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Diversified Energy Company Announces Enlarged Credit Facility Borrowing Base

BIRMINGHAM, AL / August 18, 2021 /Diversified Energy Company PLC (LSE:DEC) is pleased to announce its lenders, led by KeyBank National Association, have completed an amendment ("Amendment") to the Company's senior secured credit facility ("Credit Facility") highlighted by an increase to the borrowing base to \$625 million and inclusive of a maturity extension and certain changes to other terms.

Summary of Changes:

- Increased borrowing base by \$200 million to \$625 million
- Extended maturity by two years to August 2025
- Welcomed several new leading financial institutions to the Credit Facility
- Amended certain terms:
 - Pricing grid of LIBOR plus 2.75% to 3.75%, depending on utilization
 - Net Debt to EBITDAX ratio ("Leverage Ratio") of 3.25x
 - Restricted Payment threshold of 2.5x Leverage Ratio and 20% availability of Credit Facility
 - The Leverage Ratio as defined above is strictly measured against non-SPV debt and EBITDAX, and was approximately 0.7x as of June 30, 2021
- Increased availability to hedge acquisition related production volumes prior to closing

As previously announced on August 5, 2021 in the Company's 1H2021 Interim Results, DEC received conditional commitments from lead lenders in its bank syndicate to expand the borrowing base on its Credit Facility following the completion of certain Central Region acquisitions and subject to satisfactory diligence and documentation. Today's announcement formalizes the syndication of those initial commitments and supports the successful closing of assets acquired from Tanos Energy Holdings III LLC ("Tanos"), the Company's third acquisition in its newest operating region. The Company is pleased to welcome five new leading financial institutions into its Credit Facility, which now consists of 17 banks following the departure of four banks largely driven by broader industry capacity constraints.

Leading up to this Amendment, the Company enjoyed three semi-annual redeterminations where the syndicate fully reaffirmed its previous \$425 million borrowing base with no changes to the Credit Facility's significant terms. The enlarged and extended Credit Facility's modest tightening of certain terms remain highly complementary of the Company's strategy, competitive within the market and representative of prevailing bank lending terms for other producers. The Amendment also affords the Company the ability to hedge larger amounts of pending acquisition volumes prior to the close of any such acquisitions, which improves the Company's ability to secure favorable margins on acquisition opportunities and protect its target returns.

Following this Amendment, DEC's enlarged borrowing base and enhanced debt capacity continue to support the Company's growth opportunities while preserving a healthy balance sheet and positioning the Company to use its financing capacity to fund additional growth.

The Company's next scheduled semi-annual redetermination will occur during the fourth quarter of 2021.

Commenting on the enlarged Credit Facility, CEO Rusty Hutson, Jr. said:

"I would like to express my gratitude to our banking group for their continued support of Diversified's ambitious growth vision. We are very pleased with the significant increase to our Credit Facility amidst a challenging lending environment, and believe it reflects the enlarged bank syndicate's affirmation of the quality and strong free cash generation of our legacy and recently acquired assets. We are thrilled to welcome several leading financial institutions to the family of world-class banks participating in our facility, and we look forward to further advancing our lending relationships as we capitalize on the many consolidation and growth opportunities in the market and that others present to us."

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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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