

June 15, 2020



# Antero Resources Announces \$402 Million Overriding Royalty Transaction

DENVER, June 15, 2020 /PRNewswire/ --**Antero Resources Corporation (NYSE: AR)** ("Antero" or the "Company") today announced the closing of an overriding royalty interest ("ORRI") transaction with Sixth Street Partners, LLC ("Sixth Street"), a leading global investment firm, that will result in proceeds to the Company of up to \$402 million. Proceeds will be used to repay revolver borrowings and the effective date of the transaction is April 1, 2020. Further, the Company announced that it has repurchased additional 2021 senior notes during the second quarter and that \$540 million of that issue remain outstanding. Pro forma for the initial proceeds from the ORRI transaction and the repurchase of senior notes during the quarter, the Company has approximately \$745 million drawn on its revolving credit facility and \$1.2 billion in liquidity under its credit facility as of March 31, 2020.



## Release Highlights:

- **Proceeds of \$300 million were received at closing and up to an additional \$102 million will be received over the next twelve months**
  - The \$102 million consists of two contingent payments of up to \$51 million each based on volume thresholds that relate to cumulative production net to the ORRI through September 30, 2020 and March 31, 2021
- **ORRI transaction comprised of a 1.25% overriding royalty interest in all existing producing wells and a 3.75% overriding royalty interest in existing acreage in wells completed over the next three years**
  - ORRI transaction does not burden Antero well completions beyond March 31, 2023
  - On a weighted average basis, the applicable overrides equate to an approximately 1.0% to 1.5% ORRI across Antero's entire asset base on a perpetual basis (based on an acreage, reserve and present value analysis)
- **Following a 13% IRR and 1.5x cash-on-cash return to Sixth Street, Antero will have an 85% reversionary interest in the ORRI and Sixth Street will have a 15% remainder interest**
- **Repurchased an additional \$196 million notional amount of unsecured senior notes during the second quarter to date at a weighted average 17% discount**

- **\$540 million notional amount of 2021 senior notes remain outstanding**
- **Current liquidity is \$1.2 billion, pro forma for the transaction and the repurchases of senior notes during the second quarter to date**
- **Borrowing base under the credit facility remains unchanged at \$2.85 billion following the ORRI transaction**

Paul Rady, Chairman and Chief Executive Officer of Antero, commented, "The ORRI transaction addresses over half of our \$650 to \$900 million asset sale goal for 2020 and allows us to pay down debt, while importantly retaining the long-term upside of our core acreage position. Additional asset sales and projected free cash flow during 2020 will be used to further reduce debt."

Commenting on the transaction, Glen Warren, President, and Chief Financial Officer of Antero said, "We continued to repurchase bonds during the second quarter, reducing the outstanding principal amount of our 2021 bonds to \$540 million. The ORRI transaction increases our liquidity, reduces debt, and positions us to address our upcoming bond maturities. Importantly, our borrowing base remains unchanged following this transaction, which further supports our liquidity profile."

Matt Dillard, Partner at Sixth Street, commented, "Antero has built an extensive core acreage position in one of the lowest cost shale basins in the U.S. Our investment further strengthens Antero's balance sheet and provides a clear path for the company to develop its attractive acreage position for many years to come. We are excited to participate in this shale development alongside a proven team with a long-term track record of industry success."

Credit Suisse Securities (USA) LLC was sole financial advisor to Antero on the ORRI transaction and Vinson & Elkins LLP was the legal advisor. White & Case LLP was the legal advisor to Sixth Street.

## **Presentation**

The Company posted an updated investor presentation on its website at [www.anteroresources.com](http://www.anteroresources.com). Information on the Company's website does not constitute a portion of, and is not incorporated by reference into, this press release.

*Antero Resources is an independent natural gas and oil company engaged in the acquisition, development and production of unconventional liquids-rich natural gas properties located in the Appalachian Basin in West Virginia and Ohio. The Company's website is located at [www.anteroresources.com](http://www.anteroresources.com).*

*Sixth Street is a global investment firm with over \$34 billion in assets under management and committed capital. Through its dedicated energy team based in Houston, Sixth Street invests in and partners with energy companies to finance, acquire, develop, and operate energy-related assets. Sixth Street operates eight diversified, collaborative investment platforms across its growth investing, adjacencies, direct lending, fundamental public strategies, infrastructure, special situations, agriculture and private credit businesses. Its long-term oriented, highly flexible capital base and "One Team" cultural philosophy allows Sixth Street to invest thematically across sectors, geographies and asset classes. Founded in 2009, Sixth Street has more than 275 team members including over 140 investment*

professionals operating from nine locations around the world. For more information, visit [www.sixthstreetpartners.com](http://www.sixthstreetpartners.com).

*This release includes "forward-looking statements." Such forward-looking statements are subject to a number of risks and uncertainties, many of which are not under Antero's control. All statements, except for statements of historical fact, made in this release regarding activities, events or developments Antero expects, believes or anticipates will or may occur in the future, such as those regarding expected results, future commodity prices, future production targets, future earnings, leverage targets and debt repayment, asset monetization opportunities and pricing, and the amount and timing of any contingent payments, expected drilling and development plans, future financial position, and future marketing opportunities are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All forward-looking statements speak only as of the date of this release. Although Antero believes that the plans, intentions and expectations reflected in or suggested by the forward-looking statements are reasonable, there is no assurance that these plans, intentions or expectations will be achieved. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such statements. Except as required by law, Antero expressly disclaims any obligation to and does not intend to publicly update or revise any forward-looking statements.*

*Antero cautions you that these forward-looking statements are subject to all of the risks and uncertainties, incident to the exploration for and development, production, gathering and sale of natural gas, NGLs and oil, most of which are difficult to predict and many of which are beyond Antero's control. These risks include, but are not limited to, commodity price volatility, inflation, lack of availability of drilling and production equipment and services, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating natural gas and oil reserves and in projecting future rates of production, cash flow and access to capital, the timing of development expenditures, impacts of world health events, including the COVID-19 pandemic, potential shut-ins of production due to lack of downstream demand or storage capacity and the other risks described under the heading "Item 1A. Risk Factors" in Antero's Annual Report on Form 10-K for the year ended December 31, 2019.*

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