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Diversified Energy Announces Second Acquisition of Assets in Newly Defined Central Regional Focus Area

BIRMINGHAM, AL / ACCESSWIRE / May 28, 2021 / London LSE-Listed Diversified Energy Company (LSE:DEC) ("Diversified" or the "Company"), announces that on May 21, 2021 it entered into a conditional agreement to acquire certain upstream assets in the natural gas Barnett Shale play from Blackbeard Operating, LLC ("Blackbeard" and such acquisition, the "Blackbeard Acquisition") for a gross purchase price of \$180 million (estimated \$166 million, net including customary purchase price adjustments). The Company will complete its ongoing diligence work prior to confirming the final terms (including purchase price) such that it can give no certainty that the Blackbeard Acquisition will proceed. At present, the Company expects to close the Blackbeard Acquisition during June using cash on hand and a draw on its revolving credit facility.

The Blackbeard Acquisition represents an attractive entry point into the Barnett Shale and an extension of the Company's presence in its newly identified Central Regional Focus Area ("Central RFA") and demonstrates significant momentum towards building scale in this strategic area. Acquisition highlights include:

- Net consideration represents a ~3.5x multiple on ~\$48 million of estimated NTM Adjusted EBITDA (unhedged) before anticipated synergies
- Adds ~475 Bcfe of PDP reserves valued at an estimated pre-tax PV10 of approximately \$238 million (~30% discount to the PDP PV10 vs. net consideration)
- Adds ~96 MMcfepd (82% natural gas) of net production, ~+16% of the Company's Q1 2021 net production

Today's announcement follows the Company's May 19, 2021 announcement of the closing on its acquisition of certain Cotton Valley upstream assets from Indigo Minerals LLC ("Indigo") also located in the Central RFA (the "Indigo Acquisition"). For the Indigo Acquisition and net of customary purchase price adjustments to the March 1, 2021 effective date, Diversified paid approximately \$115 million (\$135 million, gross). Diversified funded the Indigo Acquisition through cash on hand and its revolving credit facility.

Through both acquisitions, Diversified has established a meaningful footprint in its Central RFA, with over 300,000 net acres of leasehold generating approximately 192 MMcfepd of net production and an aggregate \$413 million of PDP PV10 reserve value.

Recognizing the high transferability of its PDP-focused strategy, the Company identified the Central RFA for its significant similarities with the Appalachian Basin. Specifically, the region offers a mature operating environment and significant gas production from low-cost, low-decline well stock and an extremely fragmented operator landscape. Establishing a new

operating basin complements the Company's commitment to continue its acquisition strategy in Appalachia while expanding the landscape of significant growth opportunities for Diversified to replicate its successful strategy.

Commenting on the Company's recently announced acquisitions, CEO Rusty Hutson Jr. stated,

"Having only recently announced our first acquisition in the new Central Regional Focus Area, I am excited to announce our second transaction that meaningfully expands our footprint in a prolific natural gas producing region and affords us a tremendous opportunity to build significant presence and scale that will begin to drive the same type of operating and cost synergies we enjoy in Appalachia. These acquisitions serve as a solid springboard to a large opportunity set of accretive, long-life producing assets which will contribute to strong shareholder returns and drive additional debt reductions. We look forward to closing the Blackbeard Acquisition in due course and, as has always been our practice to ensure operating continuity and swift integration into our Smarter Asset Management programs, welcoming the existing operations personnel who service the assets into the Diversified family."

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About Diversified Energy Company PLC

Diversified Energy Company PLC is an independent energy company engaged in the production, marketing and transportation of primarily natural gas related to its synergistic US onshore upstream and midstream assets.

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