.*, the futures market reflects higher prices in the near term and lower prices in the long term), the Debtors may determine that the benefit of hedging their anticipated production at these levels is outweighed by the costs associated with the Debtors' likely inability to obtain higher revenues for their production if commodity prices recover during the duration of the contracts. As a result, the appropriate percentage of production volumes to be hedged change, and will continue to change, over time.

117. I understand that Hedges typically take the form of oil and natural gas futures, price collars, swap agreements, and purchased and sold put options. Prior to entering into a Hedge with a new counterparty, the Debtors enter into a Master Agreement published by the International Swaps and Derivatives Association, Inc. (including the negotiated Schedule thereto, the "**ISDA**") with such counterparty. It is my understanding that the ISDA is a standard contract that governs all derivative contracts entered into between the Debtors and the respective counterparty. The ISDA allows for offsetting of amounts payable or receivable between the Debtors and the counterparty, at the election of both parties, for transactions that occur on the same date and in the same currency. As of the Petition Date, I believe the Debtors have existing ISDAs in place with six counterparties.

118. I understand that Hedges are common in the Debtors' industry and are routinely used in the ordinary course of business to mitigate exposure to fluctuating commodity prices and interest rates. As is typical, the Debtors, in consultation with their board of directors, follow

practices that are customary throughout the industry (the "**Hedge Risk Management Policy**") to ensure that such agreements are closely monitored and are in the best interests of all the Debtors' stakeholders. Under the Hedge Risk Management Policy, the board of directors determines whether the Debtors will enter into Hedges with counterparties, which must be creditworthy financial institutions deemed by management as competent and competitive market makers.

119. In order to create additional liquidity prior to the commencement of the Chapter 11 Cases, the Debtors monetized all of their existing Hedges, which resulted in approximately $30.5 million in net proceeds, which I understand will be used to partially fund the Chapter 11 Cases and to partially pay down the Debtors' exit facilities upon consummation of the Plan.

120. As part of the broader set of compromises set forth in the Restructuring Support Agreement, the Debtors agreed that, at the "first day" hearing, they would seek entry of a hedging order, substantially in the form of the Hedging Order attached to the Hedging Motion. I believe that preserving the value of the Debtors' operations and businesses requires entering into Postpetition Hedge Agreements with Postpetition Hedging Lenders. To provide the necessary comfort to such lenders that the Debtors will be able to honor the Hedging Obligations, the Debtors need to provide superpriority treatment to the Postpetition Hedging Lenders by granting (a) Adequate Protection Liens to the Prepetition RBL Agent, for the benefit of the Postpetition Hedging Lenders, which Adequate Protection Liens shall rank *pari passu* with the Adequate Protection Liens granted to the Prepetition RBL Agent, for the benefit of the Prepetition Secured Parties, pursuant to the Cash Collateral Orders, and (b) allowed Adequate Protection Claims against each of the Debtors, jointly and severally, to the Postpetition Hedging Lenders.

121. I believe that granting such superpriority treatment is not unduly burdensome on the Debtors and that these grants are necessary to provide assurance to the Postpetition Hedging Lenders that the Debtors will satisfy the Hedging Obligations and thereby secure entry into the Postpetition Hedge Agreements, which is essential both to the stability of the Debtors' businesses and the success of the Debtors' restructuring. I believe that authorizing the Debtors to provide such superpriority treatment in respect of the Postpetition Hedge Agreements and Hedging Obligations will preserve the value of the Debtors' estates and is, therefore, appropriate and in the best interests of the Debtors, their estates, and all parties in interest in these Chapter 11 Cases and should be permitted.

122. I believe that immediate and irreparable harm would result if the relief requested in the Hedging Motion is not granted. It is critical that the Debtors be able to enter into Postpetition Hedge Agreements to protect against declines in crude oil and natural gas prices. The Debtors operate in a highly competitive industry with narrow projected project profit margins, and unhedged exposure to commodity prices could squeeze margins even tighter. Thus, the ability to enter into Postpetition Hedge Agreements with Postpetition Hedging Lenders will provide a material benefit to the Debtors' business.

(v) Insurance Motion[24]

123. By the Insurance Motion, the Debtors request entry of an order authorizing them to: (i) continue to administer insurance coverage currently in effect, and pay all amounts on

[24] "**Insurance Motion**" means the *Debtors' Emergency Motion for Entry of an Order Authorizing Debtors to (A) Pay Their Prepetition Insurance Obligations and (B) Maintain Their Postpetition Insurance Coverage*, filed concurrently herewith. Capitalized terms used, but not otherwise defined, in this section shall have the respective meanings ascribed to them in the Insurance Motion.

account of prepetition premiums, taxes, charges, fees, and other obligations owed under or with respect their Insurance Policies; (ii) in the ordinary course of business pay all postpetition obligations relating to the insurance coverage and related programs as such payments become due; and (iii) revise, extend, supplement, change, terminate and/or replace the Debtors' insurance coverage, as needed in the ordinary course of business.

124. In the ordinary course of business, the Debtors maintain certain insurance policies that are administered by multiple third-party Insurance Carriers, which provide coverage for, among other things, general liability, pollution liability, business automobile liability, workers' compensation and employer's liability, umbrella liability, excess liability, well liability, energy liability, property liability, computer equipment liability, commercial crime, fiduciary liability, employment practices liability, directors' and officers' liability, and ERISA liability. I believe that the Insurance Policies provide coverage that is typical in scope and amount for businesses within the Debtors' industry. I believe that the Insurance Policies are essential to the preservation of the Debtors' businesses, property, and assets, and, in some cases, such coverage is required by various federal and state laws and regulations, as well as the terms of the Debtors' various commercial contracts.

125. I understand that the total amount paid in annual premiums and payments associated with all of the Insurance Policies is approximately $1.1 million. In addition to the annual premiums, I understand that the Debtors paid $2.8 million in premiums for Runoff Policies in advance of the Petition Date. With the exception of the Debtors' commercial crime liability insurance policy, the Debtors' Insurance Policies are annual policies, each of which expire on

August 9, 2021. The Debtors' commercial crime liability insurance policy is an indefinite policy that only expires if terminated or cancelled by the Debtors or the applicable Insurance Carrier.

126. It is my understanding that certain premiums under the Insurance Policies are due and were paid in full by the Debtors at the beginning of the relevant policy period or extension period, as applicable. Other premiums are paid through installments on a monthly basis. I understand that the Debtors believe they are current with respect to premiums owed under the Insurance Policies. The average monthly installment payments are approximately $22,000.

127. Alliant serves as the Debtors' insurance broker and manages the Debtors' relationships with the Insurance Carriers. Among other things, the Insurance Broker assists the Debtors in selecting the appropriate carriers (subject to the Debtors' approval) and represents the Debtors in negotiations with the Insurance Carriers. I understand that the Insurance Broker has assisted the Debtors in obtaining the insurance coverage necessary to operate their businesses in a reasonable and prudent manner, and has obtained savings for the Debtors in the procurement of such policies. The Insurance Broker's Fees are included in the premium payments the Debtors make under the Insurance Policies. For the 2019-2020 policy year, the Debtors paid approximately $115,000 in the aggregate to the Insurance Broker in connection with the Insurance Policies. Insurance Broker's Fees are approximately $331,000 for the 2020-2021 policy year.

128. I believe that maintenance of insurance coverage under the various Insurance Policies on an uninterrupted basis is essential to the continued operation of the Debtors' businesses and is required under the United States Trustee's Operating Guidelines. Thus, I believe that the Debtors should be authorized to continue to pay premiums, taxes, charges, fees,

and other obligations owed under or with respect to the Insurance Policies as such obligations come due in the ordinary course of the Debtors' businesses.

129. I believe that the Debtors' maintenance of their relationships with the Insurance Carriers and the Insurance Broker is critical to ensuring the continued availability of insurance coverage and reasonable pricing of such coverage for future policy periods. Accordingly, although the Debtors believe no Prepetition Insurance Obligations are outstanding, I believe the Debtors should be authorized to pay any Prepetition Insurance Obligations to the Insurance Carriers or the Insurance Broker, as applicable, to the extent that the Debtors determine, in their sole discretion, that such payment is necessary to avoid cancellation, default, alteration, assignment, attachment, lapse, or any form of impairment to the coverage, benefits, or proceeds provided under the Insurance Policies, and to maintain good relationships with the various Insurance Carriers and the Insurance Broker.

(vi) Tax Motion[25]

130. By the Tax Motion, the Debtors request authority to pay prepetition Taxes and Fees. Prior to the Petition Date, the Debtors incurred obligations related to the Taxes and Fees, which include:

- **Income Taxes**. In the ordinary course of operating their businesses, the Debtors incur income taxes. I believe that the Debtors are current with respect to payment of income taxes, but out of an abundance of caution seek authority to pay any prepetition income taxes that may have accrued.
- **Franchise Taxes**. The Debtors are required to pay various taxes in order to conduct business in the ordinary course.

[25] "**Tax Motion**" means the *Debtors' Emergency Motion for Entry of an Order Authorizing Payment of Prepetition Taxes and Fees*, filed concurrently herewith. Capitalized terms used, but not otherwise defined, in this section shall have the respective meanings ascribed to them in the Tax Motion.

- **Corporate Taxes**. The Debtors are required to pay taxes to be registered in Delaware as a Corporation.
- **Severance Taxes**. The Debtors are required to pay certain taxes related to oil and gas production or natural resource extraction.
- **Ad Valorem Taxes**. The Debtors are required to pay certain taxes related to the net book value of the Debtors' property, plant and equipment payable to the counties where the Debtors have operations.
- **Regulatory Fees**. The Debtors are required to pay certain fees to the Texas Railroad Commission for licenses to operate in the State of Texas.
- **Permits / Licenses**. The Debtors may be required to pay fees for permits related to certain operations, such as flaring.

131. I understand that, as of the Petition Date, the Debtors are substantially current in the payment of assessed and undisputed Taxes and Fees, however, certain Taxes and Fees attributable to the prepetition period may not yet have become due and owing. The Debtors' estimate of Taxes and Fees accrued prior to the Petition Date is as follows:

Category	Estimated Amount
Income Taxes	$0
Franchise Taxes	$33,000
Corporate Taxes	$66,000
Severance Taxes	$316,000
Ad Valorem Taxes	$3,833,000
Regulatory Fees	$0
Permits / Licenses	$0
Total:	$4,248,000

132. It is my understanding that the manner in which the Debtors pay Taxes and Fees varies. With respect to income, franchise, and corporate taxes, Debtor Lonestar Resources, Inc. pays the applicable Taxing Authority directly on behalf of all other Debtors and there are no intercompany receivables or payables recorded in the Debtors' books and records. With respect to ad valorem taxes, Debtor Lonestar Operating, LLC pays the applicable Taxing Authority on

behalf of itself and the Eagleford Debtors. Such payments are recorded in Debtor Lonestar Operating, LLC's books as intercompany receivables and are recorded in the Eagleford Debtors' books as intercompany payables.[26] With respect to severance taxes, it is my understanding that for crude oil, the severance taxes are netted out from the amount owed by the purchaser of the oil, who pays the applicable Taxing Authority directly. Following the Petition Date, the Debtors seek the authority to continue such practices in the ordinary course of business and consistent with past practice, including the authority to continue making intercompany reimbursements to other Debtor entities for payments made on account of Taxes and Fees.

133. By paying the Taxes and Fees in the ordinary course of business, as and when due, I believe that the Debtors will avoid unnecessary disputes with the Taxing Authorities—and expenditures of time and money resulting from such disputes—over myriad issues that are typically raised by the Taxing Authorities as they attempt to enforce their rights to collect Taxes and Fees. Moreover, certain of the Taxes and Fees may be considered to be obligations as to which the Debtors' officers and directors may be held directly or personally liable in the event of nonpayment. I believe that these collection efforts by the Taxing Authorities would create obvious distractions for the Debtors and their officers and directors in their efforts to bring the Chapter 11 Cases to a successful conclusion.

134. For these reasons, I believe the relief sought in the Tax Motion is necessary and appropriate and should be granted by the Court.

[26] Lonestar Operating, LLC, as the operator of certain wells covered by joint operating agreements, is also reimbursed for a portion of the ad valorem taxes by certain non-working interest owners through the joint interest billing process.

(vii) Utilities Motion[27]

135. By the Utilities Motion, the Debtors request entry of an order approving procedures that would provide adequate assurance of payment to the Utility Companies under section 366 of the Bankruptcy Code, while allowing the Debtors to avoid the threat of imminent termination of the Utility Services.

136. As of the Petition Date, approximately 20 Utility Companies provide Utility Services to the Debtors at various locations. The Utility Companies service the Debtors' corporate office and their operations and facilities related to the Debtors' exploration, development, and production of oil, natural gas liquids, and natural gas. The Debtors require the Utility Services to operate their headquarters and to operate their oil and gas properties. I understand that, in general, the Debtors have established satisfactory payment histories with the Utility Companies and payments have been made on a regular and timely basis. To the best of my knowledge, there are no material defaults or arrearages with respect to invoices for prepetition Utilities Services as of the Petition Date. Based on the timing of the filings in relation to the Utility Companies' billing cycles, however, there may be outstanding invoices reflecting prepetition utility costs that have been incurred by the Debtors but for which payment is not yet due, as well as prepetition utility costs for services provided since the end of the last billing cycle that have not yet been invoiced.

[27] "**Utilities Motion**" means the *Debtors' Emergency Motion for Entry of Order (I) Prohibiting Utility Companies from Altering or Disconnecting Service on Account of Prepetition Invoices, (II) Approving Deposit as Adequate Assurance of Payment, and (III) Establishing Procedures for Resolving Requests by Utility Companies for Additional Assurance of Payment*, filed concurrently herewith. Capitalized terms used, but not otherwise defined, in this section shall have the respective meanings ascribed to them in the Utilities Motion.

137. I understand that the Debtors intend to pay any postpetition obligations owed to the Utility Companies in a timely manner, subject in all respects to the Cash Collateral Orders. Nevertheless, to provide adequate assurance of payment for future services to the Utility Companies, the Debtors will deposit $152,100, which is an amount equal to approximately fifty percent of the estimated monthly cost of the Utility Services, into a segregated, non-interest-bearing account, within twenty days of the Petition Date (the "**Adequate Assurance Deposit**"). The Adequate Assurance Deposit will be maintained during the Chapter 11 Cases, which may be adjusted and/or reduced by the Debtors to account for any of the following: (i) to the extent that the Adequate Assurance Deposit includes any amount on account of a company that the Debtors subsequently determine is not a "utility" within the meaning of section 366 of the Bankruptcy Code, (ii) an adjustment or payment made in accordance with the Delinquency Notice Procedures described in the Utilities Motion, (iii) the termination of a Utility Service by a Debtor regardless of any Additional Adequate Assurance Request, (iv) the closure of a utility account with a Utility Company for which funds have been contributed for the Adequate Assurance Deposit, or (v) any other arrangements with respect to adequate assurance of payment reached by a Debtor with individual Utility Companies; *provided*, that, (a) with respect to a company that the Debtors subsequently determine is not a "utility" within the meaning of section 366 of the Bankruptcy Code, the Debtors may adjust and/or amend the balance of the Adequate Assurance Deposit upon fourteen days' advance notice to such company; and (b) with respect to the Debtors' termination of a Utility Service or closure of a utility account with a Utility Company, the Debtors may adjust and/or amend the balance of the Adequate Assurance Deposit upon reconciliation and payment by the Debtors of such Utility Company's final invoice in accordance with applicable

nonbankruptcy law, to the extent that there are no outstanding disputes related to postpetition payments due.

138. I also understand that the Utilities Motion outlines and seeks this Court's approval of certain Additional Adequate Assurance Procedures in the event that any Utility Company requests additional adequate assurance of payment. I believe that the Additional Adequate Assurance Procedures are necessary and appropriate to implement an orderly process to determine any challenges to the adequacy of the Debtors' adequate assurance of payment to the Utility Companies.

139. Accordingly, I respectfully submit that the Utilities Motion should be granted by the Court.

(viii) Royalties Motion[28]

140. By the Royalties Motion, the Debtors seek entry of an order authorizing, but not directing, the Debtors to pay certain (i) Royalty Payments, (ii) Working Interest Disbursements and (iii) Lease Obligations.

141. It is my understanding that, as of the Petition, the Debtors owe approximately (i) $15.4 million on account of the Royalty Payments, $3.3 million of which may become due and payable within the first 21 days after the Petition Date and (ii) $3.6 million on account of the Working Interest Disbursements, $1.0 million of which may become due and payable within the

[28] "**Royalties Motion**" means the *Debtors' Emergency Motion for Entry of an Order Authorizing Payment of (I) Royalty Payments, (II) Working Interest Disbursements and (III) Lease Obligations*, filed concurrently herewith. Capitalized terms used, but not otherwise defined, in this section shall have the respective meanings ascribed to them in the Royalties Motion.

first 21 days after the Petition Date. As of the Petition Date, the Debtors estimate no amounts are owed on account of prepetition Lease Obligations.

142. The Debtors are the operators of approximately 256 wells, and as more particularly described below, the Debtors manage the production and sale of oil, natural gas and NGLs on their own behalf and on behalf of certain Royalty Interest Owners, Working Interest Owners and other parties pursuant to Joint Operating Agreements. Where the Debtors operate wells pursuant to a Joint Operating Agreement, the Debtors are obligated to make certain payments from the proceeds of the sale of oil, natural gas and NGLs they receive to the Royalty Interest Owners, Working Interest Owners and certain other parties.

143. It is my understanding that under applicable state law and the Bankruptcy Code, amounts received by the Debtors and held on account of payments with respect to Royalty Payments and Working Interest Disbursements may not be considered property of the Debtors' estates. Therefore, I believe that the Debtors may hold such amounts in trust for the benefit of Royalty Interest Owners and Non-Operating Working Interest Owners. For the same reasons, I have been informed that it is unclear whether the automatic stay would prevent Royalty Interest Owners and Working Interest Owners from bringing actions against the Debtors or the Debtors' assets to recover or protect amounts owed or held on account of such owners' interests. As such, I believe that the relief sought in the Royalties Motion will not prejudice the rights of any creditor, and will allow the Debtors to continue their operations in the ordinary course without interruption.

a. Royalty Payments

144. The Debtors are parties to approximately 2,400 Oil and Gas Leases located in Texas, each of which is subject to one or more Royalty Interests. The Debtors primarily make Royalty Payments on account of Oil and Gas Leases in which the Debtors serve as the Operator.

145. Although the average monthly amount of Royalty Payments paid by the Debtors varies based on actual production and pricing, over the last twelve (12) months, I understand that the Debtors made approximately $9.3 million in Royalty Payments each month. The Debtors are required to make Royalty Payments on the twenty-fifth day of the month following the month during which the Debtors receive payment for the sales of their oil, natural gas and NGLs. As such, the Debtors estimate that, as of the Petition Date, there are approximately $15.4 million in unpaid prepetition Royalty Payments, including certain Suspended Royalty Funds.

146. A mineral interest generally consists of an interest in the oil and gas in place under a parcel of property and the exclusive right to explore, drill, produce and otherwise capture such oil, natural gas and NGLs from the land. Through an Oil and Gas Lease, Mineral Interest Owners lease or otherwise convey the exclusive right to capture oil, natural gas and NGLs (a "**Working Interest**") to a third party (a "**Working Interest Owner**") in exchange for either a share of production or payments in lieu of a share of production.

147. It is my understanding that the nature of the interest retained by the Mineral Interest Owners creating a Royalty Payment obligation can take many forms, including landowner's royalty interests, overriding royalty interests, net profits interests, non-participating royalty interests and production payments (collectively, the "**Royalty Interests**"). Each of the Royalty Interests represents a share of the oil, natural gas and NGLs produced from the property, or the revenue derived from the sale of such production. Through the Oil and Gas Lease, the Mineral Interest Owner receives an upfront payment per acre ("**Lease Bonus**"), and also reserves either a share of production or payments in lieu of a share of production ("**Royalty Payments**"). In addition to the Royalty Payments and Lease Bonuses, it is my understanding that Oil and Gas

Leases often provide for the payment of shut-in payments, lease extension payments, minimum royalty payments and similar payments ("**Non-Royalty Lease Payments**") described in further detail below. In each case, I understand that owners of Royalty Interests ("**Royalty Interest Owners**") are not obligated to pay any of the costs associated with exploration or production of oil, natural gas and NGLs.

148. I understand that Royalty Payments are commonly governed by state statutes that set strict payment deadlines and contain enforcement mechanisms including interest, fines, recovery of costs and attorneys' fees and treble damages. I believe that failure to make such payments may also result in actions seeking the forfeiture, cancellation or termination of the Oil and Gas Leases under the terms of the Oil and Gas Lease.

149. I believe that in order to prevent disruption to the Debtors' operations, the Court should grant the Debtors authority to remit the prepetition Royalty Payments and allow the Debtors to continue making such Royalty Payments in the ordinary course of business on a postpetition basis.

b. Working Interest Disbursements

150. The Debtors, as operator of the wells under certain of the Oil and Gas Leases, market and sell the oil, natural gas and NGLs produced for the benefit of all of the Working Interest Owners in the Oil and Gas Lease. Under the Joint Operating Agreements, the Debtors are responsible for disbursing a portion of the proceeds of the sale of the oil, natural gas and NGLs to the other Non-Operating Working Interest Owners. It is my understanding that in the twelve (12) months preceding the Petition Date, the Debtors remitted approximately $2.0 million per month in Working Interest Disbursements. Working Interest Disbursements are not uniform or entirely predictable on a month-to-month basis. As of the Petition Date, I understand that the

Debtors estimate that they have generated and currently hold prepetition Working Interest Disbursements owed to Working Interest Owners in the approximate amount of $3.6 million, including certain Suspended Working Interest Funds. The Working Interest Disbursements and the process for payment thereof are described below.

151. I understand that in Texas, the only state in which the Debtors operate oil and natural gas wells, the Texas Railroad Commission governs oil and natural gas exploration and production (the "**TRC**"). The TRC establishes rules governing the number of acres that can be embraced by an oil or natural gas well (a "**Unit**").

152. To govern the relationship between them, the Working Interest Owners in a Unit often enter into joint operating agreements, pooling agreements, unitization agreements or similar agreements. Similarly, the TRC may establish terms under which Working Interest Owners jointly develop the Unit through forced pooling orders, which function similarly to joint operating agreements (collectively, such joint operating agreements, pooling agreements, unitization agreements or similar agreements and pooling orders are referred to as "**Joint Operating Agreements**"). Joint Operating Agreements memorialize the terms under which the revenues and costs from the Oil and Gas Leases covered by the Joint Operating Agreement will be split.

153. Typically, a Joint Operating Agreement will designate one Working Interest Owner as the Operator for the Oil and Gas Leases covered by the Joint Operating Agreement. The Operator conducts the day-to-day business of producing oil and gas at the site. The Operator also covers the expenses incurred in the drilling and ongoing operation and maintenance of the wells (the "**Operating Expenses**") on behalf of itself and the Non-Operating Working Interest Owners.

154. The Operator is often responsible for marketing and selling all of the oil, natural gas and NGLs produced from a well governed by a Joint Operating Agreement. After selling the oil, natural gas, and NGLs, the Operator typically distributes the proceeds (the "**Working Interest Disbursements**") from the oil, natural gas and NGLs to the corresponding Non-Operating Working Interest Owners in accordance with each party's interest therein.

155. I understand that, pursuant to Texas law, the Working Interest Disbursements held by the Debtors prior to remittance to the appropriate Working Interest Owners may not constitute property of the Debtors' estates. I believe that failure to make Working Interest Disbursements could expose the Debtors to statutory enforcement mechanisms similar to those available to Royalty Interest Owners, as discussed above. Additionally, I understand that Non-Operating Working Interest Owners often have contractual remedies under the applicable Joint Operating Agreement, including the grant of a security interest in production, the right to remove the Debtor as Operator, and the right to interest payments on the amount owed.

156. I believe that in order to prevent disruption to the Debtors' operations, the Court should grant the Debtors authorization to remit undisputed, prepetition Working Interest Disbursements in the Debtors' ordinary course of business and to continue making such Working Interest Disbursements in the ordinary course of business on a postpetition basis.

c. Lease Obligations

157. I believe the Debtors may also be required to make payments to Mineral Interest Owners in addition to Royalty Payments and Lease Bonuses, including but not limited to Non-Royalty Lease Payments such as lease extension payments, shut-in royalty payments, and minimum royalty payments. In addition, I understand that in circumstances in which the Debtors receive 100% of the revenues from selling the oil, natural gas, and NGLs and remit and distribute

a portion of the revenues to Royalty Interest Owners and Working Interest Owners, the Debtors are required to pay certain taxes and make certain payments on behalf of themselves and such Royalty Interest Owners and Working Interest Owners, including Severance Taxes. In certain circumstances, an Operator may be entitled to a refund of a portion of the Severance Taxes (a "**Severance Tax Refund**"). For example, an Operator may be entitled to a Severance Tax Refund upon review and approval of the applicable taxing authority for certain qualifying producing wells including but not limited to horizontally drilled wells, enhanced oil recovery projects, high-cost gas wells, and economically at-risk wells. If an Operator receives a Severance Tax Refund, it is my understanding that the Operator must remit the *pro rata* share of the refund to each respective Royalty Interest Owner or Non-Operating Working Interest Owner in the well or Unit.

158. It is my understanding that the Debtors do not typically incur material Lease Obligations in the ordinary course of business. Nevertheless, I believe that the failure to make such Lease Obligation payments, to the extent any come due and owing, could have a negative impact on the Debtors' Oil and Gas Leases.

159. Where the Debtors serve as Operator, the Debtors may be obligated to pay the Lease Obligations on behalf of themselves and Non-Operating Working Interest Owners pursuant to the terms of the applicable Oil and Gas Leases and Joint Operating Agreements. As of the Petition Date, it is my understanding that the Debtors estimate no amounts are owed on account of prepetition Lease Obligations. Nevertheless, I believe that in order to prevent disruption to the Debtors' operations, the Court should grant the Debtors authority to make payments on account

of any Lease Obligations in the ordinary course of business on a postpetition basis to the extent any such payments become due.

(ix) All Trade Motion[29]

160. By the All Trade Motion, the Debtors seek entry of an order authorizing the Debtors to pay, in the ordinary course of business, the Prepetition Trade Claims of certain trade creditors, service providers, and other parties described in the All Trade Motion (the "**Prepetition Trade Creditors**"), in each case subject to the Cash Collateral Orders.

161. The Prepetition Trade Claims are comprised of (a) Drilling Service Suppliers, (b) Transportation Providers, and (c) Other Prepetition Trade Creditors.

a. Drilling Service Providers

162. In the ordinary course of business, the Debtors purchase oil and natural gas drilling supplies and procure services from various Drilling Service Suppliers necessary to support the Debtors' oil and natural gas exploration, drilling, and completion activities. These include equipment necessary to produce oil and natural gas, maintenance services for such equipment and wells, operating expenses (including joint interest billings payable under any joint operating agreements or otherwise for the Debtors' non-operated interests in oil and natural gas properties), frac sand and other drilling materials and chemicals, salt water disposal, and other related goods and services. Without these goods and services, I believe the Debtors would be unable to operate their oil and natural gas wells and produce oil and natural gas from their leases, the Debtors' core

[29] "**All Trade Motion**" means the *Debtors' Emergency Motion for Entry of an Order Authorizing the Payment of Prepetition Trade Claims of Certain Creditors in the Ordinary Course of Business* Capitalized terms used, but not otherwise defined, in this section shall have the respective meanings ascribed to them in the All Trade Motion.

business. Thus, the goods and services provided by the Drilling Service Suppliers are essential to the success of the Debtors' business.

163. I believe that if the Debtors do not pay the Prepetition Trade Claims owed to the Drilling Service Suppliers on a timely basis, certain of the Drilling Service Suppliers may refuse to continue to provide goods and services to the Debtors, which would disrupt the Debtors' operations and cause damages disproportionate to the amount of the claims. It is my understanding that replacement vendors, even where available, would likely result in higher costs or delays for the Debtors, which would cause harm to the Debtors' business and the residual value of the Debtors' estates. Moreover, as providers of services and goods to an oil and natural gas company, I understand that certain of the Drilling Service Suppliers may be able to assert statutory or contractual lien rights, including any lien rights that may exist under joint operating agreements in favor of the operators, that secure the payment of their Prepetition Trade Claims. I believe that the Debtors' payment of the claims may avoid litigation related to the claims, assertion of the statutory liens, and any motions to lift the automatic stay. Therefore, I believe that justification exists to the pay the Prepetition Trade Claims of the Drilling Service Suppliers. The Debtors estimate that aggregate amount of such claims as of the Petition Date is approximately $7.4 million.

b. Transportation Providers

164. In the ordinary course of business, the Debtors rely on various transportation providers (collectively, the "**Transportation Providers**") to provide various transportation services, including gathering and transporting produced oil and natural gas,[30] hauling various

[30] In most instances, the purchase price of oil includes transportation costs. For gas sales, transportation costs are often dictated by marketing agreements and are netted from the purchase price.

pieces of essential equipment, rig mobilization, disposal services, and crane and rigging services. Absent such services, I believe the Debtors would lose the ability to get their oil and natural gas products to market and would be unable to conduct further drilling activities.

165. If the Debtors do not pay the Prepetition Trade Claims owed to the Transportation Providers on a timely basis, I believe certain of the Transportation Providers may stop providing services to the Debtors, which would disrupt the Debtors' operations and cause material harm to their business. Further, I understand that certain Transportation Providers may be entitled to assert contractual or statutory liens as security for payment of their Prepetition Trade Claims. As a result, the Debtors' oil and natural gas and equipment may be held by such Transportation Providers until payment is made, or there could be litigation related to the claims or related to motions to lift the automatic stay. I believe that finding replacement vendors, even where available, would likely result in higher costs or delays for the Debtors, which would cause harm to the Debtors' business and the residual value of the Debtors' estates. I understand that the aggregate amount of accrued Prepetition Trade Claims of Transportation Providers as of the Petition Date is approximately $300,000.

c. Other Prepetition Trade Claims

166. As set forth above, the Debtors incur numerous obligations to vendors and other parties that provide supplies and services utilized by the Debtors in the operation of their business, including Prepetition Trade Claims of all other general unsecured prepetition creditors not covered by the above categories (but excluding other prepetition claims covered by relief sought in other "first day" motions) (the "**Other Prepetition Trade Creditors**"). The Other Prepetition Trade Creditors provide goods and services related to information technology (including

hardware, software and support services), accounting support through staffing agency services, marketing, document management, G&A, security guard services, shipping/mailing, office supplies, and fleet tracking, among other things. Certain of these goods and services are provided to help the Debtors comply with various regulatory and environmental requirements. I understand that the aggregate amount of accrued Prepetition Trade Claims of Other Prepetition Trade Creditors as of the Petition Date is approximately $200,000.

167. If the Debtors fail to pay the Prepetition Trade Claims owed to such Prepetition Trade Creditors on a timely basis, certain of those parties may discontinue service or seek to terminate their contracts with the Debtors, notwithstanding the automatic stay under section 362 of the Bankruptcy Code or the provisions of section 365 of the Bankruptcy Code. Even if a Prepetition Trade Creditor is required pursuant to the Bankruptcy Code to continue performing under a contract with the Debtors, if it nevertheless does not comply with its obligations, there could be a significant impact on the Debtors' business, as enforcement could be costly, and even a brief delay in the Debtors' access to the goods and services provided by such parties could potentially cause harm to the Debtors' business and reputation.

168. I also believe that the requested relief would benefit the Debtors' estates with little or no downside risk. It is my understanding that the Debtors' Plan already contemplates payment in full of undisputed claims for all general unsecured creditors and some of the Prepetition Trade Creditors may have undisputed secured claims, which are also paid in full under the Plan. Thus, the relief sought by the All Trade Motion, assuming the Plan is ultimately confirmed by the Court, alters only the timing of payments and not whether the Prepetition Trade Claims will be paid.

169. I understand that the Debtors are currently paying Prepetition Trade Creditors consistent with ordinary course business practices. The Prepetition Trade Claims are on various payment terms, and the Debtors do not intend to pay the Prepetition Trade Claims until they come due in the ordinary course of business.

170. It is my understanding that the Debtors also request authority, in their discretion, to condition payment of the Prepetition Trade Claims on each Prepetition Trade Creditor's agreement to maintain or reinstate trade terms during the pendency of these Chapter 11 Cases that are (i) at least as favorable as those existing on or prior to the Petition Date or (ii) on terms satisfactory to the Debtors in their business judgment ("**Customary Terms**"). I understand that the Debtors also propose that if a Prepetition Trade Creditor has agreed to maintain or reinstate Customary Terms, but fails to do so, then any payments made on account of Prepetition Trade Claims to such Prepetition Trade Creditor after the Petition Date may, solely in the Debtors' discretion, either be (i) deemed applied to postpetition amounts payable to such Prepetition Trade Creditor or (ii) treated as an unauthorized postpetition transfer recoverable by the Debtors.

171. For the reasons stated above, and because the Debtors believe, in their reasonable business judgment, that the payment of the Prepetition Trade Claims is necessary and in the best interest of the Debtors, their estates, and their creditors, I believe the Court should grant the Debtors authority to pay the Prepetition Trade Claims of the Prepetition Trade Creditors.

(x) Equity Trading Motion[31]

172. By the Equity Trading Motion, the Debtors seek entry of interim and final orders authorizing the Debtors to establish Stock Procedures and Worthless Stock Deduction Procedures to protect the potential value of NOLs, NUBILs, and other Tax Attributes of one or more of the Debtors for U.S. federal income tax purposes in connection with the reorganization of the Debtors.

173. The Stock Procedures and Worthless Stock Deduction Procedures would apply to common stock of Debtors Lonestar Resources US Inc. ("**Lonestar Stock**"), Series A-1 Convertible Participating Preferred Stock ("**Series A-1 Preferred Stock**" or "**Convertible Preferred Stock**" and together with the Lonestar Stock, the "**Lonestar Equity Interests**"), and any options or similar rights to acquire such stock ("**Options**").

174. The Debtors' consolidated group possesses significant Tax Attributes, including, as of the Petition Date, estimated consolidated federal NOLs of approximately $134.0 million and an indeterminate amount of NUBIL. The Debtors believe that their significant Tax Attributes that would be severely impaired by the occurrence of an Ownership Change during the pendency of the Chapter 11 Cases. Therefore, I believe it is in the best interests of the Debtors and their stakeholders to restrict acquisitions of Lonestar Equity Interests, exercise of any Option to acquire Lonestar Equity Interests, or other transactions that could result in an Ownership Change occurring before the effective date of a chapter 11 plan or any applicable bankruptcy court order.

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[31] "**Equity Trading Motion**" means the *Debtors' Emergency Motion for Entry of Interim and Final Orders Establishing Notification Procedures and Approving Restrictions on Certain Transfers of, or Worthlessness Deductions with Respect to, Stock of the Debtors*, filed concurrently herewith. Capitalized terms used, but not otherwise defined, in this section shall have the respective meanings ascribed to them in the Equity Trading Motion.

I understand that such restriction would protect the Debtors' ability to use the Tax Attributes during the pendency of the Chapter 11 Cases and potentially thereafter to offset gain or other income recognized in connection with the Debtors' sale or ownership of their assets, which may be significant in amount. In the event a pre-effective-date Ownership Change occurred, the resulting limitation on the Debtors' Tax Attributes primarily depends on the value of the Lonestar Equity Interests at such time, and thus becomes increasingly severe as the value of the Lonestar Equity Interests decline.

a. The Proposed Stock Procedures Relating to the Lonestar Stock

175. By establishing Stock Procedures for monitoring the ownership and acquisitions of Lonestar Equity Interests, the Debtors can preserve their ability to seek the necessary relief if it appears that any such acquisition(s) may impair the Debtors' ability to use their Tax Attributes. Therefore, the Debtors propose the following Stock Procedures:

- Notice of Substantial Stock Ownership. Any Person (as such term is defined in Exhibit 1 to the proposed Interim Order and proposed Final Order) that Beneficially Owns, at any time on or after the Petition Date, at least 1.205 million shares of Lonestar Stock or at least 4,980 shares of Convertible Preferred Stock (representing approximately 4.75% of all issued and outstanding shares of Lonestar Stock or Convertible Preferred Stock, respectively) (a "**Substantial Stockholder**") shall file with this Court and serve upon the Disclosure Parties a Substantial Stock Ownership Notice in substantially the form annexed to the proposed Interim Order and proposed Final Order as Exhibit 3, which describes specifically and in detail such Person's ownership of Lonestar Equity Interests, on or before the date that is

five calendar days after the later of (x) the date the Interim Order granting the requested relief is entered or (y) the date such Person qualifies as a Substantial Stockholder.

- Acquisition of Lonestar Equity Interests. At least twenty calendar days prior to the proposed date of any transfer of Lonestar Equity Interest, exercise of any Option to acquire Lonestar Equity Interest, or other transaction that would result in an increase in the amount of Lonestar Equity Interests Beneficially Owned, by any Person that currently is or, as a result of the proposed transaction, would be a Substantial Stockholder (a "**Proposed Stock Acquisition Transaction**"), such Person or Substantial Stockholder (a "**Proposed Stock Transferee**") shall file with this Court and serve upon the Disclosure Parties a Stock Acquisition Notice, in substantially the form annexed to the proposed Interim Order and proposed Final Order as Exhibit 4, which describes specifically and in detail the Proposed Stock Acquisition Transaction.
- Disposition of Lonestar Equity Interests. At least twenty calendar days prior to the proposed date of any transfer of Lonestar Equity Interests, or other transaction, that would result in a decrease in the amount of Lonestar Equity Interests Beneficially Owned by any Person that prior to such transfer is a Substantial Stockholder (a "**Proposed Stock Transfer**"), such Person or Substantial Stockholder (a "**Proposed Stock Transferor**") shall file with this Court and serve upon the Disclosure Parties a Stock Transfer Notice, in substantially the form annexed to the

proposed Interim Order and proposed Final Order as Exhibit 5, which describes specifically and in detail the Proposed Stock Transfer.

- Objection Procedures. The Debtors, the Prepetition RBL Agent, the Ad Hoc Noteholders Group, and any Official Committee shall have seventeen calendar days after the receipt of a Stock Acquisition Notice or a Stock Transfer Notice (the "**Objection Period**") to file with the Court and serve on a Proposed Stock Transferee or Proposed Stock Transferor, as applicable, an Objection to any Proposed Stock Acquisition Transaction described in such Stock Acquisition Notice or any Proposed Stock Transfer described in such Stock Transfer Notice. If the Debtors, the Prepetition RBL Agent, the Ad Hoc Noteholders Group, or any Official Committee files an Objection by the Objection Deadline, then the applicable Proposed Stock Acquisition Transaction or Proposed Stock Transfer shall not be effective unless approved by a final and nonappealable order of this Court or such Objection is withdrawn. If none of the Debtors, the Prepetition RBL Agent, the Ad Hoc Noteholders Group, or any Official Committee file an Objection by the Objection Deadline, or if the Debtors, the Prepetition RBL Agent, the Ad Hoc Noteholders Group, and any and all Official Committees provide written authorization to the Proposed Stock Transferee or the Proposed Stock Transferor, as applicable, approving the Proposed Stock Acquisition Transaction or Proposed Stock Transfer, then such Proposed Stock Acquisition Transaction or Proposed Stock Transfer may proceed solely as specifically described in the relevant Stock Acquisition Notice or Stock Transfer Notice, as applicable. Any further or

alternative Proposed Stock Acquisition Transaction or Proposed Stock Transfer must be the subject of an additional Stock Acquisition Notice or Stock Transfer Notice, as applicable, and Objection Period.

b. The Proposed Worthless Stock Deduction Procedures Relating to Lonestar Equity Interests

176. The Debtors also request that the Court enter an order establishing similar notice, hearing, and objection procedures restricting the ability of shareholders that Beneficially Own or have Beneficially Owned 50% or more, by value, of Lonestar Equity Interests to take worthless stock deductions on their income tax returns for a tax year ending before the Debtors' emergence from these Chapter 11 Cases. It is my understanding that, under the Tax Code, any stock held by such a shareholder would be treated as being transferred if such shareholder takes a worthlessness deduction with respect to such stock.

177. It is my understanding that by restricting 50-percent Shareholders from taking worthless stock deductions for any tax year ending prior to the Debtors' emergence from these Chapter 11 Cases, the Debtors can preserve their ability to seek substantive relief at the appropriate time. Accordingly, the Debtors propose the following Worthless Stock Deduction Procedures:

- Notice of 50-percent Stock Ownership. Any person or entity that currently is or becomes a 50-percent Shareholder, at any time on or after the Petition Date, shall file with the Bankruptcy Court, and serve upon the Disclosure Parties a 50-percent Stock Ownership Notice, in substantially the form annexed to the Interim Order as Exhibit 6, which describes specifically and in detail such person or entity's ownership of Lonestar Equity Interests, on or before the date that is five calendar

days after the later of (x) the date the order granting the requested relief is entered or (y) the date such person or entity qualifies as a 50-percent Shareholder.

- Worthless Stock Deduction. At least twenty calendar days prior to filing any income tax return, or any amendment to such a return, taking any worthlessness deduction with respect to Lonestar Equity Interests for a tax year ending before the Debtors' emergence from chapter 11 protection, such 50-percent Shareholder must file with the Court, and serve upon the Disclosure Parties, a Notice of Intent to Take a Worthless Stock Deduction, in substantially the form annexed to the Interim Order as Exhibit 7.
- Objection Procedures. The Debtors, the Prepetition RBL Agent, the Ad Hoc Noteholders Group, and any Official Committee shall have seventeen calendar days after the receipt of a Notice of Intent to Take a Worthless Stock Deduction (the "**Objection Period**") to file with this Court and serve on such 50-percent Stockholder, to any proposed worthlessness deduction described in such Notice of Intent to Take a Worthless Stock Deduction. If the Debtors, the Prepetition RBL Agent, the Ad Hoc Noteholders Group, or any Official Committee files an Objection by the Objection Deadline, then the filing of the income tax return with such deduction would not be permitted or effective unless approved by a final and non-appealable order of the Court or such objection is withdrawn. If none of the Debtors, the Prepetition RBL Agent, the Ad Hoc Noteholders Group, or any Official Committee file an Objection by the Objection Deadline, then such deduction shall be permitted as set forth in the Notice of Intent to Take a Worthless

Stock Deduction. Any further income tax returns within the scope of the Worthless Stock Deduction Procedures must be the subject of an additional Notice of Intent to Take a Worthless Stock Deduction and Objection Period.

178. Due to the importance of the Debtors' Tax Attributes to the value of the estate, I believe that the relief requested in the Equity Trading Motion should be granted.

CONCLUSION

179. The Debtors' ultimate goal in the Chapter 11 Cases is the maximization of estate value through a plan process contemplating a conversion of the Prepetition Notes to equity in the reorganized Debtors. In the near term, however, to minimize any loss of value of their businesses during the Chapter 11 Cases, the Debtors' immediate objective is to maintain a business-as-usual atmosphere during the early stages of the Chapter 11 Cases, with as little interruption or disruption to the Debtors' operations as possible. I believe that if the Court grants the relief requested in each of the First Day Pleadings, the prospect for achieving these objectives and confirmation of a Chapter 11 plan will be substantially enhanced.

180. I hereby certify that the foregoing statements are true and correct to the best of my knowledge, information and belief, and respectfully request that all of the relief requested in the First Day Pleadings be granted, together with such other and further relief as is just.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 30th day of September 2020.

Lonestar Resources US Inc.
Lonestar Resources Intermediate Inc.
LNR America Inc.
Lonestar Resources America Inc.
Amadeus Petroleum, Inc.
Albany Services, L.L.C.
T-N-T Engineering, Inc.
Lonestar Resources, Inc.
Lonestar Operating, LLC
Poplar Energy, LLC
Eagleford Gas, LLC
Eagleford Gas 2, LLC
Eagleford Gas 3, LLC
Eagleford Gas 4, LLC
Eagleford Gas 5, LLC
Eagleford Gas 6, LLC
Eagleford Gas 7, LLC
Eagleford Gas 8, LLC
Eagleford Gas 10, LLC
Eagleford Gas 11, LLC
Lonestar BR Disposal, LLC
La Salle Eagle Ford Gathering Line, LLC

Debtors and Debtors-in-Possession

/s/ John R. Castellano
John R. Castellano
Managing Director at AlixPartners, LLP

Exhibit A

Organizational Chart

Lonestar Resources US Inc. Organizational Structure

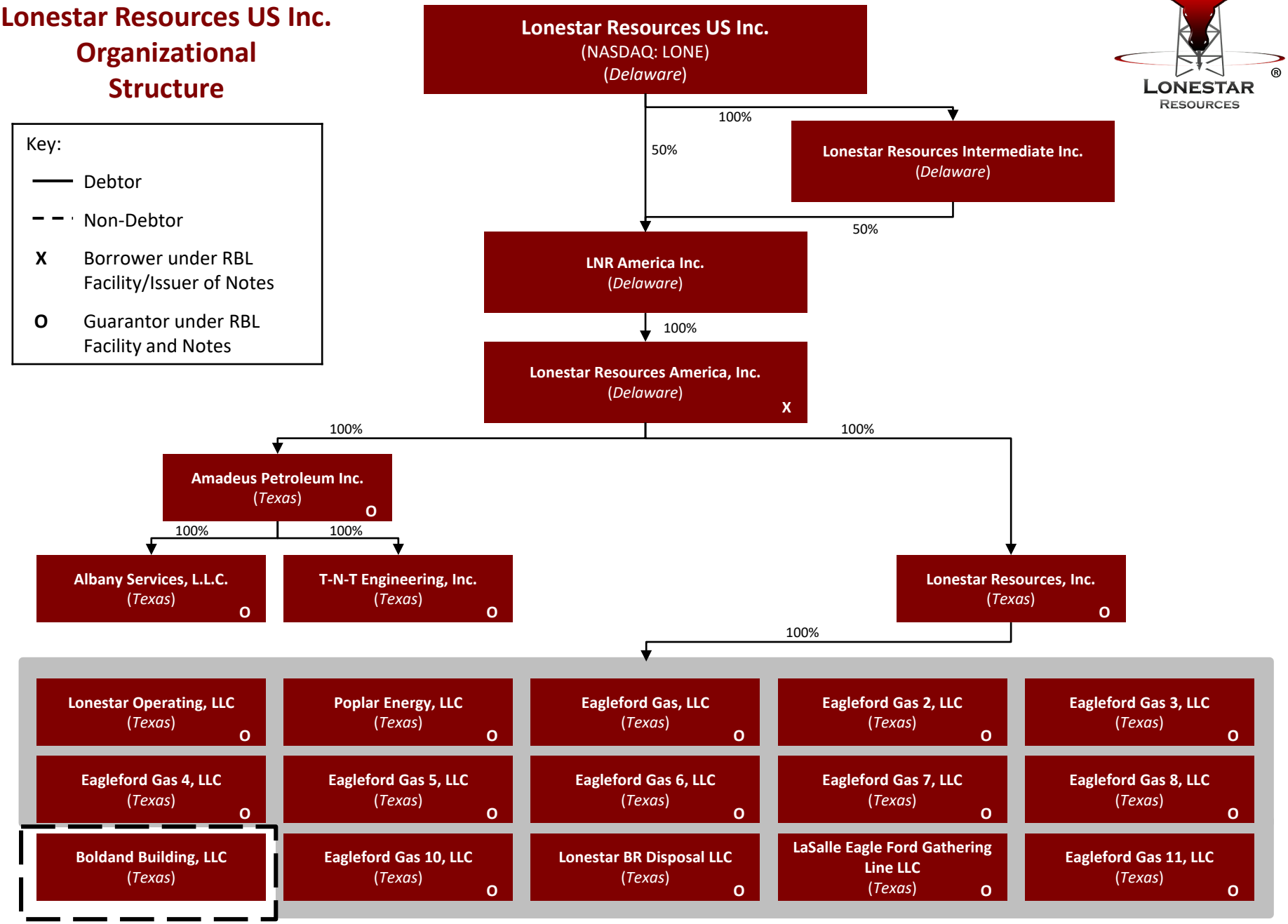


Exhibit B

Restructuring Support Agreement

RESTRUCTURING SUPPORT AGREEMENT

This Restructuring Support Agreement (including all exhibits, annexes or supplements hereto, as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof, this "**Agreement**"), dated as of September 14, 2020, is entered into by and among (i) Lonestar Resources US Inc. ("**Parent**"), (ii) Lonestar Resources America Inc. ("**Lonestar**"), (iii) each other direct and indirect wholly-owned, domestic subsidiary of Parent party hereto (each a "**Lonestar Subsidiary**" and, collectively with Parent and Lonestar, the "**Company**" and each, a "**Company Party**"), (iv) the RBL Agent (as defined below), in its capacity as such, (v) the RBL Lenders (as defined below) party hereto (the "**Consenting RBL Lenders**"), (vi) the Noteholders (as defined below) party hereto (the "**Consenting Noteholders**" and, together with the Consenting RBL Lenders, the "**Consenting Creditors**") and (vii) each transferee that becomes a Permitted Transferee (as defined below) or Affiliate Transferee (as defined below) in accordance with Section 10. Each of the foregoing are referred to herein individually as a "**Party**", and collectively as the "**Parties**."

RECITALS

WHEREAS, reference is made to that certain Credit Agreement, dated as of July 28, 2015 (as amended, modified, or supplemented from time to time, the "**RBL Credit Agreement**"), by and among Lonestar, as borrower, Citibank, N.A., as administrative agent (in such capacity, the "**RBL Agent**"), the lenders party thereto from time to time (the "**RBL Lenders**") and the other parties thereto. As of the date hereof, the aggregate principal amount outstanding under the RBL Credit Agreement is $285,000,000, and the Consenting RBL Lenders, in the aggregate, hold not less than 100% of the aggregate principal amount outstanding under the RBL Credit Agreement;

WHEREAS, reference is made to that certain Indenture, dated as of January 4, 2018 (as amended, modified, or supplemented from time to time), by and among Lonestar, as issuer, each of the guarantors party thereto from time to time, UMB Bank, N.A., as trustee (in such capacity, together with any successor trustee, the "**Notes Trustee**"), governing the issuance of the 11.250% Senior Notes due 2023 (the "**Notes**" and the indenture governing the Notes, the "**Indenture**" and the holders of the Notes, the "**Noteholders**"). Any and all claims and obligations arising under or in connection with the Indenture are defined herein as the "**Notes Claims**." As of the date hereof, the aggregate principal amount outstanding under the Notes is $250,000,000, and the Consenting Noteholders, in the aggregate, hold not less than 67.1% of the aggregate principal amount of the outstanding Notes;

WHEREAS, the Parties have engaged in good faith, arm's length negotiations regarding the principal terms of a prepackaged chapter 11 plan of reorganization through which the Company will seek to restructure its debt obligations and capital structure and recapitalize the Company in accordance with and subject to the terms and conditions set forth herein and in the plan term sheet attached hereto as Exhibit A (including any exhibits, supplements and schedules attached thereto, as such plan term sheet may be amended, modified, or supplemented from time

to time in accordance with the terms hereof, the "**Plan Term Sheet**")[1] and incorporated herein pursuant to Section 32 of this Agreement. The restructuring contemplated herein and by the Plan Term Sheet is referred to in this Agreement as the "**Transaction**"; and

WHEREAS, the Parties desire to express to each other their mutual support and commitment in respect of the Transaction on the terms and conditions set forth herein and in the Plan Term Sheet;

NOW, THEREFORE, in consideration of the promises, covenants, and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. The Transaction

Subject to the terms and conditions of this Agreement, the Plan Term Sheet and the other exhibits attached hereto and thereto, the Parties agree as follows for the period, with respect to each Party, commencing on the Agreement Effective Date (as defined below) (or, in the case of any Consenting Creditor that becomes a party hereto after the Agreement Effective Date, the date as of which such Consenting Creditor becomes a party hereto by executing a joinder in accordance with the terms hereof) and ending on the date on which this Agreement is terminated in accordance with Section 6 below, as to such Party (the "**Support Period**"):

a. Generally. Each of the Parties will act in good faith and use commercially reasonable efforts to cause to occur and cooperate in the prompt consummation of the Transaction on terms and conditions consistent in all respects with the Plan Term Sheet and this Agreement. The agreements, representations, warranties, covenants, and obligations of the Company under or in connection with this Agreement are joint and several in all respects, but the agreements, representations, warranties, covenants, and obligations of the Consenting Creditors under or in connection with this Agreement are several and not joint in all respects. Any breach or violation of this Agreement by a Consenting Creditor shall not result in liability for any other Party.

b. Form of Transaction. The Transaction shall be implemented through jointly administered voluntary prepackaged cases to be commenced by the Company (the "**Chapter 11 Cases**") under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the "**Bankruptcy Court**"), on or before September 30, 2020 (the "**Outside Petition Date**"). The Company shall pursue confirmation of a chapter 11 plan of reorganization that is consistent in all respects with the terms and conditions of this Agreement and the Plan Term Sheet (such chapter 11 plan of reorganization, including any exhibits, supplements and schedules attached thereto, as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof, the "**Plan**").

[1] Capitalized terms used but not otherwise defined herein are defined in accordance with the Plan Term Sheet, which is expressly made part of this Agreement and incorporated herein by reference.

2. Agreement Effective Date

This Agreement shall become effective on the date and time that completed signature pages to this Agreement have been executed and delivered by (a) the Company Parties, (b) RBL Lenders holding at least 66 2/3% of the aggregate principal amount outstanding under the RBL Credit Agreement (the "**Super-Majority RBL Lenders**"), and (c) Noteholders holding at least 66 2/3% of the aggregate principal amount outstanding under the Notes (the "**Super-Majority Noteholders**") (such date, the "**Agreement Effective Date**"). The terms and provisions of this Agreement, and the rights, agreements, covenants, and the obligations of the Parties hereunder, shall not become effective or binding until the occurrence of the Agreement Effective Date.

3. All Parties: Implementation of the Transaction

Subject to the terms and conditions of this Agreement and the exhibits attached hereto, each Party hereby covenants and agrees, for the duration of the Support Period:

a. to negotiate in good faith the definitive documents implementing, achieving or relating to the Transaction or described in or contemplated by this Agreement or the Plan Term Sheet and all related agreements, documents, exhibits, annexes and schedules thereto (collectively, such definitive documents, the "**Definitive Documents**"), including, but not limited to, the Plan (including the plan supplement and all documents, annexes, schedules, exhibits, amendments, modifications or supplements thereto, or other documents contained therein, including any schedules of rejected contracts), any documentation necessary or appropriate to effectuate the Facilities, any documentation necessary or appropriate to effectuate the issuance of the New Warrants, the new corporate governance documents of the Reorganized Parent (including the bylaws and certificates of incorporation or similar documents, among other governance documents), any new employment contracts with the Reorganized Parent, the disclosure statement used to solicit votes on the Plan (the "**Disclosure Statement**") and any other materials used to solicit votes on the Plan, any motion seeking approval of the Disclosure Statement and Plan, the order of the Bankruptcy Court approving the Disclosure Statement and confirming the Plan (the "**Combined Disclosure Statement and Confirmation Order**"), any pleading in support of entry of the Combined Disclosure Statement and Confirmation Order, any "first day" or "second day" pleadings and any other motions, orders and related documents to be filed by the Company in connection with the Chapter 11 Cases, each of which shall be (i) consistent with this Agreement and the Plan Term Sheet and (ii) otherwise in form and substance reasonably acceptable to the Company, the Consenting RBL Lenders holding more than 50% of the aggregate principal amount outstanding under the RBL Credit Agreement held by the Consenting RBL Lenders (the "**Required Consenting RBL Lenders**"), and the Consenting Noteholders holding more than 50% of the aggregate principal amount of outstanding Notes held by the Consenting Noteholders (the "**Required Consenting Noteholders**"), except as otherwise expressly set forth in the Plan Term Sheet;

b. to promptly execute and deliver (to the extent they are a party thereto) and otherwise use commercially reasonable efforts to support the prompt consummation of the transactions contemplated by the Definitive Documents, once finalized; and

c. not object to, delay, impede, commence any proceeding, or take any other action to interfere, directly or indirectly, in any material respect with the prompt consummation of the Transaction (or instruct, direct, encourage or support any person or entity to do any of the foregoing).

4. Support of the Transaction

a. Consenting Creditors' Support. Subject to the terms and conditions of this Agreement and the exhibits attached hereto, each Consenting Creditor agrees that for the duration of the Support Period it will:

(i) give any notice, order, instruction, or direction to the RBL Agent or Notes Trustee, as applicable, reasonably necessary to give effect to the Transaction (provided that the Consenting Noteholders shall not be required to provide the Notes Trustee with any indemnity or incur any expense or liability in connection with any such notice, order, instruction or direction), and the execution hereof by the Consenting Noteholders shall constitute such an order, instruction and direction by the Consenting Noteholders to the Notes Trustee;

(ii) not take any action or direct the RBL Agent or Notes Trustee to take action to accelerate the RBL Claims or Notes Claims, not commence an involuntary bankruptcy case against the Company, and not foreclose, take any enforcement action, or otherwise exercise any remedy against or realize upon any portion of the assets of the Company; provided, however, with respect to this Section 4(a)(ii), each Consenting Creditor's agreements, as provided herein, shall automatically terminate without requirement for any notice, demand, presentment, act or action of any kind if this Agreement terminates in accordance with Section 6, and each Company Party at that time shall be obligated to comply with and perform all terms, conditions, and provisions of the RBL Documents and Indenture without giving effect to this Section 4(a)(ii), and the Consenting Creditors may at any time thereafter exercise any and all of their rights and remedies at law, contract, in equity or otherwise, including, without limitation, their rights and remedies under the RBL Documents and the Indenture, as applicable, or this Agreement to the extent continuing, in each case, without any further lapse of time, expiration of applicable grace periods, or requirements of notice, all of which are hereby expressly waived by each Company Party; provided, further, that except as expressly provided herein, this Agreement shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Consenting Creditors under the RBL Documents, the Indenture, that certain Forbearance Agreement, Fourteenth Amendment, and Borrowing Base Agreement, dated as of July 2, 2020, by and among the Company, certain RBL Lenders, and the RBL Agent (as amended, modified, or supplemented from time to time, the "**RBL Forbearance Agreement**") or that certain Forbearance Agreement, dated July 31, 2020, by and among the Company and certain Noteholders (as amended, modified, or supplemented from time to time, the "**Noteholder Forbearance Agreement**") and shall not alter, modify, amend, or in any way affect any of the terms, conditions, obligations, covenants, or agreements contained in the RBL Documents, the Indenture (or any other provisions of the Indenture), the RBL Forbearance Agreement or the Noteholder Forbearance Agreement, all of which are ratified and

affirmed in all respects and shall continue in full force and effect in accordance with its respective terms, including each of the RBL Agent's, the Notes Trustee's, and the Consenting Creditors' rights, remedies and claims under the RBL Documents and the Indenture, as applicable. Notwithstanding anything to the contrary in this Agreement, each Consenting Creditor agrees that it shall not be entitled to terminate (1) this Agreement or (2) the RBL Forbearance Agreement or the Noteholder Forbearance Agreement, as applicable, due to the early termination and/or unwinding of the Company's hedging positions prior to the Agreement Effective Date;

(iii) not object to, or otherwise commence any proceeding to oppose, and not instruct or direct the RBL Agent or Notes Trustee, as applicable, to object to, or otherwise commence any proceeding to oppose, the Transaction, any motion to approve the use of cash collateral, any motion to approve the Hedging Order, the confirmation or consummation of the Plan, or approval of the Disclosure Statement;

(iv) not take any action, and not instruct or direct the RBL Agent or Notes Trustee, as applicable, to take any action, including, without limitation, initiating or joining in any legal proceeding or filing any pleading, that is inconsistent in any material respect with its obligations under this Agreement or that would reasonably be expected to hinder, prevent, delay or impede the consummation of the Transaction or the Definitive Documents;

(v) provided that such Consenting Creditors, as applicable, have been solicited in accordance with sections 1125 and 1126 of the Bankruptcy Code, if applicable, and other applicable law, (A) vote all claims (as defined in Section 101(5) of the Bankruptcy Code) beneficially owned by such Consenting Creditor or for which it is the nominee, investment manager, or advisor for beneficial holders thereof to accept the Plan, and (B) return a duly-executed ballot in connection therewith no later than the applicable deadline set forth in the Disclosure Statement;

(vi) not change, withdraw or revoke (or seek to change, withdraw or revoke) its participation in the Transaction or any vote to accept the Plan; provided, however, that notwithstanding anything in this Agreement to the contrary, each Consenting Creditor's vote shall be automatically revoked (and, upon such revocation, deemed void *ab initio*) immediately following (and solely in the event of) the termination of this Agreement pursuant to Section 6 with respect to such Consenting Creditor (regardless of whether any deadline for votes, or for withdrawal thereof, set forth in the Disclosure Statement has passed) (it being agreed that the Company shall not oppose any attempt by such Consenting Creditor to change or withdraw (or cause to change or withdraw) such vote or consent at such time);

(vii) not "opt out" of or object to any releases, indemnity or exculpation provided under the Plan (and to the extent required by such ballot, affirmatively "opt in" to such releases, indemnity and exculpation);

(viii) not support or vote in favor (or instruct or direct the RBL Agent or Notes Trustee, as applicable, to support or vote in favor) of any plan of

reorganization or liquidation proposed or filed, or to be proposed or filed, in the Chapter 11 Cases other than the Plan; and

(ix) not serve as a member on any statutory committee formed in the Chapter 11 Cases and the Consenting Noteholders hereby direct the Notes Trustee not to serve as a member on any such committee.

b. Other Rights Reserved. The agreements, covenants, and obligations of each Party under this Agreement are conditioned upon and subject to the terms and conditions of the Transaction and the Definitive Documents being consistent in all respects with this Agreement, and all exhibits attached hereto including, but not limited to, the Plan Term Sheet. Unless expressly limited herein, nothing contained herein shall limit the ability of a Consenting Creditor to appear and be heard concerning any matter arising in the Chapter 11 Cases; provided, that such appearance is not inconsistent with such Party's covenants and obligations under this Agreement.

c. Limitation on Consenting Creditors' Commitments. Notwithstanding any other provision of this Agreement to the contrary, including this Section 4, nothing in this Agreement shall require any Consenting Creditor to incur, assume, become liable for any liabilities or other obligations, or to commence litigation or agree to any commitments, undertakings, concessions, indemnities, or other arrangements to such Consenting Creditor that could result in liabilities or other obligations to such Consenting Creditor other than as reasonably necessary to comply with the obligations under this Agreement.

5. Company's Obligations to Support the Transaction

a. Subject to the terms and conditions of this Agreement and the exhibits attached hereto, the Company agrees that for the duration of the Support Period it will:

(i) support and take all steps reasonably necessary, or reasonably requested by the Consenting Creditors, to consummate the Transaction pursuant to the Plan (including the entry of the Combined Disclosure Statement and Confirmation Order) as expeditiously as practicable under applicable law on terms and conditions consistent in all respects with this Agreement and in accordance with the Milestones (as defined below);

(ii) to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the Transaction contemplated herein, take all steps reasonably necessary and desirable to address any such impediment, including to negotiate in good faith appropriate additional or alternative provisions (consistent with the terms of this Agreement and the Plan Term Sheet) to address any such impediment, in each case, in a manner acceptable to the RBL Agent and the Required Consenting Noteholders, as applicable;

(iii) obtain any and all required governmental, regulatory, and third-party approvals to effectuate the Transaction as expeditiously as practicable (if any, and to the extent such approvals are not overridden by the Bankruptcy Code);

(iv) prosecute and defend any objections and any appeals by parties in interest relating to the Transaction, including without limitation, the "first day" and

"second day" motions and orders, the Cash Collateral Orders, the Hedging Order, and the Combined Disclosure Statement and Confirmation Order;

(v) not take any action that is inconsistent with, or is intended or is reasonably likely to interfere with or impede or delay consummation of, the Transaction;

(vi) not file or otherwise pursue a chapter 11 plan or any other Definitive Document that is inconsistent with the terms of this Agreement and the Plan Term Sheet;

(vii) provide draft copies of all orders, motions or applications related to the Transaction, including all "first day" and "second day" motions and orders, the Plan, the Disclosure Statement, any proposed amendments or supplements to the Plan, form of ballots, and other solicitation materials in respect of the Plan and proposed Combined Disclosure Statement and Confirmation Order, and any other Definitive Documents the Company intends to file with the Bankruptcy Court to the RBL Agent's counsel (Linklaters LLP) and counsel to the ad hoc committee of certain Noteholders (the "**Ad Hoc Noteholders Group**"), if reasonably practicable, at least two (2) business days prior to the date when the Company intends to file any such motion or application (provided that if delivery of such motions, orders, or materials at least two (2) business days in advance is not reasonably practicable prior to filing, such motion, order, or application shall be delivered as soon as reasonably practicable prior to filing), and consult in good faith with the RBL Agent's counsel and the Ad Hoc Noteholders Group's counsel regarding, and consider in good faith any changes proposed by the RBL Agent's counsel and the Ad Hoc Noteholders Group's counsel with respect to, the form and substance of any such proposed filing with the Bankruptcy Court;

(viii) timely file with the Bankruptcy Court a written objection to any motion filed with the Bankruptcy Court seeking the entry of an order (A) directing the appointment of an examiner with expanded powers or a trustee, (B) converting any of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, (C) dismissing any of the Chapter 11 Cases, or (D) modifying or terminating the Company's exclusive right to file or solicit acceptances of a plan of reorganization;

(ix) except as contemplated by this Agreement or any Definitive Documents, (A) operate its businesses without material change in such operations and (B) not dispose of any material assets (unless in such instance, the RBL Agent and the Required Consenting Noteholders have consented thereto in writing, such consent not to be unreasonably withheld) in accordance with its business judgment;

(x) unless the RBL Agent and the Required Consenting Noteholders provide written consent otherwise (such consent not to be unreasonably withheld), use commercially reasonable efforts to preserve in all material respects its current business organizations, keep available the services of its current officers and material employees (in each case, other than voluntary resignations, terminations for cause, or terminations consistent with applicable fiduciary duties) and preserve in all material respects its relationships with customers, sales representatives, suppliers, distributors, and others, in each case, having material business

dealings with the Company (other than terminations for cause or consistent with applicable fiduciary duties);

(xi) provide written notice within one (1) business day to the RBL Agent and counsel to the Ad Hoc Noteholders Group of any failure of any Company Party (of which the Company has actual knowledge) to comply with or satisfy, in any material respect, any covenant, condition or agreement hereunder;

(xii) within one (1) business day of obtaining knowledge thereof, provide written notice to the RBL Agent and counsel to the Ad Hoc Noteholders Group of any: (A) occurrence, or failure to occur, of any event, of which the Company has actual knowledge, which could reasonably be expected to cause any covenant of the Company contained in this Agreement not to be satisfied in any respect; (B) receipt by the Company of any notice from any governmental body in connection with this Agreement or the Transaction; and (C) receipt of any notice from any party alleging that the consent of such party is or may be required in connection with the transactions contemplated by the Transaction;

(xiii) promptly pay (but in no event later than three (3) business days after submission of summary invoices therefor) all reasonable and documented prepetition and postpetition fees and expenses of (A) the RBL Agent, including the fees, charges and disbursements of Linklaters LLP, as counsel, Bracewell LLP, as local and real estate counsel, and Opportune LLP, as financial advisor, and (B) the advisors to the Ad Hoc Noteholders Group, including the fees, charges and disbursements of Stroock & Stroock & Lavan LLP, as counsel, Cole Schotz, P.C., as co-counsel and local counsel, and Stephens Inc., as financial advisor (collectively, the "**Restructuring Expenses**"), and unless otherwise agreed by the Company and the applicable firm, the Company shall (i) on the Agreement Effective Date, pay (x) all Restructuring Expenses accrued but unpaid as of such date (to the extent invoiced) and (y) fund or replenish, as the case may be, any retainers reasonably requested by any of the foregoing professionals; and (ii) on the Plan Effective Date, pay all accrued and unpaid Restructuring Expenses incurred up to (and including) the Plan Effective Date, without any requirement for individual time detail, Bankruptcy Court review or further Bankruptcy Court order; provided, that, notwithstanding the foregoing, nothing herein shall affect or limit any obligations of the Company to pay the Restructuring Expenses as provided in the Cash Collateral Orders;

(xiv) as soon as reasonably practicable, notify the RBL Agent and counsel to the Ad Hoc Noteholders Group of any governmental or third-party complaints, litigations, investigations, or hearings (or communications indicating that the same may be contemplated or threatened) that could reasonably be expected to prevent, hinder, or delay the consummation of the transactions contemplated by this Agreement or the Plan of which the Company had actual knowledge by furnishing written notice to the RBL Agent and counsel to the Ad Hoc Noteholders Group within one (1) business day of actual knowledge of such event;

(xv) provide to counsel for the RBL Agent and counsel for the Ad Hoc Noteholders Group, within two (2) business days of receipt, a copy of any written offer, proposal, term sheet, or any other indication of interest received by the Company for the purchase of any Oil and Gas Properties (other than Hydrocarbons in the ordinary course of business) (each

as defined in the RBL Credit Agreement) or any other assets of the Company of more than de minimis value;

(xvi) use commercially reasonable efforts to seek additional support for the Transaction from their other material stakeholders not party hereto and to the extent reasonably necessary to consummate the Transaction and coordinate its activities with the other Parties hereto (subject to the terms hereof) in respect of all matters concerning the implementation and consummation of the Transaction;

(xvii) cooperate, and cause each Lonestar Subsidiary and affiliate, and each of their respective, officers, directors, employees, and advisors to cooperate, with (A) the respective advisors to the RBL Agent and Consenting Noteholders, in their review, analysis, and evaluation of the Company's financial affairs, finances, financial conditions, business, and operations (including historical financial information and projections) and (B) the RBL Agent, the Consenting RBL Lenders, the Consenting Noteholders and their respective designees and advisors in furnishing information reasonably available to the Company as and when requested, or as soon thereafter as reasonably practicable, by the RBL Agent, the Consenting RBL Lenders, the Consenting Noteholders and their respective designees and advisors; provided, that such information shall be subject to any confidentiality agreements between the Company and the RBL Agent, the Consenting RBL Lenders, and the Consenting Noteholders, as applicable;

(xviii) not file any amended U.S. federal or state or local income tax return, enter into any closing agreement with respect to material taxes, consent to any extension or waiver of the limitations period applicable to any material tax claim or assessment, change any accounting methods, practices or periods for tax purposes, make or request any tax ruling, enter into any tax sharing or similar agreement or arrangement, or settle any tax material claim or assessment, or take or fail to take any action outside the ordinary course of business (except to the extent expressly contemplated by the Plan or the Plan Term Sheet) if such action or failure to act would cause (prior to, on, or following, the Plan Effective Date) a change to the tax status of any Company Party (or of any consolidated, combined or unitary group of which a Company Party is a member) or be expected to cause (prior to, on, or following, the Plan Effective Date), individually or in the aggregate, a material adverse tax consequence to the Company Parties, in each case, unless the Company Parties have (A) received the written consent, not to be unreasonably withheld, conditioned or delayed, of the Required Consenting Noteholders, and (B) provided the RBL Agent no less than five (5) calendar days written notice of such action or their intention not to take such action; and

(xix) other than as expressly contemplated by the Plan Term Sheet in connection with the Transaction, without the prior written consent of the Required Consenting Noteholders (which shall not be unreasonably withheld, delayed, or conditioned), (A) amend or propose to amend any of their respective organizational documents (other than as may be reasonably necessary to implement the Chapter 11 Cases), (B) authorize, create or issue any additional equity interests in any of the Company Parties, or redeem, purchase, acquire, declare any distribution on or make any distribution on any equity interests in any of the Company Parties, (C) engage in any merger, consolidation, acquisition, disposition, investment, dividend, incurrence of liens or indebtedness, or other similar transaction outside of the ordinary course of business, or (D) enter into or adopt any new compensation or employee benefit arrangements (or amend,

modify, or terminate any existing compensation or employee benefit arrangements). The Company Parties shall provide the RBL Agent prompt notice of any request made to the Noteholders for consent pursuant to this clause.

b. Notwithstanding anything to the contrary herein, the Company shall be entitled, at any time prior to the Plan Effective Date, to respond to and negotiate any offer or proposal from, or engage in any discussions or negotiations with, any person or entity concerning any actual or proposed transaction involving any or all of (i) a competing plan of reorganization or other financial or corporate restructuring of the Company, (ii) the issuance, sale or other disposition of any equity or debt interests, or any material assets, of the Company, or (iii) a merger, consolidation, business combination, liquidation, recapitalization, refinancing or similar transaction involving the Company (each, an "**Alternative Transaction**"), in each case to the extent Parent's board of directors determines in good faith, based on advice of outside counsel, that such Alternative Transaction best maximizes value for the applicable Company Party and its stakeholders and that failure to pursue such Alternative Transaction would be inconsistent with the fiduciary duties of Parent's board of directors. For the duration of the Support Period, the Company shall deliver to the Consenting Creditors within one (1) business day all written communications delivered to or received by the Company (or any of its advisors) from any person or entity making, or materially modifying, any offer or proposal concerning any actual or proposed Alternative Transaction, including, without limitation, copies of all written expressions of interest, term sheets, letters of interest, offers, and proposed agreements related to the foregoing to be received and maintained in accordance with any confidentiality obligations agreed to between the Company and each of the applicable Consenting Creditors.

c. Each Company Party acknowledges and agrees and shall not dispute that, after the commencement of the Chapter 11 Cases, the giving of notice of termination of this Agreement by any Party solely in accordance with the terms of this Agreement shall not be a violation of the automatic stay of section 362 of the Bankruptcy Code (and each Company Party hereby waives, to the fullest extent permitted by law, the applicability of the automatic stay to the giving of such notice); provided, however, that nothing herein shall prejudice any Party's rights to argue that the giving of notice of default or termination was not proper under the terms of this Agreement.

6. Termination

a. All Parties. This Agreement shall terminate as to all Parties upon the earliest to occur of any of the following:

(i) the Plan Effective Date;

(ii) the Company, the Required Consenting RBL Lenders, and the Required Consenting Noteholders mutually agree to such termination in writing;

(iii) this Agreement is terminated pursuant to and in accordance with paragraph (b) or (c) of this Section 6; or

(iv) the Outside Date (as defined below).

b. The Company. The Company may terminate this Agreement with respect to all Parties by written notice in accordance with Section 18 to the other Parties upon the occurrence of any of the following events:

(i) upon a material breach by any Consenting Creditor of its obligations, representations, warranties, or covenants hereunder (a "**Defaulting Creditor**"), which breach is not cured within five (5) business days after the Company delivers a written notice and a description of such breach to the Defaulting Creditor in accordance with Section 18 hereof; provided, however, the Company may not terminate this Agreement if the Consenting RBL Lenders and the Consenting Noteholders that remain after excluding such Defaulting Creditor still constitute the Super-Majority RBL Lenders and the Super-Majority Noteholders, respectively;

(ii) if the Company's board of directors, managers, members, or partners, as applicable, determine in good faith and based upon advice of legal counsel that proceeding with the Transaction would be inconsistent with the exercise of their applicable fiduciary duties under applicable law (if any), rule or regulation and the Company provides prompt (but no more than two (2) business days) written notice of such determination to the Consenting Creditors;

(iii) if the Bankruptcy Court enters an order converting one or more of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code or dismissing any of the Chapter 11 Cases; or

(iv) if the Bankruptcy Court or other governmental authority with jurisdiction shall have issued any order, injunction or other decree or taken any other action, in each case, which has become final and non-appealable and which restrains, enjoins or otherwise prohibits the implementation of the Transaction or declares this Agreement or any material provision contained herein to be unenforceable.

c. Consenting Creditors. This Agreement may be terminated (x) with respect to the Consenting RBL Lenders, by the Required Consenting RBL Lenders, and (y) other than as to the events in subsections (iii), (iv) and (v) of this Section 6(c), with respect to the Consenting Noteholders, by the Required Consenting Noteholders, in each case by written notice in accordance with Section 18 to the other Parties upon the occurrence of any of the following events:

(i) upon a material breach by the Company of its obligations, representations, warranties, or covenants hereunder, which breach (A) adversely affects the Consenting Creditors seeking termination pursuant to this provisions, and (B) is not cured within five (5) business days after the delivery of a written notice of such breach from such terminating Consenting Creditors;

(ii) upon the failure to timely satisfy any of the following milestones (as may be extended from time to time in accordance with this Agreement, collectively the "**Milestones**" and each a "**Milestone**"), unless such Milestone is extended

with the written consent, not to be unreasonably withheld or delayed, of the Required Consenting RBL Lenders and Required Consenting Noteholders:

A. prior to the Petition Date, the Company shall have commenced solicitation of votes to accept or reject the Plan from the RBL Lenders, the Noteholders, and holders of Parent Preferred Equity Interests, if applicable (the "**Solicitation Commencement Date**");

B. within ten (10) business days of the Solicitation Commencement Date, and in any event on or before the Outside Petition Date, the Company shall have filed voluntary petitions under chapter 11 of the Bankruptcy Code with the Bankruptcy Court (such actual filing date, the "**Petition Date**");

C. no later than one (1) calendar day after the Petition Date, the Company shall have filed with the Bankruptcy Court (1) a motion seeking entry of an order approving the use of cash collateral on an interim basis (the "**Interim Cash Collateral Order**"), (2) a motion seeking approval of the Hedging Order, (3) the Plan and Disclosure Statement, and (4) a motion seeking approval of the Plan and Disclosure Statement and the solicitation materials and procedures set forth therein;

D. no later than five (5) business days after the Petition Date, the Bankruptcy Court shall have entered (1) the Interim Cash Collateral Order, (2) an order granting conditional approval of the Disclosure Statement, if applicable and (3) the Hedging Order;

E. no later than ten (10) business days after the Petition Date, the Company shall have commenced solicitation of votes to accept or reject the Plan from holders of the Parent Common Equity Interests, if applicable;

F. no later than forty-five (45) calendar days after the Petition Date, the Bankruptcy Court shall have entered the order approving the use of cash collateral on a final basis (the "**Final Cash Collateral Order**" and, together with the Interim Cash Collateral Order, the "**Cash Collateral Orders**");

G. no later than sixty (60) calendar days after the Petition Date, the Bankruptcy Court shall have entered the Combined Disclosure Statement and Confirmation Order; and

H. no later than the earlier of (x) fourteen (14) calendar days after the date of entry of the Combined Disclosure Statement and Confirmation Order, and (y) 11:59 p.m. prevailing Eastern Time, on December 1, 2020 (the "**Outside Date**"), all conditions to the effectiveness of the Plan shall have been satisfied or waived in accordance with the terms of the Plan (such actual effective date, the "**Plan Effective Date**"); provided, that the right to terminate this Agreement under this Section 6(c)(ii) shall not be available to any Consenting Creditor if the failure of any Milestone to occur is caused by, or results from, the breach by such Consenting Creditor of its covenants, agreements or other obligations under this Agreement; provided, further, that the Milestones consisting of the entry of orders or judicial resolution by the Bankruptcy Court, shall be automatically extended by no more than five (5)

business days solely to the extent that it is not reasonably feasible to hold and conclude a hearing (if necessary) prior to the applicable Milestone due to closure of the Bankruptcy Court or the inability of the Bankruptcy Court's schedule to accommodate such hearing in accordance with the Milestone (and the Required Consenting RBL Lenders and the Required Consenting Noteholders shall be deemed to have automatically agreed to such extension);

(iii) either of the Cash Collateral Orders or the Hedging Order is reversed, stayed, dismissed, vacated, or modified or amended in any respect without the consent of the RBL Agent or the applicable Postpetition Hedging Lenders;

(iv) from the Agreement Effective Date until the Petition Date, the occurrence of any Event of Default (as defined in the Prepetition Credit Agreement (as currently in effect)) other than a Specified Default (as defined in the RBL Forbearance Agreement);

(v) the termination of the Company Parties' authority to use cash collateral pursuant to the Cash Collateral Orders, which has not been cured (if susceptible to cure) or waived in accordance with the terms thereof;

(vi) the Company withdraws the Plan or Disclosure Statement, or the Company files any motion or pleading with the Bankruptcy Court that is not consistent with this Agreement or the Plan Term Sheet in any material respect, and such motion or pleading has not been withdrawn before the earlier of (A) two (2) business days after the RBL Agent or counsel to the Ad Hoc Noteholders Group delivers written notice to the Company that such motion or pleading is inconsistent with this Agreement or the Plan Term Sheet in any material respect and (B) entry of an order of the Bankruptcy Court approving such motion or pleading;

(vii) the Bankruptcy Court grants relief that is (A) inconsistent with this Agreement or the Plan Term Sheet in any material respect, including by preventing the consummation of the Transaction, unless the Company has sought a stay of such relief within five (5) business days after the date of such issuance, and such order is stayed, reversed, or vacated within ten (10) business days after the date of such issuance; provided, that the right to terminate this Agreement under this Section 6(c)(vii) shall not be available to any Consenting Creditor if such relief was sought or requested by such Consenting Creditor;

(viii) either (A) the Company moves (1) to voluntarily dismiss any of the Chapter 11 Cases, (2) to convert any of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, or (3) for appointment of a trustee, receiver, or examiner with expanded powers beyond those set forth in Section 1104(a)(3) and (4) of the Bankruptcy Code, or (B) the Bankruptcy Court enters a final order granting any of the relief described in clauses (1), (2) or (3) above;

(ix) any Company Party files or otherwise supports any motion or application seeking authority to sell all or a material portion of its assets without the consent of the RBL Agent and the Required Consenting Noteholders;

(x) any Company Party files or otherwise supports or fails to timely object to any motion or pleading challenging the amount, validity, enforceability, priority, or perfection, or seeks avoidance, subordination, recharacterization or other similar relief with respect to the RBL Claims or the Notes, as applicable, or the liens and security interests securing the RBL Claims;

(xi) any Company Party enters into, or files a motion seeking approval of, debtor-in-possession financing on terms that are not acceptable to the RBL Agent and the Required Consenting Noteholders;

(xii) any of the Company Parties files or otherwise makes public any proposed Definitive Document (A) that is materially inconsistent with this Agreement or the Plan Term Sheet, and (B) without the consent of the RBL Agent or the Required Consenting Noteholders, as applicable, in accordance with Section 3(a) of this Agreement;

(xiii) if the Company (A) announces, or advises the other Parties, that it will proceed with an Alternative Transaction, (B) files a motion with the Bankruptcy Court seeking approval of an Alternative Transaction or supports (or fails to timely object to) another party seeking approval of an Alternative Transaction or (C) agrees to pursue (including as may be evidenced by a term sheet, letter of intent, or similar document) or announces its intent to pursue an Alternative Transaction;

(xiv) if the Company files any motion or other pleading with the Bankruptcy Court indicating its intention to support or pursue, or files with the Bankruptcy Court, any chapter 11 plan of reorganization (or related disclosure statement) that is inconsistent in any material respect with this Agreement and the Plan Term Sheet;

(xv) if the Bankruptcy Court or other governmental authority with jurisdiction shall have issued any order, injunction or other decree or taken any other action, in each case, which has become final and non-appealable and which restrains, enjoins or otherwise prohibits the implementation of the Transaction or declares this Agreement or any material provision contained herein to be unenforceable; provided, that the right to terminate this Agreement under this Section 6(c)(xv) shall not be available to any Consenting Creditor if such order, injunction or other decree or action was sought or requested by such Consenting Creditor; or

(xvi) the Bankruptcy Court enters an order denying confirmation of the Plan and no other order confirming a chapter 11 plan of reorganization consistent with this Agreement and the Plan Term Sheet is entered within seven (7) calendar days of entry of such order; or

(xvii) if any Company Party enters into or adopts any new compensation or employee benefit arrangements (or amends, modifies, or terminates any existing compensation or employee benefit arrangements) without the consent of the RBL Agent and the Required Consenting Noteholders.

If either the RBL Agent (acting at the direction of the Required Consenting RBL Lenders) or the Required Consenting Noteholders terminate this Agreement with respect to the

RBL Claims or the Notes Claims, respectively, then this Agreement shall automatically be terminated with respect to the other Parties to this Agreement.

d. Effect of Termination. If this Agreement is terminated pursuant to this Section 6, any and all further agreements, obligations, and covenants of the applicable Parties as to whom this Agreement is terminated hereunder shall thereupon be terminated without further liability (except for such agreements, obligations, and covenants that expressly survive such termination). Upon such termination, each Party shall have all the rights and remedies that it would have had and shall be entitled to take all actions, whether with respect to the Transaction or otherwise, that it would have been entitled to take had it not entered into this Agreement, including all rights and remedies available to it at law, contract, in equity or otherwise; provided, however, that (i) no termination of this Agreement shall relieve any Party from liability for its breach or non-performance of its obligations hereunder prior to the date of such termination; and (ii) the right to terminate this Agreement under this Section 6 shall not be available to any Party whose failure to fulfill any of its material obligations under this Agreement has been the cause of, or resulted in, the occurrence of the proposed termination event. Nothing in this Agreement shall be construed as prohibiting any Company Party or any of the Consenting Creditors from contesting whether any such termination is in accordance with the terms hereof or seeking enforcement of any rights under this Agreement that arose or existed before any termination of this Agreement.

7. Representations of the Company

Each of the Company Parties hereby jointly and severally represents and warrants to the other Parties that the following statements are true and correct in all material respects as of the date hereof:

a. Power and Authority. It is validly existing and in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite corporate, partnership or limited liability company power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its obligations under, this Agreement.

b. Authorization. The execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate, partnership or limited liability company action on its part.

c. No Conflicts. The execution and delivery of this Agreement and the performance of its obligations hereunder do not and shall not (i) violate any provision of law, rule, or regulation applicable to it or its organizational documents or (ii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it is a party, except for the filing of the Chapter 11 Cases, or under its organizational documents.

d. Governmental Consents. The execution and delivery of this Agreement and the performance of its obligations hereunder do not and shall not require any registration or filing with, consent or approval of, or notice to, or other action to, with or by, any federal, state or other governmental authority or regulatory body, other than (i) such filings as may be necessary or required for disclosure by the Securities and Exchange Commission; (ii) the filing

of a pre-merger notification and report form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, including the rules and regulations promulgated thereunder (the "**HSR Act**"), which, to the extent required, have been or will be made, and (iii) such filings, notices, or consents as may be necessary or required in connection with the Chapter 11 Cases.

e. Binding Obligation. This Agreement is the legally valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization moratorium, or other similar laws relating to or relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

f. No Litigation. No litigation or proceeding before any court, arbitrator, or administrative or governmental body is pending against it that would adversely affect its ability to enter into this Agreement or perform its obligations hereunder.

g. Representation. It has been represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement and the Plan Term Sheet, and has had the contents hereof fully explained by such counsel and is fully aware of such contents and legal effect.

h. No Claims. To the best of its knowledge, there are no actions, suits, orders, directives or other legal or regulatory proceedings instituted, pending or threatened against any current or former officer, director or employee of the Company (in their respective capacities as such) before any court or arbitrator or any governmental authority or instituted by any governmental authority, which action, suit, order, directive or other legal or regulatory proceeding would require, or be subject to, indemnity or reimbursement by the Company.

8. Representations of the Consenting Creditors

Each of the Consenting Creditors severally, but not jointly, represents and warrants to the other Parties that the following statements are true and correct in all material respects as of the date hereof (or as of the date such Consenting Creditor becomes a Party hereto) with respect to itself only:

a. Holdings by Consenting Creditors. (A) It either (i) is the sole legal and beneficial owner of the principal amount of RBL Claims and/or Notes Claims set forth on its respective signature page attached hereto and all related claims, rights and causes of action arising out of or in connection with or otherwise relating thereto (for each such Consenting Creditor, the "**Consenting Creditor Claims**"), in each case free and clear of all claims, liens, encumbrances, charges, equity options, proxy, voting restrictions, rights of first refusal, or other limitations on disposition of any kind, or (ii) has sole investment or voting discretion with respect to such Consenting Creditor Claims and has the power and authority to bind the beneficial owner(s) of such Consenting Creditor Claims to the terms of this Agreement, (B) it is entitled (for its own accounts or for the accounts of such other owners) to all of the rights and economic benefits of such Consenting Creditor Claims, (C) in the case of (i) each Consenting RBL Lender, it does not directly or indirectly own or control any principal amount of RBL Loans or other claims arising under the RBL Agreement against the Company other than the Consenting Creditor Claims set

forth on its respective signature page attached hereto, and (ii) each Consenting Noteholder, it does not (except as disclosed on its signature page to this Agreement) directly or indirectly own or control any principal amount of Notes or other claims not arising under the Indenture against the Company other than the Consenting Creditor Claims set forth on its respective signature page attached hereto, and (D) it has full and sole power and authority to vote on and consent to matters concerning such Consenting Creditor Claims with respect to the Transaction.

b. Prior Transfers. It has not entered into any agreement to assign, sell, grant, pledge, convey or otherwise transfer, in whole or in part, any portion of its right, title, or interests in its Consenting Creditor Claims or its voting rights with respect thereto.

c. Power and Authority. It has all requisite corporate, partnership or limited liability company power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its obligations under, this Agreement.

d. Authorization. The execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate, partnership or limited liability company action on its part.

e. No Conflicts. The execution and delivery of this Agreement and the performance of its obligations hereunder do not and shall not (i) violate any provision of law, rule, or regulation applicable to it or its certificate of incorporation or by-laws (or other organizational documents) or (ii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it is a party or under its certificate of incorporation or by-laws (or other organizational documents).

f. Governmental Consents. The execution and delivery of this Agreement and the performance of its obligations hereunder do not and shall not require any registration or filing with, consent or approval of, or notice to, or other action to, with or by, any federal, state or other governmental authority or regulatory body, other than (i) such filings as may be necessary or required for disclosure by the Securities and Exchange Commission, (ii) any necessary filings under the HSR Act, which, to the extent required, have been or will be made, and (iii) such filings, notices, or consents as may be necessary or required in connection with the Chapter 11 Cases.

g. Binding Obligation. This Agreement is the legally valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization moratorium, or other similar laws relating to or relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

h. No Litigation. No litigation or proceeding before any court, arbitrator, or administrative or governmental body is pending against it that would adversely affect its ability to enter into this Agreement or perform its obligations hereunder.

i. Representation. It has been represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement and the Plan Term

Sheet, and has had the contents hereof fully explained by such counsel and is fully aware of such contents and legal effect.

j. Accredited Investor. It is (i) a sophisticated investor with respect to the transactions described herein with sufficient knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of owning and investing in securities of the Company (including any securities that may be issued in connection with the Transaction), making an informed decision with respect thereto, and evaluating properly the terms and conditions of this Agreement, and it has made its own analysis and decision to enter in this Agreement, (ii) an "accredited investor" within the meaning of Rule 501 of the Securities Act of 1933 (as amended) or a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act of 1933 (as amended) and (iii) acquiring any securities that may be issued in connection with the Transaction for its own account and not with a view to the distribution thereof. Each Consenting Creditor hereby further confirms that it has made its own decision to execute this Agreement based upon its own independent assessment of documents and information available to it, as it deemed appropriate and sufficient.

9. Additional Claims and Interests

This Agreement shall in no way be construed to preclude a Consenting Creditor from acquiring additional claims against or interests in the Company (collectively, the "**Additional Claims/Interests**"). However, in the event a Consenting Creditor (or any of their respective controlled funds) shall acquire any such Additional Claims/Interests during the Support Period, (a) such Consenting Creditor shall as promptly as practicable (but in no event later than three (3) business days following such acquisition) notify the Company, the RBL Agent, and the counsel for the Ad Hoc Noteholders Group, each through their respective counsel in accordance with Section 18 hereof, and (b) such Additional Claims/Interests shall automatically be deemed to be subject to the terms and conditions of this Agreement.

10. Transfer of Claims and Existing Equity Interests

a. Each Consenting Creditor agrees that, during the Support Period, it will not (i) sell, transfer, pledge, assign, hypothecate, grant an option on, or otherwise convey or dispose of any of its Consenting Creditor Claims (except in connection with consummation of the Transaction), or (ii) grant any proxies, deposit any of the Consenting Creditor Claims into a voting trust or enter into a voting agreement with respect to any of the Consenting Creditor Claims (collectively, a "**Claim Transfer**"), unless, in each case, such transferee or other recipient is either a Party hereto at the time of such Claim Transfer or has executed and delivered to the Company (with a copy to the RBL Agent and counsel for the Ad Hoc Noteholders Group) a joinder, substantially in the form attached hereto as Exhibit B (a "**Joinder**"). A Consenting Creditor making a Claim Transfer pursuant to this Section 10 is referred to as a "**Transferor**" and a transferee receiving a Claim Transfer pursuant to this Section 10 is referred to as a "**Permitted Transferee**." Any attempted or proposed Claim Transfer that does not comply with this Section 10 shall be deemed void *ab initio* and of no force or effect.

b. Upon compliance with the requirements of Section 10(a) of this Agreement, (i) with respect to Consenting Creditor Claims held by the relevant Permitted

Transferee upon consummation of a Claim Transfer in accordance herewith, such Permitted Transferee is deemed to make all of the representations, warranties, and covenants of a Consenting RBL Lender or Consenting Noteholder, as applicable, set forth in this Agreement as of the date of such Claim Transfer and (ii) the Permitted Transferee shall be deemed a Consenting RBL Lender or a Consenting Noteholder, as applicable, and the Transferor shall be deemed to relinquish its rights (and be released from its obligations) under this Agreement to the extent of its rights and obligations in respect of such transferred Consenting Creditor Claims. No Transferor shall have any liability under this Agreement arising from or related to the failure of the Permitted Transferee to comply with the terms of this Agreement.

c. Notwithstanding anything to the contrary herein, (i) this Section 10 shall not preclude any Consenting Creditor from transferring Consenting Creditor Claims to affiliates of such Consenting Creditor (each, an "**Affiliate Transferee**"), which Affiliate Transferee shall be deemed a Consenting Creditor, and the Consenting Creditor that transferred such Claims to the Affiliate Transferee shall be deemed to relinquish its rights (and be released from its obligations) under this Agreement to the extent of its rights and obligations in respect of such transferred Claims; (ii) the restrictions on Claim Transfer set forth in this Section 10 shall not apply to the grant of any liens or encumbrances on any Consenting Creditor Claims in favor of a bank or broker-dealer holding custody of such Consenting Creditor Claims in the ordinary course of business and which lien or encumbrance is released upon the Claim Transfer of such Consenting Creditor Claims; and (iii) a Qualified Marketmaker[2] that acquires any of the Consenting Creditor Claims with the purpose and intent of acting as a Qualified Marketmaker for such Consenting Creditor Claims shall not be required to execute and deliver to counsel a Joinder or otherwise agree to be bound by the terms and conditions set forth in this Agreement if such Qualified Marketmaker transfers such Consenting Creditor Claims (by purchase, sale, assignment, participation, or otherwise) solely to a Consenting Creditor, an Affiliate Transferee or a Permitted Transferee in accordance with this Section 10 (including, for the avoidance of doubt, the requirement that such Permitted Transferee execute a Joinder) within five (5) business days.

d. This Section 10 shall not impose any obligation on the Company to issue any "cleansing letter" or otherwise publicly disclose information for the purpose of enabling a Consenting Creditor to transfer any of its Consenting Creditor Claims. Notwithstanding anything to the contrary herein, to the extent the Company and another Party have entered into a confidentiality agreement, the terms of such confidentiality agreement shall continue to apply and remain in full force and effect according to its terms, and this Agreement does not supersede any rights or obligations otherwise arising under such confidentiality agreement.

11. Prior Negotiations

This Agreement and the exhibits attached hereto set forth in full the terms of agreement between the Parties and is intended as the full, complete and exclusive contract governing the relationship between the Parties with respect to the transactions contemplated

[2] As used herein, the term "**Qualified Marketmaker**" means an entity that (a) holds itself out to the public or the applicable private markets as standing ready in the ordinary course of business to purchase from customers and sell to customers claims against the Company (or enter with customers into long and short positions in claims against the Company), in its capacity as a dealer or market maker in claims against the Company and (b) is, in fact, regularly in the business of making a market in claims against issuers or borrowers (including debt securities or other debt).

herein, superseding all other discussions, promises, representations, warranties, agreements and understandings, whether written or oral, between or among the Parties with respect thereto; provided, that any confidentiality agreement between or among the Parties shall remain in full force and effect in accordance with its terms; provided, further, that the Parties intend to enter into the Definitive Documents after the date hereof to consummate the Transaction.

12. Amendment or Waiver

a. Other than as set forth in Section 12(b), this Agreement, including any exhibits or schedules hereto, may not be waived, modified, amended, or supplemented except with the written consent of the Company, the Required Consenting RBL Lenders and the Required Consenting Noteholders (such consent not to be unreasonably withheld, conditioned, or delayed).

b. Notwithstanding Section 12(a):

(i) any waiver, modification, amendment, or supplement to this Section 12 shall require the written consent of the Company and each Consenting Creditor;

(ii) any waiver, modification, amendment, or supplement to the definitions of "Required Consenting RBL Lenders" and "Super-Majority RBL Lenders" shall require the written consent of (A) each Consenting RBL Lender, (B) the Company, and (C) the Required Consenting Noteholders;

(iii) any waiver, modification, amendment, or supplement to the definitions of "Required Consenting Noteholders" and "Super-Majority Noteholders" shall require the written consent of (A) each Consenting Noteholder, (B) the Company, and (C) the Required Consenting RBL Lenders; and

(iv) any change, modification, or amendment to this Agreement, the Plan Term Sheet, or the Plan that treats or affects any Consenting Creditor's Claims arising under the RBL Documents or Notes (or the Indenture) in a manner that is materially and adversely disproportionate, on an economic or non-economic basis, to the manner in which any of the other respective Consenting Creditors are treated (after taking into account each of the Consenting Creditor's respective holdings, as applicable, in the Company and the recoveries contemplated by the Plan (as in effect on the date hereof)) shall require the written consent of such materially adversely and disproportionately affected Consenting Creditor.

c. In the event that a materially adversely and disproportionately affected Consenting Creditor does not consent to a waiver, change, modification, or amendment to this Agreement requiring the consent of each Consenting Creditor ("**Non-Consenting Creditor**"), but such waiver, change, modification, or amendment receives the consent of Consenting Creditors constituting Super-Majority RBL Lenders and Super-Majority Noteholders, this Agreement shall be deemed to have been terminated only as to such Non-Consenting Creditor, and this Agreement shall continue in full force and effect in respect to all other Consenting Creditors subject to the terms of this Agreement. Notwithstanding the foregoing, the Company may amend, modify, or supplement this Agreement, the Plan Term Sheet, or the Plan from time to time without the consent of any Consenting Creditor to cure any ambiguity, defect (including any technical defect), or inconsistency, so long as (A) the Company obtains the consent of the RBL

Agent and the Required Consenting Noteholders and (B) any such amendments, modifications, or supplements do not materially adversely affect the rights, interests, or treatment of similarly situated Consenting Creditors under this Agreement, the Plan Term Sheet, or the Plan.

13. **WAIVER OF JURY TRIAL**

EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE EXHIBITS ATTACHED HERETO.

14. Governing Law and Consent to Jurisdiction and Venue

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to such state's choice of law provisions which would require the application of the law of any other jurisdiction. By its execution and delivery of this Agreement, each of the Parties hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding against it with respect to any matter arising under or arising out of or in connection with this Agreement or the exhibits attached hereto or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, shall be brought in the United States District Court for the Southern District of New York and only to the extent such court lacks jurisdiction, in the New York State Supreme Court sitting in the Borough of Manhattan, and by execution and delivery of this Agreement, each of the Parties hereby irrevocably accepts and submits itself to the jurisdiction of such courts, generally and unconditionally, with respect to any such action, suit or proceeding. Notwithstanding the foregoing consent to jurisdiction and venue, upon the commencement of the Chapter 11 Cases and until the Plan Effective Date, each of the Parties agrees that the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of or in connection with this Agreement or the exhibits attached hereto during the pendency of the Chapter 11 Cases.

15. Specific Performance

It is understood and agreed by the Parties that, without limiting any rights or remedies available under applicable law or in equity, money damages would not be a sufficient remedy for any breach of this Agreement by any Party, and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief (without the posting of a bond or other undertaking and without proof of actual damages) as a remedy of any such breach, including, without limitation, an order of the Bankruptcy Court or other court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder.

16. Reservation of Rights; Settlement Discussions

Except as expressly provided in this Agreement or the exhibits attached hereto, nothing herein is intended to, or does, in any manner, waive, limit, impair or restrict the ability of each Party to protect and preserve its rights, remedies and interests. Notwithstanding anything to the contrary contained in this Agreement or the exhibits attached hereto, nothing in this Agreement or the exhibits attached hereto shall be, or shall be deemed to be or constitute: (i) a release, waiver, novation, cancellation, termination or discharge of the Consenting Creditor Claims (or any security

interest or lien securing such claims); or (ii) an amendment, modification or waiver of any term or provision of the RBL Documents or Notes or any related loan document or indenture, which are hereby reserved and reaffirmed in full. If the Transaction is not consummated, or if this Agreement is terminated for any reason, the Parties hereto fully reserve any and all of their respective rights and remedies thereunder and applicable law.

This Agreement and the Transaction are part of a proposed settlement of a dispute among the Parties. Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408, any applicable state rules of evidence and any other applicable law, foreign or domestic, this Agreement and the exhibits attached hereto and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce the terms of this Agreement or the exhibits attached hereto (as applicable).

17. Headings; Recitals

The section headings of this Agreement are for convenience of reference only and shall not, for any purpose, be deemed a part of this Agreement. The recitals to this Agreement are true and correct and incorporated by reference into this Section 17.

18. Notice

Any notices or other communications required or permitted under, or otherwise in connection with, this Agreement shall be in writing and shall be deemed to have been duly given when delivered in person or upon confirmation of receipt when transmitted by facsimile transmission (but only if followed by transmittal by national overnight courier or hand for delivery on the next business day) or on receipt after dispatch by registered or certified mail, postage prepaid, or on the next business day if transmitted by national overnight courier, addressed in each case as follows:

If to the Company:

Lonestar Resources US Inc.
111 Boland Street, Suite 301
Fort Worth, TX 76107
Attn: Frank D. Bracken, III
Telephone: 817.921.1889
Email: fbracken@lonestarresources.com

with a copy to:

Latham & Watkins LLP
885 Third Avenue
New York, NY 10022-4834
Attn: David A. Hammerman
Keith A. Simon
Annemarie V. Reilly
Brett M. Neve
Telephone: 212.906.1200

Fax: 212.751.4864
Email: david.hammerman@lw.com
keith.simon@lw.com
annemarie.reilly@lw.com
brett.neve@lw.com

-and-

Hunton Andrews Kurth LLP
600 Travis Street, Suite 4200
Houston, TX 77002
Attn: Tad Davidson
Direct Dial: 713.220.3810
Fax: 713.220.4285
Email: TadDavidson@HuntonAK.com

If to any Consenting RBL Lender:

To the address (if any) specified on the signature page of this Agreement for the applicable Consenting RBL Lender

If to the RBL Agent:

Citibank, N.A.
2700 Post Oak Blvd.
Suite 550
Houston, TX 77056
Attn: Bryan McDavid
Telephone: 713.752.5074
Email: bryan.mcdavid@citi.com

with a copy to:

Linklaters LLP
1290 Avenue of the Americas
New York, NY 10105
Attn: Margot Schonholtz
Penelope Jensen
Telephone: 212.903.9000
Email: margot.schonholtz@linklaters.com
penelope.jensen@linklaters.com

If to any Consenting Noteholder:

To the address (if any) specified on the signature page of this Agreement for the applicable Consenting Noteholder

with a copy to:

Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, NY 10038
Attn: Kristopher M. Hansen
Erez E. Gilad
Jason M. Pierce
Telephone: 212.806.5400
Email: khansen@stroock.com
egilad@stroock.com
jpierce@stroock.com

19. Successors and Assigns

Subject to Section 10, neither this Agreement nor any of the rights or obligations hereunder may be assigned by any Party hereto, without the prior written consent of the other Parties hereto (in each case such consent not to be unreasonably withheld), and then only to a Person who has agreed to be bound by the provisions of this Agreement. This Agreement is intended to and shall bind and inure to the benefit of the Parties and their respective successors, permitted assigns, heirs, executors, administrators and representatives.

20. No Third-Party Beneficiaries

Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties hereto and no other person or entity shall be a third-party beneficiary hereof or shall otherwise be entitled to enforce any provision hereof.

21. Counterparts

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement. Any Party hereto may execute and deliver a counterpart of this Agreement by delivery by facsimile transmission or electronic mail of a signature page of this Agreement signed by such Party, and any such facsimile or electronic mail signature shall be treated in all respects as having the same effect as having an original signature.

22. No Consideration

It is hereby acknowledged by the Parties that no pecuniary consideration shall be due or paid to the Parties in exchange for their support of the Transaction or vote to accept the Plan, other than the obligations imposed upon such Party pursuant to the terms of this Agreement.

23. Acknowledgement; Not a Solicitation

This Agreement does not constitute, and shall not be deemed to constitute (i) an offer for the purchase, sale, exchange, hypothecation, or other transfer of securities for purposes of the Securities Act of 1933 and the Securities Exchange Act of 1934 (or any other federal or state law or regulation), or (ii) a solicitation of votes on the Plan for purposes of the Bankruptcy Code. The vote of each Consenting Creditor to accept or reject the Plan shall not be solicited except in accordance with applicable law.

24. Public Announcement and Filings

Except as required by applicable law or regulation, or the rules of any applicable stock exchange or regulatory body, or in filings to be made with the Bankruptcy Court, no Party shall, nor shall it permit any of its respective affiliates to, make any public announcement in respect of this Agreement or the transactions contemplated hereby or by the Plan Term Sheet without the prior written consent of the Company, the Required Consenting RBL Lenders, and the Required Consenting Noteholders (in each case such consent not to be unreasonably withheld); provided, that drafts of any press releases by the Company regarding the Transaction shall be submitted to the RBL Agent's counsel and counsel for the Ad Hoc Noteholders Group at least two (2) business days prior to making any such disclosure. Notwithstanding the foregoing or any provision of any other agreement between the Company and such Consenting Creditor to the contrary, no Party or its advisors shall disclose to any Person (including, for the avoidance of doubt, any other Consenting Creditor), other than advisors to the Company, the RBL Agent, and the Ad Hoc Noteholders Group, the principal amount or percentage of any RBL Claims or Notes Claims held by any Consenting Creditor without such Consenting Creditor's express prior written consent, unless required by applicable law; provided, however, that the Company shall not be required to keep confidential the aggregate holdings of all Consenting Creditors, and each Consenting Creditor hereby consents to the disclosure of the execution of this Agreement by the Company, and the terms and contents hereof (provided that all holdings information shall not be disclosed except on an aggregate basis for all Consenting Noteholders and all Consenting RBL Lenders, respectively), in the Plan, the Disclosure Statement filed therewith, and any filings by the Company with the Bankruptcy Court or the Securities and Exchange Commission, or as otherwise required by applicable law or regulation, or the rules of any applicable stock exchange or regulatory body. For the avoidance of doubt, any public filing of this Agreement, with the Bankruptcy Court or otherwise, that includes executed pages, schedules or exhibits to this Agreement shall include such pages, schedules and exhibits only in redacted form with respect to the holdings of each Consenting Creditor (provided that the holdings disclosed in such signature pages, schedules or exhibits may be filed in unredacted form with the Bankruptcy Court under seal).

25. Relationship Among Parties

It is understood and agreed that no Party has any duty of trust or confidence in any form with any other Party, and there are no commitments among or between them, in each case arising solely from or in connection with this Agreement. No prior history, pattern or practice of sharing confidences among or between the Parties shall in any way affect or negate this understanding and agreement. Nothing contained in this Agreement, and no action taken by any Consenting Creditor hereto is intended to constitute the Consenting Creditors as a partnership, an association, a joint venture, or any other kind of entity, or create a presumption that any Consenting Creditor is in any way acting in concert or as a member of a "group" with any other Consenting

Creditor within the meaning of Rule 13d-5 under the Securities Exchange Act of 1934, as amended.

26. No Strict Construction

Each Party acknowledges that it has received adequate information to enter into this Agreement, and that this Agreement and the exhibits attached hereto have been prepared through the joint efforts of all of the Parties. Neither the provisions of this Agreement or the exhibits attached hereto nor any alleged ambiguity herein or therein shall be interpreted or resolved against any Party on the ground that such Party's counsel drafted this Agreement or the exhibits attached hereto, or based on any other rule of strict construction.

27. Remedies Cumulative; No Waiver

All rights, powers, and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any right, power, or remedy thereof by any Party shall not preclude the simultaneous or later exercise of any other such right, power, or remedy by such Party. The failure of any Party hereto to exercise any right, power, or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon strict compliance by any other Party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such Party of its right to exercise any such or other right, power, or remedy or to demand such strict compliance.

28. Severability

If any portion of this Agreement or the exhibits attached hereto shall be held to be invalid, unenforceable, void or voidable, or violative of applicable law, the remaining portions of this Agreement and the exhibits attached hereto (as applicable) so far as they may practicably be performed shall remain in full force and effect and binding on the Parties hereto, provided that, this provision shall not operate to waive any condition precedent to any event set forth herein.

29. Time of Essence

Time is of the essence in the performance of each of the obligations of the Parties and with respect to all covenants and conditions to be satisfied by the Parties in this Agreement and all documents, acknowledgments and instruments delivered in connection herewith. If any time period or other deadline provided in this Agreement expires on a day that is not a business day, then such time period or other deadline, as applicable, shall be deemed extended to the next succeeding business day.

30. Additional Parties

Without in any way limiting the provisions hereof, additional RBL Lenders and Noteholders may elect to become Parties by executing and delivering to the Company a counterpart hereof or a Joinder, as applicable, in accordance with the terms of this Agreement. Such additional RBL Lenders and Noteholders shall become a Party to this Agreement as a Consenting RBL Lender or Consenting Noteholder, as applicable, in accordance with the terms of this Agreement.

31. Rules of Interpretation

For purposes of this Agreement, unless otherwise specified: (a) each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) all references herein to "Articles", "Sections", and "Exhibits" are references to Articles, Sections, and Exhibits of this Agreement; and (c) the words ''herein,'' "hereof," "hereunder" and ''hereto'' refer to this Agreement in its entirety rather than to a particular portion of this Agreement.

32. Term Sheets

The Plan Term Sheet and any term sheets attached to the Plan Term Sheet (collectively, the "**Term Sheets**") are expressly incorporated herein by reference and made part of this Agreement as if fully set forth herein. The Term Sheets set forth the material terms and conditions of the Transaction; provided, however, the Term Sheets are supplemented by the other terms and conditions of this Agreement. In the event of any conflict or inconsistency between the Term Sheets and any other provision of this Agreement, the Term Sheets will govern and control to the extent of such conflict or inconsistency. In the event of any conflict or inconsistency between the Plan Term Sheet and any other Term Sheet attached to the Plan Term Sheet, such other Term Sheet will govern and control to the extent of such conflict or inconsistency.

33. Email Consents

Where a written consent, acceptance, approval, or waiver is required pursuant to or contemplated under this Agreement, such written consent, acceptance, approval, or waiver shall be deemed to have occurred if, by agreement between counsel to the Parties submitting and receiving such consent, acceptance, approval, or waiver, it is conveyed in writing (including electronic mail) between each such counsel without representations or warranties of any kind on behalf of such counsel.

34. Acknowledgements

The Parties understand that the Consenting RBL Lenders and the Consenting Noteholders are engaged in a wide range of financial services and businesses. In furtherance of the foregoing, the Parties acknowledge and agree that, to the extent a Consenting RBL Lender or Consenting Noteholder expressly indicates on its signature page hereto that it is executing this Agreement on behalf of specific trading desk(s) or business group(s) of the Consenting RBL

Lender or Consenting Noteholder, the obligations set forth in this Agreement shall only apply to such trading desk(s) or business group(s) and shall not apply to any other trading desk or business group of the Consenting RBL Lender or Consenting Noteholder so long as they are not acting at the direction or for the benefit of such Consenting RBL Lender or Consenting Noteholder or such Consenting RBL Lender's or Consenting Noteholder's investment in the Company; provided, that the foregoing shall not diminish or otherwise affect the obligations and liability therefor of any legal entity that (i) executes this Agreement or (ii) on whose behalf this Agreement is executed by a Consenting RBL Lender or Consenting Noteholder.

35. No Recourse

This Agreement may only be enforced against the Consenting Creditor parties hereto (and then only to the extent of the specific obligations undertaken by such parties in this Agreement). All claims or causes of action (whether in contract, tort, equity or any other theory) that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement, may be made only against the Persons that are expressly identified as Consenting Creditor parties hereto (and then only to the extent of the specific obligations undertaken by such parties herein). No past, present or future direct or indirect director, manager, officer, employee, incorporator, member, partner, stockholder, equity holder, trustee, affiliate, controlling person, agent, attorney or other representative of any Consenting Creditor party hereto (including any person negotiating or executing this Agreement on behalf of such party hereto), nor any past, present or future direct or indirect director, manager, officer, employee, incorporator, member, partner, stockholder, equity holder, trustee, affiliate, controlling person, agent, attorney or other representative of any of the foregoing (other than any of the foregoing that is a Consenting Creditor party hereto), shall have any liability with respect to this Agreement or with respect to any proceeding (whether in contract, tort, equity or any other theory that seeks to "pierce the corporate veil" or impose liability of an entity against its owners or affiliates or otherwise) that may arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement.

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

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their respective duly authorized signatories, solely in their respective capacity as such and not in any other capacity, as of the date first set forth above.

LONESTAR RESOURCES US INC.

By: _____
Name:
Title:

LONESTAR RESOURCES AMERICA, INC.

By: _____
Name:
Title:

LONESTAR RESOURCES, INC.

By: _____
Name:
Title:

LONESTAR RESOURCES INTERMEDIATE, INC.

By: _____
Name:
Title:

LNR AMERICA, INC.

By: _____
Name:
Title:

EAGLEFORD GAS, LLC

By: _____
Name:
Title:

POPLAR ENERGY, LLC

By: _____
Name:
Title:

EAGLEFORD GAS 2, LLC

By: _____
Name:
Title:

EAGLEFORD GAS 3, LLC

By: _____
Name:
Title:

EAGLEFORD GAS 4, LLC

By: _____
Name:
Title:

EAGLEFORD GAS 5, LLC

By: _____
Name:
Title:

EAGLEFORD GAS 6, LLC

By: _____
Name:
Title:

EAGLEFORD GAS 7, LLC

By: _____
Name:
Title:

EAGLEFORD GAS 8, LLC

By: _____
Name:
Title:

EAGLEFORD GAS 10, LLC

By: _____
Name:
Title:

EAGLEFORD GAS 11, LLC

By: _____
Name:
Title:

BOLAND BUILDING, LLC

By: _____
Name:
Title:

LONESTAR OPERATING, LLC

By: _____
Name:
Title:

LONESTAR BR DISPOSAL LLC

By: _____
Name:
Title:

LA SALLE EAGLE FORD GATHERING LINE, LLC

By: _____
Name:
Title:

AMADEUS PETROLEUM INC.

By: _____
Name:
Title:

T-N-T ENGINEERING, INC.

By: _____
Name:
Title:

ALBANY SERVICES, L.L.C.

By: _____
Name:
Title:

RBL AGENT AND CONSENTING CREDITOR

CITIBANK, N.A.

By: /s/ Bryan McDavid
Name: Bryan McDavid
Title: Senior Vice President

CONSENTING CREDITOR

JPMORGAN CHASE BANK, N.A., ("JPMC") solely in respect of its Commercial Banking Corporate Client Banking & Specialized Industries unit ("CCBSI") and not any other unit, group, division or affiliate of JPMC and solely in respect of CCBSI's RBL Claims. For the avoidance of doubt, and notwithstanding anything to the contrary contained in this Agreement, this Agreement shall not apply to JPMC (other than with respect to claims arising from the RBL Claims held by CCBSI).

By: /s/ Michael A. Kamauf
Name: Michael A. Kamauf
Title: Authorized Oficer

CONSENTING CREDITOR

ABN AMRO CAPITAL USA LLC

By: /s/ Hugo Diogo
Name: Hugo Diogo
Title: Managing Director

By: /s/ Kelly Hall
Name: Kelly Hall
Title: Director

CONSENTING CREDITOR

COMERICA BANK

By: /s/ Chris Reed
Name: Chris Reed
Title: Vice President

CONSENTING CREDITOR

TRUIST BANK, as successor in merger to SUNTRUST BANK

By: /s/ William S Krueger
Name: William S Krueger
Title: Senior Vice President

CONSENTING CREDITOR

IBERIABANK, a division of First Horizon

By: /s/ William Chapman
Name: William Chapman
Title: Market President – Energy Lending

CONSENTING CREDITOR

OCM ENERGY HOLDINGS, LLC

By: /s/ Jared Parker
Name: Jared Parker
Title:

CONSENTING CREDITOR

BARCLAYS BANK PLC ("Barclays"), solely in respect of its Portfolio Management Group ("PMG") and not any other desk, unit, group, division, or affiliate of Barclays and solely in respect of the PMG's RBL Claims, as a Consenting Creditor. For the avoidance of doubt, and notwithstanding anything to the contrary contained in this Agreement, nothing in this Agreement shall bind Barclays or its affiliates to take or not take any action, or otherwise in any respect, other than with respect to its PMG and the PMG's RBL Claims.

By: /s/ Robert Silverman
Name: Robert Silverman
Title: Authorized Signatory

CONSENTING CREDITOR

FIFTH THIRD BANK, NATIONAL ASSOCIATION

By: /s/ David R. Garcia
Name: David R. Garcia
Title: Vice President

[redacted]
By: FS/EIG Advisor, LLC, its investment adviser

By: [redacted]
Name:
Title:

By: [redacted]
Name:
Title:

Principal Amount of RBL Claims as of the date hereof:

$[redacted]

Principal Amount of Notes Claims as of the date hereof:

$[redacted]

Address for Notice:

[redacted]

[redacted]

By: Hotchkis and Wiley Capital Management, LLC (H&W)
as its investment manager

By:__[redacted]_____
Name
Title:

Principal Amount of RBL Claims as of the date hereof:

[redacted]

Principal Amount of Notes Claims as of the date hereof:

[redacted]

Address for Notice:

[redacted]

[redacted]

By: Hotchkis and Wiley Capital Management, LLC (H&W)
as its investment manager

By:__[redacted]_____
Name
Title:

Principal Amount of RBL Claims as of the date hereof:

[redacted]

Principal Amount of Notes Claims as of the date hereof:

[redacted]

Address for Notice:

[redacted]

[redacted]

By: Hotchkis and Wiley Capital Management, LLC (H&W)
as its investment manager

By:_[redacted]____
Nam
Title:

Principal Amount of RBL Claims as of the date hereof:

[redacted]

Principal Amount of Notes Claims as of the date hereof:

[redacted]

Address for Notice:

[redacted]

[redacted]

By: Hotchkis and Wiley Capital Management, LLC (H&W)
as its investment manager

By:_[redacted]_____
Nam
Title:

Principal Amount of RBL Claims as of the date hereof:

[redacted]_____

Principal Amount of Notes Claims as of the date hereof:

[redacted]

Address for Notice:

[redacted]

[redacted]

By: Hotchkis and Wiley Capital Management, LLC (H&W)
as its investment manager

By:_[redacted]__
Nam
Title

Principal Amount of RBL Claims as of the date hereof:

[redacted]

Principal Amount of Notes Claims as of the date hereof:

[redacted]

Address for Notice:

[redacted]

[redacted]

By: Hotchkis and Wiley Capital Management, LLC (H&W)
as its investment manager

By:_[redacted]_____
Nam
Title:

Principal Amount of RBL Claims as of the date hereof:

[redacted]_____

Principal Amount of Notes Claims as of the date hereof:

[redacted]

Address for Notice:

[redacted]

[redacted]

By: Loomis, Sayles & Company, Incorporated
Its General Partner

By: [redacted]
Name:
Title:

Principal Amount of RBL Claims as of the date hereof:

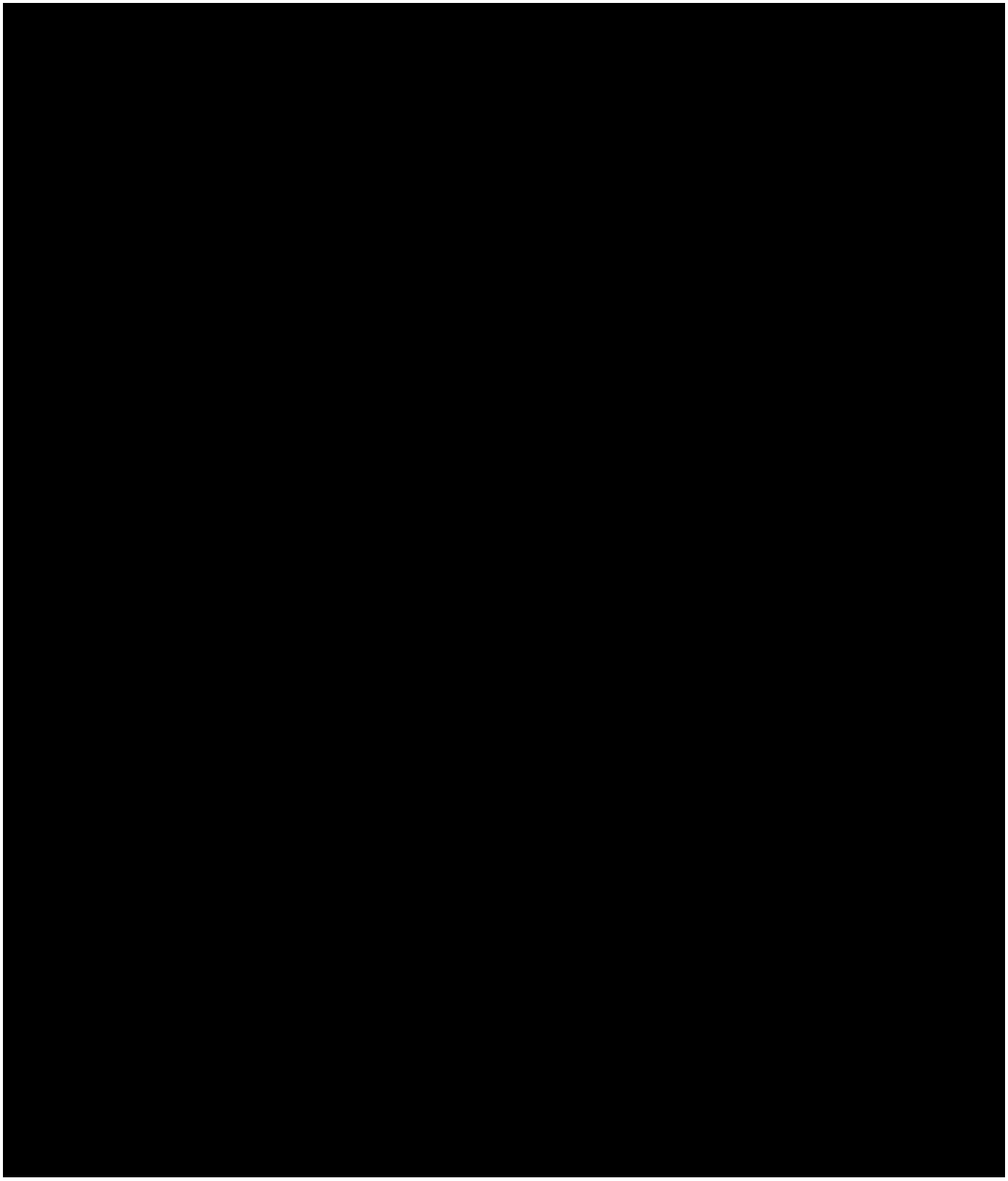
[redacted]

Principal Amount of Notes Claims as of the date hereof:*

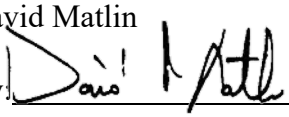
[redacted]

Address for Notice:

[redacted]



David Matlin

By: 

Name: David Matlin
Title: N/A

Principal Amount of RBL Claims as of the date hereof:

$[redacted]

Principal Amount of Notes Claims as of the date hereof:

$[redacted]

Address for Notice:

[redacted]

Exhibit A

Plan Term Sheet

EXECUTION VERSION

LONESTAR RESOURCES AMERICA INC.

PLAN TERM SHEET

September 14, 2020

THIS PLAN TERM SHEET IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCE OR REJECTION OF A CHAPTER 11 PLAN OF REORGANIZATION PURSUANT TO THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL BE MADE ONLY IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS AND PROVISIONS OF THE BANKRUPTCY CODE. THIS PLAN TERM SHEET IS BEING PROVIDED IN FURTHERANCE OF SETTLEMENT DISCUSSIONS AND IS ENTITLED TO PROTECTION PURSUANT TO RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND ANY SIMILAR FEDERAL OR STATE RULE OF EVIDENCE. THE TRANSACTIONS DESCRIBED IN THIS PLAN TERM SHEET ARE SUBJECT IN ALL RESPECTS TO, AMONG OTHER THINGS, EXECUTION AND DELIVERY OF DEFINITIVE DOCUMENTATION AND SATISFACTION OR WAIVER OF THE CONDITIONS PRECEDENT SET FORTH THEREIN.

NOTHING IN THIS PLAN TERM SHEET SHALL CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, A STIPULATION OR A WAIVER, AND EACH STATEMENT CONTAINED HEREIN IS MADE WITHOUT PREJUDICE, WITH A FULL RESERVATION OF ALL RIGHTS, REMEDIES, CLAIMS AND DEFENSES OF THE PARTIES TO THE RESTRUCTURING SUPPORT AGREEMENT (AS DEFINED BELOW). THIS PLAN TERM SHEET DOES NOT INCLUDE A DESCRIPTION OF ALL OF THE TERMS, CONDITIONS, AND OTHER PROVISIONS THAT ARE TO BE CONTAINED IN THE DEFINITIVE DOCUMENTS, WHICH REMAIN SUBJECT TO DISCUSSION, NEGOTIATION AND EXECUTION. EXCEPT AS PROVIDED IN THE RESTRUCTURING SUPPORT AGREEMENT, THIS PLAN TERM SHEET, AND THE TERMS CONTAINED HEREIN, ARE CONFIDENTIAL.

SUMMARY OF RESTRUCTURING TRANSACTION

This term sheet (this "**Plan Term Sheet**") sets forth certain key terms of a proposed restructuring transaction (the "**Transaction**") with respect to the existing debt and other obligations of (i) Lonestar Resources US Inc. ("**Parent**"), (ii) Lonestar Resources America Inc. ("**Lonestar**"), and (iii) each other direct and indirect wholly-owned subsidiary of Parent (each, a "**Lonestar Subsidiary**", and together with Parent and Lonestar, the "**Company**" or the "**Debtors**"), to be implemented through jointly administered voluntary prepackaged cases to be commenced by the Company under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas, Houston Division. This Plan Term Sheet is the "Plan Term Sheet" referenced as Exhibit A in that certain Restructuring Support Agreement, dated as of September 14, 2020 (including all exhibits, annexes and schedules, as the same may be amended, modified or supplemented in accordance with the terms thereof, the "**Restructuring Support Agreement**"), by and among the Company, the Consenting RBL Lenders, and the Consenting Noteholders party thereto. Capitalized terms used but not otherwise defined in this Plan Term Sheet have the meanings given to such terms in the Restructuring Support Agreement. This Plan Term Sheet supersedes any proposed summary of terms or conditions regarding the subject matter hereof and dated prior to the date hereof. Subject to the Restructuring Support Agreement, the Transaction will be implemented pursuant to the Plan and the other Definitive Documents.

The Company	1) Lonestar Resources US Inc. 2) Lonestar Resources America Inc. 3) Lonestar Resources Intermediate Inc. 4) LNR America Inc. 5) Amadeus Petroleum Inc. 6) Albany Services, L.L.C. 7) T-N-T Engineering, Inc. 8) Lonestar Resources, Inc. 9) Lonestar Operating, LLC 10) Poplar Energy, LLC 11) Eagleford Gas, LLC 12) Eagleford Gas 2, LLC 13) Eagleford Gas 3, LLC 14) Eagleford Gas 4, LLC 15) Eagleford Gas 5, LLC 16) Eagleford Gas 6, LLC 17) Eagleford Gas 7, LLC 18) Eagleford Gas 8, LLC 19) Eagleford Gas 10, LLC 20) Lonestar BR Disposal LLC 21) La Salle Eagle Ford Gathering Line LLC 22) Eagleford Gas 11, LLC 23) [Boland Building, LLC]
Claims and Interests to be Restructured	RBL Claims: The "**RBL Claims**" consist of not less than $285 million in unpaid principal as of September 14, 2020, not less than $397,634.00 in respect of letters of credit issued by the Issuing Banks (as defined in the RBL Credit Agreement (as defined below)), claims of the Treasury

	Management Parties (as defined in the RBL Credit Agreement) in amounts yet to be determined, claims of the Indemnitees (as defined in the RBL Credit Agreement) in amounts yet to be determined, in each case, plus accrued and unpaid interest, fees, costs, expenses and other obligations, including, without limitation, reasonable and documented attorney's fees, agent's fees, other professional fees and disbursements and other obligations arising and payable under or in connection with that certain Credit Agreement, dated as of July 28, 2015 (as amended, modified, or supplemented from time to time, the "**RBL Credit Agreement**," and together with all Loan Documents (as defined in the RBL Credit Agreement), and all other documentation executed or delivered in connection therewith, the "**RBL Documents**" and such facility, the "**RBL Facility**"), by and among Lonestar, as borrower, Citibank, N.A., as administrative agent and collateral agent (the "**RBL Agent**"), the lenders party thereto from time to time (the "**RBL Lenders**," and together with the RBL Agent, Issuing Banks, Treasury Management Parties, Swap Lenders and Indemnitees, the "**RBL Secured Parties**"), and the other parties thereto; Notes Claims: The "**Notes Claims**" consist of any and all claims and obligations arising under or in connection with the 11.250% Senior Notes due 2023 (the "**Notes**" and the holders thereof, the "**Noteholders**") issued pursuant to that certain Indenture, dated as of January 4, 2018 (as amended, modified, or supplemented from time to time), by and among Lonestar, as issuer, each of the guarantors party thereto from time to time, and UMB Bank, N.A., as trustee (in such capacity, together with any successor trustee, the "**Notes Trustee**") governing the issuance of the Notes (the "**Indenture**"); General Unsecured Claims: consisting of prepetition general unsecured claims (other than the Notes Claims or any Intercompany Claims) (the "**General Unsecured Claims**"); Intercompany Claims: consisting of any claim held by a Debtor against another Debtor (the "**Intercompany Claims**"); Parent Preferred Equity Interests: consisting of any shares of preferred stock of Parent, and any options, warrants, or rights to acquire any such shares of preferred stock of Parent (the "**Parent Preferred Equity Interests**"); Parent Common Equity Interests: consisting of any shares of common stock of Parent and any options, warrants, or rights to acquire any such shares of common stock of Parent (the "**Parent Common Equity Interests**"); and Lonestar Subsidiary Interests: consisting of any equity interests in any of the Lonestar Subsidiaries including common equity interests and any options, warrants, or rights to acquire any equity interests in any Lonestar Subsidiary (the "**Lonestar Subsidiary Interests**").
Commodity Hedging	All of the Company's hedging positions with the Swap Lenders (as defined in the RBL Credit Agreement) have been or will be consensually terminated

	prior to the Petition Date in order to provide the Company approximately $30 million of cash proceeds (the "**Hedge Unwind Proceeds**"). The Hedge Unwind Proceeds shall be held in a blocked account at Citibank subject to a control agreement. At the "first day" hearing, the Debtors shall seek entry of a hedging order (the "**Hedging Order**"), which shall be in form and substance acceptable to the Company and the RBL Agent, authorizing the Debtors to: (a) enter into amended and restated swap agreements and new swap agreements, as applicable (collectively, the "**Postpetition Swap Agreements**") with Swap Lenders party to prepetition swap agreements or any Consenting RBL Lender or its Affiliate (as defined in the RBL Credit Agreement) (collectively, the "**Postpetition Hedging Lenders**") and (b) provide superpriority treatment to the Postpetition Hedging Lenders for claims arising under or in connection with the Postpetition Swap Agreements. On the Plan Effective Date (as defined below), the Postpetition Swap Agreements will be novated to the borrower under the Facilities (as defined below).
Funding of Chapter 11 Cases and Use of Cash Collateral	The Chapter 11 Cases shall be funded with cash on hand (including the Hedge Unwind Proceeds). The Debtors will continue using prepetition collateral and cash collateral (including the Hedge Unwind Proceeds) pursuant to the terms of the Cash Collateral Orders, which shall be in form and substance acceptable to the Company and the RBL Agent. The Company and the RBL Agent will consult with, and consider in good faith any comments received from, counsel to the Ad Hoc Noteholders Group with respect to the Cash Collateral Orders.
Exit Financing	On the Plan Effective Date, the Reorganized Debtors[1] will enter into (a) a revolving credit facility (the "**Revolving Credit Facility**" and the loans thereunder, the "**Revolving Loans**" and each lender thereunder a "**Revolving Lender**"), (b) a second-out term loan credit facility (the "**Second Out Term Loan Facility**", and the loans thereunder, the "**Second Out Term Loans**"), and (c) if necessary, a last-out term loan credit facility (the "**Last Out Term Loan Facility**", and the loans thereunder, the "**Last Out Term Loans**", and together with the Revolving Credit Facility and the Second Out Term Loan Facility, the "**Facilities**"), the terms and conditions of each of which shall be consistent in all material respects with the Facilities Term Sheet attached hereto as Exhibit 1 (the "**Facilities Term Sheet**").
New Warrants	On the Plan Effective Date, the Reorganized Debtors shall have issued warrants (the "**New Warrants**") to purchase up to 10% of the New Equity

[1] The term "Reorganized Debtors" means the Debtors, as reorganized pursuant to the Plan on or after the Plan Effective Date.

	Interests, subject to dilution only by the MIP Equity (as defined below), to the holders of allowed RBL Claims that have voted to accept the Plan and become a Revolving Lender under the Revolving Credit Facility, on terms and conditions consistent in all material respects with the Warrant Term Sheet attached hereto as Exhibit 2 (the "**Warrant Term Sheet**" and, together with this Plan Term Sheet, and the Facilities Term Sheet, the "**Term Sheets**").

TREATMENT OF CLAIMS AND INTERESTS AGAINST THE DEBTORS

The below summarizes the treatment to be received on or as soon as practicable after the Plan Effective Date by holders of claims against, and interests in, the Debtors pursuant to the Plan and the voting status of such claims and interests.

Administrative Expense, Priority Tax, and Other Priority Claims	Allowed administrative, priority tax, and other priority claims shall be satisfied in full, in cash, or otherwise receive treatment consistent with the provisions of section 1129(a)(9) (or other applicable provisions) of the Bankruptcy Code. Unimpaired – Presumed to Accept
RBL Claims	On the Plan Effective Date, each holder of an allowed RBL Claim that has voted to accept the Plan shall receive its *pro rata* share of: (a) cash in an amount equal to all accrued and unpaid interest (at the non-default rate so long as the Restructuring Support Agreement has not been terminated), fees, and other amounts (excluding amounts owed for principal, undrawn letters of credit and contingent reimbursement and indemnification obligations) owing under the RBL Facility through the Plan Effective Date as set forth in the RBL Documents (the "**RBL Cash Distribution**"), to the extent not previously paid; (b) the Revolving Loans; (c) the New Warrants; and (d) the Second Out Term Loans; and each holder of an allowed RBL Claim that has not voted on the Plan or has voted to reject the Plan shall receive its *pro rata* share of: (a) the RBL Cash Distribution, to the extent not previously paid; and (b) the Last Out Term Loans.

	Impaired – Entitled to Vote
Other Secured Claims	Each holder of an allowed secured claim (other than a priority tax claim or RBL Claim) shall receive (a) cash equal to the full allowed amount of its claim, (b) reinstatement of such holder's claim, (c) the return or abandonment of the collateral securing such claim to such holder, or (d) such other less favorable treatment as may otherwise be agreed to by such holder and the Debtors (with the consent of the RBL Agent and the Required Consenting Noteholders). Unimpaired – Deemed to Accept
Notes Claims	Each holder of an allowed Notes Claim shall receive its *pro rata* share of 96% of the new equity interests to be issued by Reorganized Parent[2] pursuant to the Plan on the Plan Effective Date (the "**New Equity Interests**"), subject to dilution by the MIP Equity and the New Warrants. Impaired – Entitled to Vote
General Unsecured Claims	On or as soon as practicable after the earliest to occur of the Plan Effective Date and the date such claim becomes due in the ordinary course of business, except to the extent that a holder agrees to less favorable treatment, each holder of an allowed General Unsecured Claim shall receive payment in full in cash on account of their allowed claim or such other treatment as would render such claim unimpaired. Holders of General Unsecured Claims will not be required to file any proof of claim in the Chapter 11 Cases. Unimpaired – Deemed to Accept
Intercompany Claims	Intercompany Claims shall be reinstated, compromised, or cancelled, at the option of the relevant holder of such claims with the consent of the RBL Agent and the Required Consenting Noteholders. Impaired – Deemed to Accept
Parent Preferred Equity Interests	All Parent Preferred Equity Interests shall be cancelled, and each holder of Parent Preferred Equity Interests shall receive, on account of such Parent

[2] The term "Reorganized Parent" means Lonestar Resources US Inc., as reorganized pursuant to the Plan on or after the Plan Effective Date, or the new parent of the Reorganized Debtors, whether by merger, consolidation or otherwise, and may be a corporation, limited liability company or partnership, as determined by the Company and the Required Consenting Noteholders (subject to the reasonable consent of the RBL Agent).

	Preferred Equity Interests, its *pro rata* share of 3% of the New Equity Interests, subject to dilution by the MIP Equity and the New Warrants. Impaired – Entitled to Vote
Parent Common Equity Interests	All Parent Common Equity Interests shall be cancelled, and, solely to the extent permitted under section 1129(b)(2)(C) of the Bankruptcy Code, each holder of Parent Common Equity Interests shall receive, on account of such Parent Common Equity Interests, its *pro rata* share of 1% of the New Equity Interests, subject to dilution by the MIP Equity and the New Warrants. Impaired – Entitled to Vote
Lonestar Subsidiary Interests	All Lonestar Subsidiary Interests shall remain effective and outstanding on the Plan Effective Date and shall be owned and held by the same applicable entities that held and/or owned such interests immediately prior to the Plan Effective Date. Unimpaired – Deemed to Accept

OTHER TERMS OF THE TRANSACTION

Definitive Documents	This Plan Term Sheet is indicative, and any final agreement with respect to the Transaction will be subject to the Definitive Documents. The Definitive Documents shall (i) contain terms and conditions consistent in all respects with the Term Sheets and the Restructuring Support Agreement, and (ii) be consistent with and subject to the applicable approval and consent rights set forth in this Plan Term Sheet and the Restructuring Support Agreement; provided, that, upon completion, the Definitive Documents and every other document, deed, agreement, filing, notification letter or instrument related to the Transaction shall contain terms, conditions, representations, warranties, and covenants consistent with the terms of the Term Sheets and the Restructuring Support Agreement as they may be modified, amended, or supplemented in accordance with the Restructuring Support Agreement.
Executory Contracts and Unexpired Leases	The Company reserves the right to reject certain executory contracts and unexpired leases subject to the consent of (i) the RBL Agent (acting at the direction of the Required Consenting RBL Lenders), and (ii) the Required Consenting Noteholders (such consent not to be unreasonably withheld or delayed). All executory contracts and unexpired leases not expressly rejected will be deemed assumed pursuant to the Plan.

Corporate Governance	The material terms and conditions of the new corporate governance documents (the "**New Corporate Governance Documents**") shall be set forth in the Plan Supplement. The New Corporate Governance Documents shall include customary language to address bank regulatory issues. The New Equity Interests shall be DTC-eligible upon, or substantially concurrently with, emergence.
Board of Directors	The initial directors of the board or other governing body of Reorganized Parent (the "**New Board**") shall be selected by the Ad Hoc Noteholder Group (and shall include the chief executive officer of Reorganized Parent).
Management Incentive Plan	On or before the 60th day following the Plan Effective Date or as soon as reasonably practicable thereafter, Reorganized Parent shall enter into a management incentive plan (the "**Management Incentive Plan**") which shall (i) reserve 8% of the New Equity Interests (or restricted stock units, options, or other rights exercisable, exchangeable, or convertible into such New Equity Interests) on a fully diluted basis to certain members of senior management to be determined by the New Board ("**MIP Equity**") and (ii) otherwise contain terms and conditions (including the form of awards, allocation of awards, vesting and performance metrics) to be determined by the New Board. Any shares of MIP Equity acquired pursuant to the Management Incentive Plan shall dilute the shares of New Equity Interests (including, without limitation, any equity issued with respect to the New Warrants) otherwise distributed pursuant to the Plan.
Releases, Exculpation, and Indemnification	The Plan and the Combined Disclosure Statement and Confirmation Order will contain customary mutual releases (including third party releases), exculpation, and indemnification provisions, in each case, to the fullest extent permitted by law, in favor of the Company, the Reorganized Debtors, the RBL Secured Parties, the Postpetition Hedging Lenders, the lenders, agents, and other parties to the Facilities as of the Effective Date, the Consenting Noteholders, the members of the Ad Hoc Noteholders Group, the Indenture Trustee, holders of Parent Preferred Equity Interests and holders of Parent Common Equity Interests that provide a release, and each of their respective current and former affiliates, subsidiaries, members, directors, officers, professionals, advisors, and employees, in their respective capacities as such. Such release and exculpation shall include, without limitation, any and all claims, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, including any derivative claims and avoidance actions, of the Company and such other releasing party, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, contract, or otherwise, that the Company or such other releasing party would

	have been legally entitled to assert in its own right (whether individually or collectively), or on behalf of the holder of any claim or equity interest (whether individually or collectively) or other entity, based in whole or in part upon any act or omission, transaction, or other occurrence or circumstances existing or taking place at any time prior to or on the Plan Effective Date arising from or related in any way in whole or in part to the Company or its affiliates or subsidiaries, the RBL Facility, the Notes, the Chapter 11 Cases, the Plan, the Disclosure Statement, the Facilities, the Restructuring Support Agreement, the Term Sheets, the purchase, sale, or rescission of the purchase or sale of any security of the Company, the subject matter of, or the transactions or events giving rise to, any claim or equity interest that is treated in the Plan, or the negotiation, formulation, or preparation of the Definitive Documents or related agreements, instruments, or other documents. To the maximum extent permitted by applicable law, any such releases shall bind all parties that affirmatively vote to accept the Plan, those parties that abstain from voting on the Plan if they fail to opt-out of the releases, those parties that vote to reject the Plan unless they opt-out of the releases, those non-voting parties that fail to return an opt-out form, and all other holders of claims and interests to the maximum extent permitted under applicable law.
Injunction & Discharge	The Plan and the Combined Disclosure Statement and Confirmation Order will contain customary injunction and discharge provisions.
Cancellation of Instruments, Certificates, and Other Documents	On the Plan Effective Date, except to the extent otherwise provided herein, in the Plan, or in the Facilities, all instruments, certificates, and other documents evidencing debt of or equity interests in Parent and its subsidiaries shall be cancelled, and the obligations of Parent and its subsidiaries thereunder, or in any way related thereto, shall be discharged; provided, however, that the RBL Facility, the other RBL Documents and all liens, mortgages, and security interests granted by the Debtors pursuant to the RBL Facility and the other RBL Documents to secure the RBL Claims prior to the Petition Date will be unaltered by the Plan (other than amending and restating certain RBL Loan Documents in accordance with the Plan), and all such liens, mortgages and security interests shall remain in effect to the same extent, in the same manner and on the same terms and priorities as they were prior to the Petition Date and secure the obligations of the Reorganized Company under the Facilities. The Postpetition Swap Agreements shall be unaltered by the Plan. All indemnification obligations and expense reimbursement obligations of the Debtors arising under the RBL Documents in favor of the parties to the RBL Facility, or their respective directors, officers, employees, agents, affiliates, controlling persons, and legal and financial advisors, shall remain in full force and effect, and shall be assumed and be enforceable against the Reorganized Debtors on and after the Plan Effective Date under the Facilities.

	Except to the extent otherwise provided herein, in the Plan, or in the Facilities, the Debtors or the Reorganized Debtors may take such actions necessary to cause the wind-up and dissolution of certain Lonestar Subsidiaries to be identified on or prior to the Plan Effective Date with the consent of the RBL Agent and the Required Consenting Noteholders.
Employee Compensation, Severance, and Benefit Programs	Reorganized Parent and certain members of senior management of Parent shall on the Plan Effective Date, enter into employment contracts that will be effective on the Plan Effective Date (the "**New Employment Contracts**"). Solely to the extent of and simultaneous with the effectiveness of the New Employment Contracts, each member of senior management of Reorganized Parent party thereto shall agree to terminate their respective rights under the Company's change-in-control severance plan and waive and release all claims relating thereto. Other than as set forth in the immediately preceding paragraph with respect to senior management's rights under the change-in-control severance plan, the New Employment Contracts and all other employment agreements and severance policies, and all employment, compensation and benefit plans, policies, and programs of the Company applicable to any of its employees and retirees, including, without limitation, all workers' compensation programs, savings plans, retirement plans, SERP plans, healthcare plans, disability plans, severance benefit plans, incentive plans, change-in-control plans, life and accidental death and dismemberment insurance plans (collectively, the "**Specified Employee Plans**"), shall be assumed by the Company (and assigned to the Reorganized Debtors, if necessary) pursuant to section 365(a) of the Bankruptcy Code, either by a separate motion filed with the Bankruptcy Court or pursuant to the terms of the Plan and the Combined Disclosure Statement and Confirmation Order. All claims arising from the Specified Employee Plans shall be unimpaired by the Plan.
Tax Issues	The Plan shall, subject to the terms and conditions of the Restructuring Support Agreement, be structured to achieve a tax efficient structure, in a manner reasonably acceptable to the Company, the RBL Agent, and the Required Consenting Noteholders.
Securities Law Exemptions	The Plan and the Combined Disclosure Statement and Confirmation Order shall provide that the issuance of any securities thereunder will be exempt from securities laws in accordance with section 1145 of the Bankruptcy Code, section 4(a)(2) of the Securities Act, and/or Regulation D of the Securities Act.
Registration Rights	To be determined by the Company and the Required Consenting Noteholders.

SEC Reporting	To be determined by the Company and the Required Consenting Noteholders.
D&O Liability Insurance Policies, Tail Policies, and Indemnification	The Company shall maintain and continue in full force and effect all insurance policies for directors', managers' and officers' liability (the "**D&O Liability Insurance Policies**"). The Company shall assume (and assign to the Reorganized Debtors, if necessary), pursuant to section 365(a) of the Bankruptcy Code, either by a separate motion filed with the Bankruptcy Court or pursuant to the terms of the Plan and the Combined Disclosure Statement and Confirmation Order, all of the D&O Liability Insurance Policies and all indemnification provisions in existence as of the date of the Restructuring Support Agreement for directors, managers and officers of the Company (whether in by-laws, certificate of formation or incorporation, board resolutions, employment contracts, or otherwise, such indemnification provisions, "**Indemnification Provisions**"). All claims arising from the D&O Liability Insurance Policies and such Indemnification Provisions shall be unimpaired by the Plan.
Plan Effective Date	The date upon which all conditions to the effectiveness of the Plan have been satisfied or waived in accordance with the terms of the Plan and the Plan becomes effective according to its terms (the "**Plan Effective Date**").
Conditions to Plan Effectiveness	The Plan shall contain customary conditions precedent to confirmation of the Plan and occurrence of the Plan Effective Date, which may be waived in writing by agreement of the Debtors, the RBL Agent, and the Required Consenting Noteholders, in each case, subject to the consent rights provided for in the Restructuring Support Agreement, including, among others: (i) the Plan and Disclosure Statement and the other Definitive Documents (as applicable) shall be in full force and effect, and in form and substance, and containing terms and conditions, consistent in all material respects with the Term Sheets and the Restructuring Support Agreement; (ii) the Bankruptcy Court shall have entered the Final Cash Collateral Order in form and substance consistent in all material respects with the Term Sheets and the Restructuring Support Agreement, and such Final Cash Collateral Order shall remain in full force and effect, and no Termination Event (as defined in the Final Cash Collateral Order) shall have occurred or be continuing thereunder; (iii) all of the Restructuring Expenses shall have been paid in full in cash; (iv) the Bankruptcy Court shall have entered the Combined Disclosure Statement and Confirmation Order in form and substance

consistent in all material respects with the Term Sheets and the Restructuring Support Agreement and otherwise in form and substance acceptable to the Debtors, the RBL Agent and the Required Consenting Noteholders, and such order shall not have been stayed, modified or vacated, and shall, among other things:

a. authorize the Debtors to take all actions necessary to enter into, implement, and consummate the contracts, instruments, releases, leases, and other agreements or documents created in connection with the Plan in a manner consistent in all respects with the Restructuring Support Agreement and subject to the consent rights set forth therein;

b. decree that the provisions in the Combined Disclosure Statement and Confirmation Order and the Plan are non-severable and mutually dependent;

c. authorize the Debtors to: (1) implement the Transaction; (2) make all distributions and issuances as required under the Plan, including Cash, New Equity Interests and the New Warrants; (3) enter into the Facilities and (4) enter into any agreements and transactions, in each case, in a manner consistent with the terms of the Restructuring Support Agreement and subject to the consent rights set forth therein; and

d. authorize the implementation of the Plan in accordance with its terms;

(v) the final version of the Plan, the Definitive Documents, and all other documents contained in any supplement to the Plan, including any exhibits, schedules, amendments, modifications, or supplements thereto or other documents contained therein shall have been executed or filed, as applicable, in form and substance consistent in all material respects with the Restructuring Support Agreement, the Term Sheets, and the Plan;

(vi) the Facilities shall be in full force and effect and be consummated concurrently with the Plan Effective Date, including, but not limited to:

a. the documents related to the Facilities shall have been duly executed and delivered by all of the relevant parties thereto; and

b. all conditions precedent (other than any conditions related to the occurrence of the Plan Effective Date) to the effectiveness of the Facilities shall have been satisfied or

	waived in writing in accordance with the terms of each of the Facilities; (vii) the New Corporate Governance Documents shall be in full force and effect (with all conditions precedent thereto having been satisfied or waived), subject to any applicable post-closing execution and delivery requirements; (viii) the Restructuring Support Agreement shall not have been terminated and shall remain in full force and effect; (ix) the Debtors shall have implemented the Transaction and all transactions contemplated in the Term Sheets in a manner consistent with the Restructuring Support Agreement (and subject to, and in accordance with, the consent rights set forth therein), the Term Sheets, and the Plan; and (x) all governmental approvals and consents, including Bankruptcy Court approval, that are legally required for the consummation of the Plan and each of the other transactions contemplated by the Restructuring Support Agreement shall have been obtained, not be subject to unfulfilled conditions and be in full force and effect, and all applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, shall have expired, if applicable.

Exhibit 1

Facilities Term Sheet

CONFIDENTIAL

Lonestar Resources America Inc.
Amended and Restated Senior Secured Credit Agreement

Indicative Summary of Terms and Conditions

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement, dated as of July 28, 2015 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Existing Credit Agreement"). This Term Sheet does not attempt to describe all of the terms, conditions and requirements that would pertain to the transactions described herein, but rather is intended to outline certain items around which the transactions will be structured. Any agreement to provide the Facilities (as defined below) described herein or any other financing arrangement will be subject to definitive documentation satisfactory to the Agent and the Lenders, each acting in its sole discretion, and approval from each such person's internal credit committees.

Summary of Amended and Restated Senior Secured Credit Agreement	
I. Parties	
Borrower:	Reorganized Lonestar Resources America Inc. (the "Borrower")
Guarantors:	Reorganized Lonestar Resources US Inc. (the "Parent") and each Subsidiary of the Borrower (other than any Excluded Subsidiary) (collectively, the "Guarantors" and together with the Borrower, the "Loan Parties").
Agent:	Citibank, N.A. as administrative agent (in such capacity, the "Administrative Agent") and as collateral agent (in such capacity, the "Collateral Agent" and together with the Administrative Agent, the "Agent").
II. Facilities	
Type and Amount of Facilities:	The Existing Credit Agreement shall be amended and restated (the "Amended and Restated Senior Secured Credit Agreement") to provide for: (i) a first out senior secured revolving credit facility subject to a borrowing base described below (the "Revolving Credit Facility" and the lenders thereunder the "Revolving Lenders") in an amount equal to 80% of the aggregate outstanding principal amount of loans and LC Exposure under the Existing Credit Agreement on the Closing Date (as defined below) of (a) the Consenting RBL Lenders (as defined in the

Restructuring Support Agreement to which this Term Sheet is attached) and (b) any other Lender under the Existing Credit Agreement that votes to accept the Plan of Reorganization (as defined below) (such Lenders, the "Accepting Lenders"), provided that, on the Closing Date (as defined below), the aggregate principal amount of the Revolving Credit Facility shall not be less than $152,000,000;

(ii) a second out senior secured term loan facility (the "Second Out Term Loan Facility") in an amount equal to 20% of the aggregate outstanding principal amount of loans and LC Exposure under the Existing Credit Agreement on the Closing Date of the Consenting RBL Lenders and the Accepting Lenders (the loans thereunder, the "Second Out Term Loans"); and

(iii) if necessary, a last out senior secured term loan facility (the "Last Out Term Loan Facility" and together with the Second Out Term Loan Facility, the "Term Facilities") in an amount equal to 100% of the aggregate outstanding principal amount of loans and LC Exposure on the Closing Date of any RBL Lenders under the Existing Credit Agreement that are not Consenting RBL Lenders or Accepting Lenders, (the loans thereunder (if any), the "Last Out Term Loans" and together with the Second Out Term Loans, the "Term Loans")

(together, the "Facilities").

All amounts due and owing to the Secured Parties under the Existing Credit Agreement (including, but not limited to, any interest, fees, non-contingent expense reimbursement or indemnification obligations owed to the Secured Parties pursuant to the Existing Credit Agreement and related loan documents and any other "Obligations" under the Existing Credit Agreement, but excluding Existing Letters of Credit (as defined below), any contingent expense reimbursement or indemnification obligations and the outstanding principal amount of loans under the Existing Credit Agreement) shall be repaid (or deemed repaid) in full in cash on the Closing Date.

Maturity Dates and Amortization:	The Revolving Credit Facility shall mature on the date falling 36 months after the Closing Date. The Second Out Term Loan Facility shall mature on the date falling 36 months after the Closing Date and will amortize with quarterly installments in an amount equal to $5.0 million, commencing on December 31, 2020. Any amounts applied as a prepayment of the Second Out Term Loans shall be applied as a credit against the immediately succeeding amortization installment, or installments (as the case may be). The Last Out Term Loan Facility shall mature on the date falling 42 months after the Closing Date. The Revolving Credit Facility and the Last Out Term Loan Facility shall not be subject to amortization.
Letters of Credit:	A portion of the Revolving Credit Facility not in excess of $2.5 million shall be available for the issuance of letters of credit (the "Letters of Credit") by Citibank, N.A. (in such capacity, the "Issuing Bank"). Letters of Credit issued under the Existing Credit Agreement which remain undrawn on the Closing Date (the "Existing Letters of Credit") shall be "rolled" into and automatically be deemed to be issued and outstanding under the Revolving Credit Facility.
Interest Rate:	The loans under the Revolving Credit Facility (the "Revolving Loans") and the Term Loans shall accrue interest at a rate per annum equal to LIBOR (subject to a 1.00% floor) plus 4.50% or, at the option of the Borrower, ABR (subject to a 2.00% floor) plus 3.50% (the "Applicable Margin"). The Facilities shall include customary provisions relating to a replacement rate for LIBOR.
Fees:	Upfront Fee: A fully earned non-refundable one-time fee equal to 2.00% of the aggregate principal amount of the Revolving Credit Facility on the Closing Date, which fee shall be payable on the Closing Date to the Revolving Lenders on a pro rata basis. Unused Commitment Fee: The Borrower shall pay to the Administrative Agent for the account of each Revolving Lender on a pro rata basis a commitment fee, in an amount equal to 1.00% of the average daily amount of the unused portion of the commitment of each Revolving Lender. Accrued commitment fees shall be payable quarterly in arrears.

Warrants: The Borrower shall deliver stock warrants representing up to 10% of the Equity Interests of the Parent, in form and substance acceptable to the Administrative Agent and on terms consistent with the Warrant Term Sheet attached as Exhibit 2 to the Plan Term Sheet attached to the Restructuring Support Agreement, which shall be distributed to the Revolving Lenders on a pro rata basis.

Letter of Credit Fees: The Borrower shall pay a participation fee on all outstanding Letters of Credit at a per annum rate equal to the Applicable Margin then in effect with respect to Revolving Loans on the face amount of each such Letter of Credit. Such participation fee shall be shared ratably among the Revolving Lenders and shall be payable quarterly in arrears.

A fronting fee equal to 0.125% per annum on the face amount of each Letter of Credit, shall be payable quarterly in arrears to the Issuing Bank for its own account. In addition, customary administrative, issuance, amendment, payment and negotiation charges shall be payable to the Issuing Bank for its own account.

Agency Fee: The Borrower shall pay to the Agent an annual administrative fee, payable in advance, in an amount per annum to be agreed, with the initial payment thereof due on the Closing Date. Payment of the Agency Fee to be documented in a letter in form and substance (including the amount of the annual fee) reasonably satisfactory to the Agent and the Borrower.

Collateral/Guarantee:

The Facilities, treasury management products provided by a Revolving Lender or an affiliate of a Revolving Lender to the Borrower or any of its Subsidiaries (a "Treasury Management Party"), each swap agreement between the Borrower or any subsidiary of the Borrower and a Revolving Lender or an affiliate of a Revolving Lender (a "Swap Lender") (whether entered into in connection with the Existing Credit Agreement or during the term of the Facilities) and any other obligations of the Borrower and the Guarantors owed to the Lenders, the Agent, the Issuing Bank, each Swap Lender, each Treasury Management Party, and each other party to whom the Loan Parties provide indemnities under the Credit Documentation (as defined below) shall be secured by first priority, perfected liens and security interests on substantially the same personal and real

property assets of the Loan Parties as provided under and in connection with the Existing Credit Agreement, including for the avoidance of doubt mortgages on oil and gas properties representing 100% of the Recognized Value of all of the Loan Parties' oil and gas properties (the "Collateral Coverage Covenant"). Each Guarantor under the Existing Credit Agreement shall guarantee the Facilities on substantially similar terms. The provisions governing testing of, and compliance with, the Collateral Coverage Covenant shall be substantially consistent with the Existing Credit Agreement (including Section 8.14(a) thereof).

In addition, the Parent will become a Guarantor under the Amended and Restated Senior Secured Credit Agreement and enter into (i) a pledge over 100% of the Equity Interests of the Borrower and (ii) an all assets security agreement, which shall in each case, create a first priority perfected lien over such collateral in favor of the Secured Parties.

The amended and restated Security Instruments shall be based on the Security Instruments entered into under and in connection with the Existing Credit Agreement but shall be amended and restated to reflect such amendments as required to be in form and substance reasonably satisfactory to the Agent and the Borrower. Any collateral filings made in connection with the existing Security Instruments and Existing Credit Agreement shall remain in place.

Borrowing Base:

Substantially consistent with the Existing Credit Agreement giving due regard to the Documentation Principles (as defined below); provided that, the first scheduled Borrowing Base redetermination shall occur on February 1, 2021 and there shall be no scheduled or interim redeterminations prior to such date. The redetermination of the Borrowing Base on February 1, 2021 may be based on a reserve report prepared by the chief engineer of the Borrower.

On the Closing Date, the initial Borrowing Base will be set at the amount of the Revolving Credit Facility.

In addition to any other rights of the Borrower to request an Interim Borrowing Base redetermination (as set out in the Existing Credit Agreement), if the Second Out Term Loan Facility is repaid in full in cash on or prior to the date falling 12 months after the Closing Date (to the

extent permitted as set forth in the "Voluntary Prepayments" section), the Borrower shall have the right to elect an additional interim Borrowing Base redetermination within 30 days of the full cash repayment of the Second Out Term Loan Facility.

III. Certain Payment Provisions

Voluntary Prepayments:	Voluntary prepayments of Revolving Loans and reductions of commitments shall be permitted in whole or in part without premium or penalty (but subject to payment of applicable breakage costs, if any) in minimum amounts and with prior notices to be agreed. The Last Out Term Loans may not be prepaid prior to the payment in full in cash of the (x) Revolving Loans and permanent cancellation of the revolving commitments (or, to the extent agreed by the Issuing Bank and Revolving Lenders, cash collateralization of the Letters of Credit) and (y) the Second Out Term Loans. In no event shall prepayment of Last Out Term Loans be subject to any penalty or premium. Voluntary prepayments of Second Out Term Loans shall be permitted in whole or in part without premium or penalty (but subject to payment of applicable breakage costs, if any) provided that, any such prepayment does not cause liquidity on a pro forma basis, after giving effect to such payment, to be less than $15.0 million, there is no default or event of default and no Borrowing Base Deficiency exists.
Mandatory Prepayments:	Substantially consistent with the Existing Credit Agreement giving due regard to the Documentation Principles provided that, Section 3.04(c)(v) of the Existing Credit Agreement with respect to the mandatory prepayment provisions applicable during the Limitation Period shall be deleted. In addition, the Amended and Restated Senior Secured Credit Agreement shall require that: (a) within one (1) Business Day of the Closing Date, the Borrower applies cash on hand to prepay the Revolving Credit Facility such that the aggregate principal amount available for borrowing under the Revolving Credit Facility following such prepayment is an amount equal to or greater than $15.0 million (the "Closing Prepayment Requirement"); and

(b) if, while there are outstanding Borrowings or LC Exposure, the Borrower and the other Loan Parties have a Consolidated Cash Balance[1] as at 5.00 p.m. Central time on Thursday of each week (or if such day is not a Business Day, the next succeeding Business Day) in excess of $20,000,000 (the "Consolidated Cash Limit" and any excess thereof, the "Excess Cash") on such date (other than the proceeds of a borrowing that will be used within three Business Days of such borrowing), then the Borrower shall, prior to 3:00 p.m. on Friday of each week (or if such day is not a Business Day, the next succeeding Business Day) , prepay the Revolving Loans in the amount of the Excess Cash (other than the proceeds of a borrowing that will be used within three Business Days of such borrowing), and if any excess remains after prepaying the Revolving Loans in full, pay to the Administrative Agent on behalf of the Revolving Lenders to be held as cash collateral an amount equal to the lesser of (a) such remaining Excess Cash and (b) the LC Exposure.

Ranking of Facilities:	Subject to the senior ranking of Secured Swap Agreements (as defined below) described below, the Revolving Credit Facility (including any treasury management products of a Treasury Management Party) will be the most senior ranking credit facility in right of payment under the Amended and Restated Senior Secured Credit Agreement. The Second Out Term Loan Facility will be subordinate in right of payment to the obligations under the Revolving Credit Facility and senior in right of payment to the Last Out Term Loan Facility.

[1] To be defined as mutually agreed, including, without limitation, exclusions for (i) cash set aside to pay royalty obligations, working interest obligations, vendor payments, suspense payments, similar payments as are customary in the oil and gas industry, severance, ad valorem taxes, payroll, payroll taxes, other taxes of the Borrower or any Subsidiary then due and owing, (ii) to the extent the payment of such amounts is not prohibited by the Amended and Restated Senior Secured Credit Agreement, other amounts in respect of which the Borrower or any Subsidiary has issued checks or initiated wires or ACH transfers to unaffiliated third parties but have not yet been subtracted from the balance in the relevant account) and (iii) net cash proceeds of any equity contribution to fund capital expenditure, investments and voluntary prepayments of other debt (in each case, to the extent permitted under the Amended and Restated Senior Secured Credit Agreement) provided that, (x) the cash proceeds are deposited in an account held with Citibank and (y) the cash proceeds are used (in full) within 30 days of receipt.

	The Last Out Term Loan Facility will be subordinate in right of payment to the Revolving Credit Facility and the Second Out Term Loan Facility. The Revolving Credit Facility, Second Out Term Loan Facility and Last Out Term Loan Facility will be guaranteed and secured by a common first priority lien on the Collateral on a pari passu basis (documented under the same credit agreement and security agreement).
Ranking of Secured Swap Agreements:	The Secured Swap Agreements shall rank senior in right of payment to the principal and interest under the Revolving Credit Facility pursuant to the application of proceeds waterfall (as set out at Section 10.02(c) of the Existing Credit Agreement) and shall rank "*second*" behind only payment of fees, expenses and indemnities to the Administrative Agent; provided that: (i) upon satisfaction of the Release Condition (as defined below), all Secured Swap Agreements shall automatically rank pari in right of payment with principal under the Revolving Credit Facility and (ii) if any Lender (x) assigns all of its rights and obligations under the Amended and Restated Senior Secured Credit Agreement and (y) terminates its Secured Swap Agreement(s) pursuant to an Additional Termination Event arising due to such assignment, such Secured Swap Agreement(s) shall automatically rank pari in right of payment with principal under the Revolving Credit Facility.

IV. Certain Conditions

Initial Conditions:	The several obligations of each Lender to make (or be deemed to have made) extensions of credit under the Facilities on the closing date (such date of closing and funding, the "Closing Date") will be subject to usual and customary conditions precedent, including the delivery of an updated reserve report prepared by the chief engineer of the Borrower, and other conditions consistent with the Restructuring Support Agreement (including this Term Sheet) and the Plan (as defined in the Restructuring Support Agreement). In addition, the Borrower shall be required to provide evidence in form and substance satisfactory to the Administrative Agent, that as of the Closing Date, the Borrower has sufficient cash on hand to satisfy the Closing Prepayment Requirement.

On-Going Conditions:	Substantially consistent with the Existing Credit Agreement giving due regard to the Documentation Principles, provided that, at any time when the Consolidated Cash Balance of the Borrower and the other Loan Parties exceeds the Consolidated Cash Limit, no further borrowings under the Revolving Credit Facility shall be permitted.

V. Certain Documentation Matters

Credit Documentation:	The definitive documentation relating to the Facilities will be substantially based on the Existing Credit Agreement; provided that, such definitive documentation (a) shall contain the terms and conditions set forth in this Term Sheet and such other changes as may be mutually agreed by the Borrower and the Administrative Agent, (b) shall give due regard to (i) current market terms for restructured reserve based revolving credit facilities for borrowers emerging from bankruptcy, and (ii) operational and strategic requirements of the Borrower and its Subsidiaries, in each case, as mutually agreed by the Borrower and the Administrative Agent and (c) reflect such amendments as required to reflect the addition of the Second Out Term Loan Facility (including necessary amendments to reflect the amortization thereof) and, if required, the Last Out Term Loan Facility (the "Documentation Principles").
Financial Covenants:	Financial Covenants, benefitting the Revolving Credit Facility only, will be tested as of the last day of each fiscal quarter, commencing on the last day of the first fiscal quarter to occur immediately following the Closing Date and will include, without limitation: Total Debt to EBITDAX. The Borrower will not, as of the last day of any fiscal quarter, permit its ratio of Total Debt as of such time to EBITDAX to exceed 3.5 to 1.0. Current Ratio: The Borrower will not permit its ratio of (i) consolidated current assets to (ii) consolidated current liabilities to be less than (a) for the fiscal quarter ending December 31, 2020: 0.95 to 1.0 and (b) for any fiscal quarter thereafter 1.0 to 1.0. Other than as set out above, all financial definitions and calculations shall be on terms substantially consistent with the Existing Credit Agreement giving due regard to the Documentation Principles, unless otherwise agreed by the Administrative Agent.

	For the avoidance of doubt, Lenders under the Term Facilities will not benefit from the Financial Covenants.
Commodity Hedging:	The Borrower shall (or shall cause another Loan Party to) (i) on or before the date falling 20 days after the Closing Date (or such longer period as the Administrative Agent may agree in its sole discretion), maintain swap agreements for no less than 80% of the Projected Production from the total Proved Developed Producing Reserves of the Borrower and its Subsidiaries for the 36 consecutive months that follow the Closing Date (as such production is set forth in the reserve report to be delivered as a condition precedent to the Closing Date) and (ii) as at the date of each Swap Agreement Certificate[2], maintain swap agreements for no less than 75% of the Projected Production from the total Proved Developed Producing Reserves of the Borrower and its Subsidiaries for the 24 consecutive months that follow the date of such certificate. All swap agreements that receive pari lien treatment (the "Secured Swap Agreements") must be entered into with Revolving Lenders or Affiliates of Revolving Lenders only.
Representations and Warranties; Affirmative Covenants; Events of Default; Expenses and Indemnification; Defaulting Lender:	Each substantially consistent with the Existing Credit Agreement, giving due regard to the Documentation Principles.
Change of Control:	The Events of Default shall include a Change of Control, which shall be defined in a manner to be mutually agreed, provided that, a Change of Control shall be triggered if Frank D. Bracken, III ceases to be employed as, or perform the function of, the chief executive officer of the Borrower by reason of his (i) employment being terminated without cause or (ii) resignation with good reason, and, in each case, a successor chief executive officer reasonably acceptable to the Required Revolving Lenders[3] is not appointed within 45 days of such termination or resignation (or such later date as agreed by the Administrative Agent, in its sole discretion) (the "CEO Change of Control"), provided further that, the CEO Change of Control shall not be triggered as a result of such resignation or termination of employment if, at

[2] To be delivered concurrently with the annual and quarterly financial statements in accordance with the Existing Credit Agreement.

[3] Note: to be defined as Revolving Lenders holding 66.67% of the Loans and Commitments under the Revolving Credit Facility.

	the time of such resignation or termination, the Release Condition is satisfied. "Release Condition" shall mean the satisfaction of each of the following conditions: (i) the Last Out Term Loan Facility does not exist, (ii) the Second Out Term Loans have been repaid in full in cash, (iii) the aggregate principal amount available for borrowing under the Revolving Credit Facility is at least 30% of the total commitments thereunder and (iv) no default or event of default and no Borrowing Base Deficiency exists.
Assignments and Participations:	Substantially consistent with the Existing Credit Agreement, giving due regard to the Documentation Principles and provided that, no Lender will be able to assign its rights and obligations under the Second Out Term Loan without also assigning the corresponding pro rata amount of such Lender's commitments and loans under the Revolving Credit Facility.
Negative Covenants:	Substantially consistent with the Existing Credit Agreement, giving due regard to the Documentation Principles, provided that, the Parent and the Borrower shall not be permitted to declare or pay any dividends or distributions (other than dividends by the Borrower to the Parent necessary to directly fund Parent's reasonable operating, general and administrative costs and expenses, including without limitation, legal, accounting, reserve engineering and or similar expenses incidental to the direct or indirect ownership of the Loan Parties and the Parent's status as an SEC reporting company, the payment of taxes and the payment or reimbursement of claims made pursuant to customary indemnification arrangements, in each case solely to the extent (i) such payments are permitted under the holding company covenant and (ii) the proceeds of any such distributions are applied by the Parent promptly for such permitted purpose) and provided further that, unless otherwise mutually agreed, the baskets and exceptions to the covenants shall be substantially consistent with the Existing Credit Agreement, subject to so long as, with respect to clauses (b), and (d) through (l) (inclusive) below, no default or event of default and no Borrowing Base Deficiency exists: (a) a general basket for capital leases not to exceed $3.0 million in the aggregate at any time;

(b) a general debt basket not to exceed $3.0 million in the aggregate at any time;

(c) a general liens basket in respect of liens on property not securing any other "Obligations" under the Amended and Restated Senior Secured Credit Agreement not to exceed $3.0 million in the aggregate at any time;

(d) a general liens basket in respect of liens on property securing the Obligations not to exceed $1.0 million in the aggregate at any time;

(e) a general investments basket not to exceed $1.0 million in the aggregate at any time;

(f) a general dispositions basket not to exceed $1.0 million in the aggregate per annum;

(g) an exception for voluntary prepayments of other debt in exchange for, out of, or with the net cash proceeds of any equity contribution;

(h) an exception basket for investments in exchange for, out of, or with the net cash proceeds of any equity contribution;

(i) Investments funded with new equity in direct ownership interests in additional Oil and Gas Properties and gas gathering systems related thereto or related to farm-out, farm-in, joint operating, or area of mutual interest agreements, gathering systems, pipelines or other similar arrangements which are usual and customary in the oil and gas exploration and production business located within the geographic boundaries of the United States of America, provided that the Borrower shall be in compliance, on a pro forma basis after giving effect to any such Investment, with the financial covenants described herein, in each case, recomputed as of the last day of the most recently ended fiscal quarter of the Borrower for which financial statements are available;

(j) an exception for the exchange of oil and gas properties for the purposes of creating contiguous leaseholds not to exceed $10.0 million in the aggregate per annum;

(k) an exception for guarantees of obligations incurred under the general baskets described in clauses (a) and (b) above; and

	(l) an exception for guarantees to support the performance of obligations not of borrowed money (to the extent constituting debt). In addition, Section 9.12(c)(iv) of the Existing Credit Agreement shall be amended to provide that asset sale proceeds must be applied in repayment of the Second Out Term Loans subject to reinvestment rights, exceptions, materiality thresholds and other conditions to be agreed, including but not limited to pro forma liquidity compliance, no default or event of default and no Borrowing Base Deficiency.
Holding Company:	The Parent shall be subject to a holding company covenant which shall restrict the Parent from trading, owning any assets or having any liabilities owing to any person with customary exceptions including for the maintenance of its legal existence, the ownership of shares in or loans to the Borrower, liabilities in respect of the Facilities and other activities incidental to the foregoing (including general and administrative activities).
Voting:	The waivers and amendments provisions in the Existing Credit Agreement will be revised to reflect that the Revolving Lenders shall control all matters under the Amended and Restated Senior Secured Credit Agreement and related documents other than customary sacred rights regarding reduction, or extension of payment dates, of the principal and interest on the Term Loans.
EU Bail-In Acknowledgment; Lender ERISA Representation; Qualified Financial Contract Stay Rules:	Customary for transactions of this type.
Governing Law and Forum:	State of New York, except with respect to certain security documents where applicable local law will apply. Exclusive jurisdiction and venue of the federal and state courts of the State of New York located in the Borough of Manhattan in New York City.
Counsel to the Administrative Agent:	Linklaters LLP

Exhibit 2

Warrants Term Sheet

CONFIDENTIAL

Lonestar Resources America Inc.
Warrant Agreement Term Sheet

Indicative Summary of Terms and Conditions

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan Term Sheet attached to the Restructuring Support Agreement, dated as of September 14, 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Restructuring Support Agreement"). This Term Sheet does not attempt to describe all of the terms, conditions and requirements that would pertain to the transactions described herein, but rather is intended to outline certain basic items around which the transactions will be structured.

Summary of Warrant Agreement	
I. Equity Structure	
Issuer:	Reorganized Lonestar Resources US Inc. (the "Parent")
Warrants to be issued:	On the Plan Effective Date, holders of allowed RBL Claims that vote to accept the Plan will receive their pro rata share of two tranches of warrants, each consisting of an equal number of warrants (the "Warrants") to purchase New Equity Interests of the Parent (the "Tranche 1 Warrants" and the "Tranche 2 Warrants"). With the exception of the exercise conditions described below, the terms of the Tranche 1 Warrants and the Tranche 2 Warrants will be identical.
Warrants to be issued:	(i) [●] Tranche 1 Warrants, representing a number of New Equity Interests of Parent equal to the product of (a) 5% and (b) the percentage of used and unused Commitments (under and as defined in the Existing Credit Agreement) held by the Consenting RBL Lenders and the Accepting Lenders (as defined in the Exit Facility Term Sheet), on a fully diluted basis, subject to dilution only by the MIP Equity (ii) [●] Tranche 2 Warrants, representing a number of New Equity Interests of Parent equal to the product of (a) 5% and (b) the percentage of used and unused Commitments (under and as defined in the Existing Credit Agreement) held by the Consenting RBL Lenders and the Accepting Lenders (as defined in the Exit

Facility Term Sheet), on a fully diluted basis, subject to dilution only by the MIP Equity

II. Exercise

Exercise conditions:

(i) The Tranche 1 Warrants will be exercisable at any time after the equity value of the Parent is first equal to or greater than the Minimum Equity Value;

(ii) The Tranche 2 Warrants will be exercisable on or after the first anniversary of the Plan Effective Date, (A) any time after the equity value of the Parent is first equal to or greater than the Minimum Equity Value, and (B) in the event the Second Out Term Loan Facility remains outstanding as of the first anniversary of the Plan Effective Date.

"Minimum Equity Value" means $100 million, determined:

(a) for so long as New Equity Interests of Parent are listed on a national securities exchange in the United States utilizing a 20 trading day VWAP; and

(b) at any other time, utilizing a formula to be agreed for determining equity value of the Parent based upon the financial statements of the Parent.

Exercise price:

(i) $0.001 per Warrant.

(ii) The Warrants may be exercised for cash or pursuant to customary cashless exercise provisions.

Exercise period: Subject to satisfaction of the applicable Exercise Conditions, the Warrants will be exercisable at any time prior to the third anniversary of the Plan Effective Date.

III. Anti-Dilution Protection The Warrants will include customary anti-dilution protection, including customary adjustments for equity issued at below fair market value (whether in consideration of cash or assets); provided no adjustments will be made for issuances of MIP Equity and in connection with certain other limited permitted transactions to be agreed.

IV. Sale of the Company In the event of any direct or indirect sale or other disposition (including without limitation by way of stock

sale, merger, consolidation or similar transaction) of all or substantially all of the consolidated assets of Parent and its subsidiaries, taken as a whole, then, (a) if the equity value implied by such transaction is $100.0 million or greater, all remaining Warrants shall be deemed automatically exercised immediately prior to the closing of such transaction and the New Equity Interests issued upon exercise thereof shall be included in such transaction on the same terms and conditions as all other New Equity Interests of the same class (it being understood the Parent shall use its commercially reasonable efforts to cause the purchaser in any such transaction to acquire all remaining Warrants (or the New Equity Interests issued upon exercise thereof) for cash consideration or to provide customary registration rights with respect to any purchase equity interests received as consideration) and (b) any remaining Warrants for which the Exercise Conditions have not been satisfied shall be cancelled and extinguished for no consideration upon the closing of such transaction.

V. Issuer Covenants

Authorized common stock:	At all times while any Warrants are outstanding, the Parent will maintain sufficient authorized common stock to allow for exercise of all Warrants.
Information Rights:	Holders shall be entitled to receive unaudited quarterly and audited annual financial statements, and semi-annual estimates of proved reserves for the Parent and its subsidiaries (which, in the case of the year-end reserve estimates, shall be audited by an independent reserve engineer); provided that the provision of such information and financial statements to lenders pursuant to the Parent's or its subsidiary's revolving credit facility and/or in reports filed with the Securities Exchange Commission will be deemed to satisfy this obligation.

VI. Misc.

No Rights as Stockholders	No holder shall, by virtue of Warrants be entitled at any time prior to the conversion of such Warrants to vote, receive dividends or distributions, or be deemed for any purpose a holder of New Equity Interests of the Parent, nor shall anything contained herein be construed to confer upon any such holder any of the rights of a holder of New Equity Interests or any right or entitlement to vote for or upon any matter submitted to such holders of New Equity Interests, to give or withhold consent to any

corporate action, to receive notice of meetings or other actions affecting holders of New Equity Interests, to receive subscription rights, to exercise appraisal rights or otherwise. Rather, unless and until such holder converts its Warrants into New Equity Interests, the sole and exclusive right and benefit of such holder shall be its right to exercise the Warrants.

Exhibit B

Form of Joinder

JOINDER TO RESTRUCTURING SUPPORT AGREEMENT

The undersigned hereby acknowledges that it has received and fully reviewed the Restructuring Support Agreement (including the exhibits attached thereto, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof, the "**Agreement**"), dated as of [●], 2020, by and among (i) Lonestar Resources US Inc. ("**Parent**"), (ii) Lonestar Resources America Inc. ("**Lonestar**"), (iii) each other direct and indirect wholly-owned, domestic subsidiary of Parent party hereto (each a "**Lonestar Subsidiary**", and collectively with Parent and Lonestar, the "**Company**"), (iv) the RBL Lenders (as defined below) party thereto (the "**Consenting RBL Lenders**"), and (v) the Noteholders (as defined below) party thereto (the "**Consenting Noteholders**"). The undersigned acknowledges and agrees, by its signature below, that it is bound by the terms and conditions of the Agreement and shall be deemed a ["Consenting RBL Lender"/"Consenting Noteholder"] for all purposes under the terms of and pursuant to the Agreement as of the date hereof.

Date: [_____], 2020

[Name of Holder/Proposed Transferee]

By:_____
Name:
Title:

Principal Amount of RBL Claims as of the date hereof:

$_____

Principal Amount of Notes Claims as of the date hereof:

$_____

Address for Notice:

[_____]
[_____]
Attention: [_____]
Facsimile: [_____]