May 4, 2017

Rex Energy Announces Updated Two-Year Financial and Operational Plan, Highlighted by an Increase to Expected Production Growth in 2018

STATE COLLEGE, Pa., May 04, 2017 (GLOBE NEWSWIRE) -- Rex Energy Corporation (Nasdaq:REXX) ("the company") today announced, in conjunction with the previously announced closing of its $300 million term loan, an updated two-year financial and operational plan.

Highlights of Updated Two-Year Plan:

- Net Debt-to-EBITDAX reduction of ~55% - 65% by end of 2018 driven by increased production growth, cash flow and EBITDAX and improved price realizations
- 2017 exit rate production growth (Dec. 2017 vs. Dec. 2016) of 15% - 20%
- Expect 31% - 36% year-over-year production growth in 2018
- Year-over-year condensate production growth of over 200% and overall liquids production growth of 55% - 60% in 2018
- Targeting two-year compounded annual production growth rate of 15% - 20% by 2018
- Exit rate production growth for 2018 of 10% - 15% (Dec. 2018 vs. Dec. 2017)
- Production growth in 2017 and 2018 results in ~$8.0 - $9.0 million reduction in unutilized processing capacity fees

Two-Year Financial and Operational Plan

Note: a detailed breakdown of the updated two-year financial and operational plan can be found in the company's May 2017 corporate presentation on slides 5 through 10. In addition, all 2017 and 2018 forecasts, projections and comparisons to prior periods do not include any contribution from assets divested or any future impacts related to adjustments to the capital structure.

2017 Financial and Operational Plan

Capital Expenditures and Drilling Activity

Rex Energy's net operational capital expenditures for 2017 are expected to be in the range of $115.0 - $130.0 million, with approximately 60% allocated to the development of the Marcellus and Upper Devonian Burkett shales in the Moraine East and Legacy Butler Operated Areas. Approximately 40% is allocated to the development of the Utica Shale in the Warrior North Area. The drilled and uncompleted wells in 2017 will be placed into sales in early 2018 and are the catalyst for the increase in expected production growth in 2018.

	Original 2017 Drilling Plan	Updated 2017 Drilling Plan[(2)]
Drill		
Legacy Butler Operated Area (Gross/Net)[(1)]	4.0 / 2.8	4.0 / 2.8
Moraine East Area (Gross/Net)	12.0 / 5.8	12.0 / 7.8
Warrior North (Gross/Net)	5.0 / 2.5	12.0 / 10.2
Completed		
Legacy Butler Operated Area (Gross/Net)[(1)]	4.0 / 2.8	4.0 / 2.8
Moraine East Area (Gross/Net)	19.0 / 8.4	17.0 / 7.7
Warrior North Area (Gross/Net)	5.0 / 2.5	6.0 / 6.0
Place Into Sales		
Legacy Butler Operated Area (Gross/Net)[(1)]	4.0 / 2.8	4.0 / 2.8
Moraine East Area (Gross/Net)	19.0 / 8.4	17.0 / 7.7
Warrior North Area (Gross/Net)	2.0 / 1.0	3.0 / 3.0

(1) Average lateral length for four-well Wilson pad increased to 9,300' from 7,900'
(2) 2017 development program includes additional capital related to title and civil work on additional wells added to plan

Production Guidance

Estimates for average daily production remain in the range of 194.0 - 204.0 MMcfe/d, representing year-over-year growth of approximately 5.0% - 10.0% as compared to the company's full-year 2016 production, excluding the effects of the Warrior South asset which was sold in January 2017. In addition, the company expects 2017 exit rate production growth (Dec. 2017 vs. Dec. 2016) of approximately 15.0% - 20.0%. The company will shut-in approximately 5.4 MMcfe/d of production during the second half of the year in the Warrior North Area, as it will drill additional wells from an existing pad site, requiring operations on the existing pad site to be shut-down.

2018 Financial and Operational Plan

2018 Plan Comparison:

	Original 2018 Plan	**Updated 2018 Plan**
Production		
Average Daily Production (MMcfe/d)	223.0 - 233.0	255.0 - 265.0
Natural Gas (MMcf/d)	125.0 - 130.0	141.0 - 145.0
NGLs (MBbls/d)	6.3 - 6.7	7.1 - 7.5
Ethane (MBbls/d)	9.4 - 9.6	9.2 - 9.5
Condensate (MBbls/d)	0.7 - 0.9	2.7 - 3.0
Capital Expenditures		
Net Operational Capex	$20.0 - $40.0	$65.0 - $80.0
Per Unit Cost ($/Mcfe)		
Lease Operating Expenses	$1.60 - $1.70	$1.58 - $1.68
Cash General & Administrative	$0.17 - $0.22	$0.15 - $0.20
Transportation		
% Dominion SouthPoint	48%	54%
% Gulf Coast / Midwest	52%	46%
Leverage Ratios		
Net Debt-to-EBITDAX Reduction	15% - 20%	35% - 40%
Senior Secured Borrowings-to-EBITDAX (excl. Letters of Credit)	1.1x - 1.6x	1.2x - 1.7x
EBITDAX Growth - Year-over-Year	10.0 % - 15.0%	55% - 65%

Capital Expenditures and Drilling Activity

Full-year 2018 net operational capital expenditures are expected to be in the range of $65.0 - $80.0 million, with approximately 60% of the net operational capital expenditures allocated to the development of the Marcellus and Upper Devonian shales in the Moraine East and Legacy Butler Operated Areas. Approximately 40% is allocated to the development of the Utica Shale in the Warrior North Area.

	Original 2018 Drilling Plan	**Updated 2018 Drilling Plan**
Drill		
Legacy Butler Operated Area (Gross/Net)	4.0 / 2.8	4.0 / 2.8
Moraine East Area (Gross/Net)	0.0 / 0.0	0.0 / 0.0
Warrior North (Gross/Net)	0.0 / 0.0	1.0 / 0.8
Complete		
Legacy Butler Operated Area (Gross/Net)	4.0 / 2.8	4.0 / 2.8
Moraine East Area (Gross/Net)	2.0 / 1.0	4.0 / 4.0
Warrior North Area (Gross/Net)	0.0 / 0.0	7.0 / 5.0

Place Into Sales		
Legacy Butler Operated Area (Gross/Net)	4.0 / 2.8	4.0 / 2.8
Moraine East Area (Gross/Net)	4.0 / 2.0	4.0 / 4.0
Warrior North Area (Gross/Net)	3.0 / 1.5	10.0 / 8.0

Production Guidance

For full-year 2018, Rex Energy estimates that average daily production will be in the range of 255.0 - 265.0 MMcfe/d, representing 31% - 36% year-over-year growth as compared to the midpoint of 2017 production guidance. Liquids production is expected to account for approximately 45% of the company's 2018 production at the midpoint of guidance and is the result of the company drilling its high-return locations with the largest liquids production in the Moraine East and Warrior North Areas, as well as over 200% growth in condensate production compared to full-year 2017. Based on the 2018 development plan and related increase in production, the company anticipates that it will continue to realize savings of $4.0 million - $6.0 million on unutilized processing capacity fees at the Bluestone facility during full-year 2018.

Leverage Ratio

The additional development opportunities that have been added into the two-year plan will maximize growth in full-year 2018. The company expects EBITDAX growth in 2017 to remain at 80% - 85%. However, with the accelerated development and related production growth in 2018, the company now expects year-over-year growth in EBITDAX to be 55% - 65% in 2018. The company anticipates reducing its net debt-to-EBITDAX ratio by a total of approximately 55% - 65% from year-end 2016 to year-end 2018. The increase in EBITDAX assumes current strip pricing as of April 20, 2017 and is driven by production growth of 5% - 10% in 2017 and 31% - 36% in 2018 combined with hedging at favorable prices. With these additions, the company now expects 2018 net debt-to-EBITDAX to be in the range of 6.2x - 6.7x, at current strip pricing.

"Rex Energy's updated two-year plan remains consistent with the goals we set for the company - increased liquidity, increased production growth, enhancing cash flow, and reduction to the company's overall debt metrics," said Tom Stabley, President and CEO of Rex Energy. "We are deploying additional capital towards our highest return areas, utilizing existing pads, and adding additional wells to pads already in the plan. This type of deployed capital will allow us to maximize our capital efficiency resulting in accelerated cash flow growth while reducing costs and enhancing our balance sheet through improved debt metrics. We look forward to continuing to execute on our plan and delivering value to our shareholders.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934. All forward-looking statements in this release are based on management's current beliefs and expectations and contain assumptions or estimates that involve risks and uncertainties, including future financial market conditions, industry conditions, changes in commodities prices, Rex's liquidity position, access to development capital, and the other risks discussed in detail in the company's Annual Report on Form 10-K for the year ended December 31, 2016 and other subsequent filings with the Securities and Exchange Commission. Readers are cautioned that all statements regarding Rex Energy's financial and operational plans, forecasts, and projections for 2017 and 2018 are forward-looking statements with estimates based on management's assumptions and information available at this time; these estimates may change, and any changes may significantly alter the expected outcomes. Readers should not place undue reliance on any of these forward-looking statements, which are made only as of the date hereof. Rex Energy has no duty, and assumes no obligation, to update forward-looking statements as a result of new information, future events or changes in the Company's expectations. Please see our SEC filings for more information.

About Rex Energy Corporation

Headquartered in State College, Pennsylvania, Rex Energy is an independent oil and gas exploration and production company with its core operations in the Appalachian Basin. The company's strategy is to pursue higher potential exploration drilling prospects while acquiring oil and natural gas properties complementary to its portfolio.

For more information contact:

Investor Relations

(814) 278-7130

InvestorRelations@rexenergycorp.com

Primary Logo