

General FAQ

General Questions about Chapter 11 Cases

1. What did the company announce?

- On June 1, 2020, Templar Energy LLC and its subsidiaries and affiliates filed voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware to facilitate a court-supervised sale of the Company's assets under section 363 of the Bankruptcy Code.
- Today's announcement represents an agreement reached between Templar and its secured lenders to maximize the value of the Company's assets and eliminate approximately \$426 million in aggregate principal amount of secured debt along with approximately \$20 million in annual interest expense.
- In addition, we have obtained a commitment from certain of the RBL lenders for a \$25 million debtor in possession ("DIP") loan to finance our operations through the chapter 11 proceeding. We anticipate that, upon court approval, the new financing, together with the cash generated from the Company's ongoing operations, will provide the necessary liquidity to operate during the chapter 11 cases and sale process.

2. What is chapter 11 of the U.S. Bankruptcy Code?

- It allows companies to restructure their obligations under court supervision while continuing to operate. Templar has filed with the goal of pursuing a sale of all or substantially all of its assets pursuant to section 363 of the Bankruptcy Code, and distributing the proceeds of the sale pursuant to a chapter 11 plan.

3. What is Section 363 of the U.S. Bankruptcy Code?

- A sale under section 363 of the U.S. Bankruptcy Code ("Section 363 Sale") allows a debtor to sell its assets outside the ordinary course of its business, free of liens, claims and encumbrances.

4. What does a 363 Sale mean for Templar?

- Interested potential purchasers will have the opportunity to participate in a competitive, court-supervised bidding and auction process.
- The board of managers of Templar believes that this course of action will produce the best possible outcome for all of our stakeholders.

5. What is a "prepackaged" filing?

- A prepackaged filing is one in which a company has solicited the necessary approvals from its stakeholders for its chapter 11 plan prior to initiating the legal process. Because much of the work has been done in advance, the process can be completed quickly and efficiently, while business continues with minimum interruptions.



6. Why did Templar take this action, and why now?

- The last several months have been challenging for Templar because of the pressures in the oil and gas industry and the effects of the COVID-19 pandemic. Although we have made efforts to adapt to the changing market environment, Templar continues to carry a heavy debt burden.
- The chapter 11 process will enable the Company to operate in the normal course while the company pursues the sale of all or substantially all of its assets.

7. Will the company continue to operate during the chapter 11 process?

- Yes. Templar expects to continue to operate in the normal course during the chapter 11 process.

Questions Specific to Mineral Interests Owners

8. Will royalty and non-operating working interest owners be paid by Templar while you operate in chapter 11?

- We intend to make all royalty and working interest payments going forward in the ordinary course. These payments are accounted for in our DIP loan budget.

9. Will all accrued and unpaid royalty and non-operating working interest obligations be paid?

We have requested authority from the Bankruptcy Court to make all accrued but unpaid royalty and working interest obligations owing to you as of the filing date. While we cannot guarantee that such relief will be granted, bankruptcy courts routinely grant such relief in chapter 11 cases of oil and gas companies. We intend to make such payments shortly after we obtain Court approval. Our DIP loan budget also assumes that such obligations will be paid in full.

Questions Specific to Vendors

10. Will vendors continue to be paid?

- Yes, we will be paying our vendors for all post-filing goods and services provided in the ordinary course of business throughout the chapter 11 cases.
- Payment for services provided and goods delivered prior to the filing will be addressed through the chapter 11 process. We have asked for authority to honor the pre-petition claims of our oil and gas and other trade creditors. While we cannot guarantee that such relief will be granted, bankruptcy courts routinely grant such relief. We intend to pay all of our oil and gas vendors and other business claims in the ordinary course of business once the bankruptcy court authorizes such relief.

11. Why should vendors and suppliers continue to do business with the company?

- We value our relationship with our vendors, suppliers and business partners and expect to pay vendors and suppliers in the ordinary course of business without interruption while in chapter 11.

12. Will the company renegotiate terms with vendors and suppliers?

- The company and its vendors and suppliers may renegotiate terms in the ordinary course of business during the chapter 11 cases. We anticipate that during the chapter 11 cases, existing contracts will continue unaffected by this process and in accordance with existing terms. Any such negotiations will be separate from the chapter 11 process.

13. When will vendors be paid past due amounts?

- We have requested authority to pay all of our oil and gas vendors and other trade claims in the ordinary course of business. While we cannot guarantee that such relief will be granted, bankruptcy courts routinely grant such relief. We intend to pay all of our oil and gas vendors and other business claims in the ordinary course of business once the bankruptcy court authorizes such relief.

14. Will the company reduce or discontinue ordering supplies?

- The company will continue to order goods and services based on customer demand and market conditions.
- The DIP financing, which is subject to Court approval, is based on a budget that assumes operations in the ordinary course.

Information Hotline

15. Where can I get further information about the filing?

- We have established a Templar Information Hotline for interested parties at (866) 515-4713 (U.S./Canada) or (781) 575-2042 (International).
- Court filings and information about the claims process can be found on the website maintained by Templar's claim agent, KCC, at <http://www.kccllc.net/TemplarEnergy>.