

Mineral Rights Owners Letter

June 1, 2020

To All Mineral Rights Owners:

Yesterday, Templar Energy LLC (“Templar”) took an important step in our efforts to address substantial challenges facing our Company and industry as a whole. Over the last several months, we have made every effort to mitigate the adverse effects of declining commodity prices exacerbated by the COVID-19 pandemic. Despite these efforts, Templar’s existing debt burden has proven to be insurmountable.

To address these challenges, on June 1, 2020 Templar’s board of managers, with the unanimous support of our RBL lenders, took an important step toward relieving our financial burden by voluntarily seeking protection under chapter 11 of the U.S. Bankruptcy Code.

The company intends to seek approval to effectuate a sale of all or substantially all of its assets pursuant to section 363 of the U.S. Bankruptcy Code. Interested potential purchasers will have the opportunity to participate in a competitive, court-supervised bidding and auction process. We anticipate that this sale process will allow Templar to eliminate approximately \$426 million in aggregate principal amount of secured debt along with approximately \$20 million in annual interest expense. The Company’s board of managers believes that this course of action will produce the best possible outcome for all of Templar’s stakeholders.

During this process, Templar will continue to operate in the ordinary course of business. We have obtained a commitment for a debtor-in-possession loan that will provide the necessary liquidity to support the Templar’s day-to-day operations during the chapter 11 cases. **We intend to make all royalty and working interest payments going forward in the ordinary course.**

In addition, we have requested authority from the bankruptcy court to pay all accrued but unpaid royalty and working interest obligations owing to you as of the filing date. While we cannot guarantee that such authority 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 debtor-in-possession financing budget assumes that such obligations will be paid in full.

Additional information regarding the chapter 11 cases may be found in the attached FAQ. We have also established a Templar Information Hotline for interested parties (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>.

Sincerely,
Brian Simmons
President and CEO



885880020053100000000002