

August 18, 2021



Diversified Energy Company Announces Completion of Tanos Acquisition

BIRMINGHAM, AL / ACCESSWIRE / August 18, 2021 /Diversified Energy Company PLC (LSE:DEC) is pleased to announce that it has completed its co-investment with funds managed by Oaktree Capital Management, L.P. ("Oaktree") to acquire certain Cotton Valley and Haynesville upstream assets and related facilities (the "Assets") in the states of Louisiana and Texas from Tanos Energy Holdings III LLC ("Tanos") (the "Acquisition") as previously announced on July 5, 2021.

Acquisition Highlights (Diversified's Interest)

- Gross cash consideration of \$154 million (~\$117 million net at closing), funded with availability on the Company's revolving credit facility and cash on hand, plus the assumption of certain hedges through 2023
- ~\$51 million of estimated Adjusted EBITDA^(a) before potential synergies and reflective of the high price realizations from the favorable Gulf Coast natural gas market
- Current production of ~14 MBoepd (~82 MMcfepd) with 92% from ~390 net operated wells with an average production-weighted well age of ~9 years
- PDP reserves of ~40 MMBoe (~241 Bcfe) with pretax PV10 of ~\$201 million at the effective date of January 1, 2021 and using a full NYMEX strip as of June 28, 2021
- Retention of ~55 Tanos field personnel and previous contractors that supports efficient integration and incremental value creation by promptly identifying and pursuing synergies

Commenting on the Acquisition, CEO Rusty Hutson, Jr. said:

"We are pleased to have closed our third acquisition within the Central Region. We are already at work with the former Tanos employees who join the Diversified family to integrate the assets and strategically implement our Smarter Asset Management program. We are also actively pursuing the operational and administrative synergies afforded by aggregating assets within a defined area much like we currently enjoy in Appalachia. Collectively, these efforts enhance the already significant free cash flow from the Central Region assets that complement our ESG, dividend distribution and debt reduction commitments to stakeholders."

"We are excited about Oaktree's co-investment in these assets as we continue to jointly pursue additional value-accretive opportunities in both Appalachia and the Central Region. With our enlarged credit facility and healthy balance sheet, we are well positioned to use our financing capabilities to fund additional growth."

Footnote (for Company-specific items, refer also to the Glossary of Terms and/or Alternative Performance Measures found in the Company's 2020 Annual Report):

(a) Acquisition estimated Adjusted EBITDA calculated as next twelve months from estimated closing date (previously announced as mid-August 2021) using historical cost structure, engineered production and declines, and full NYMEX strip at June 28, 2021; not reflective of synergies that may be realized following post-acquisition integration.

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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.

SOURCE: Diversified Energy Company PLC

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