

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

	X	
In re:	:	Chapter 11
	:	
LONESTAR RESOURCES US INC., <i>et al.</i> , ¹	:	Case No. 20-34805 (DRJ)
	:	
Debtors.	:	(Joint Administration Requested)
	:	
	X	

**NOTICES, RESTRICTIONS, AND OTHER PROCEDURES
REGARDING OWNERSHIP AND ACQUISITIONS OF STOCK OF THE DEBTORS**

TO ALL PERSONS WITH STOCK OWNERSHIP OF THE DEBTORS:

Pursuant to that certain *Interim Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of, or Worthlessness Deductions with Respect to, Stock of the Debtors* (the “**Interim Order**”) entered by the United States Bankruptcy Court for the Southern District of Texas (the “**Bankruptcy Court**”) on [●], 2020, Docket No. [●], the following restrictions, notification requirements, and/or other procedures (collectively, the “**Stock Procedures**”) apply to all trading and transfers of stock of the Debtors.

A. LONESTAR EQUITY INTEREST RESTRICTIONS

(1) **Definitions.** For purposes of these Stock Procedures, the following terms have the following meanings:

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are Lonestar Resources US Inc. (4035), Lonestar Resources Intermediate Inc. (2449), LNR America Inc. (3936), Lonestar Resources America Inc. (5863), Amadeus Petroleum Inc. (8763), Albany Services, L.L.C. (3185), T-N-T Engineering, Inc. (0348), Lonestar Resources, Inc. (8204), Lonestar Operating, LLC (5228), Poplar Energy, LLC (5718), Eagleford Gas, LLC (5513), Eagleford Gas 2, LLC (0638), Eagleford Gas 3, LLC (3663), Eagleford Gas 4, LLC (8776), Eagleford Gas 5, LLC (5240), Eagleford Gas 6, LLC (4966), Eagleford Gas 7, LLC (3078), Eagleford Gas 8, LLC (7542), Eagleford Gas 10, LLC (2838), Eagleford Gas 11, LLC (5951), Lonestar BR Disposal LLC (0644) and La Salle Eagle Ford Gathering Line LLC (8877). The Debtors’ address is 111 Boland Street, Suite 300, Fort Worth, TX 76107.

(a) **“Beneficial Ownership”** of Lonestar Equity Interests and Options to acquire Lonestar Equity Interests shall be determined in accordance with section 382 of title 26 of the United States Code (the **“Tax Code”**), the regulations promulgated by the U.S. Department of Treasury under the Tax Code (the **“Treasury Regulations”**), and rulings issued by the Internal Revenue Service (the **“IRS”**), and as described herein, and, thus, to the extent provided in those sources, from time to time shall include, without limitation, (i) direct and indirect ownership (but determined without regard to any rule that treats stock of an entity as to which the constructive ownership rules apply as no longer owned by that entity), e.g., a holding company would be considered to Beneficially Own all stock owned or acquired by its subsidiaries, (ii) ownership by a holder’s family members, (iii) ownership by any entity (as such term is defined in Treasury Regulations section 1.382-3(a)), and (iv) to the extent set forth in Treasury Regulations section 1.382-4, the ownership of an Option to acquire Lonestar Equity Interests.

(b) **“Convertible Preferred Stock”** shall mean Series A-1 Preferred Convertible Participating Preferred Stock issued by Lonestar Resources US Inc. For the avoidance of doubt, consistent with the definition of “Beneficial Ownership,” an owner of an Option to acquire Convertible Preferred Stock shall be treated as the owner of such Convertible Preferred Stock to the extent set forth in Treasury Regulations section 1.382-4.

(c) **“Lonestar Equity Interests”** shall mean Lonestar Stock and Convertible Preferred Stock.

(d) **“Lonestar Stock”** shall mean common stock issued by Lonestar Resources US Inc. For the avoidance of doubt, consistent with the definition of “Beneficial Ownership,” an owner of an Option to acquire Lonestar Stock shall be treated as the owner of such Lonestar Stock to the extent set forth in Treasury Regulations section 1.382-4.

(e) “**Option**” shall mean any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock, or similar interest regardless of whether it is contingent or otherwise not currently exercisable.

(f) “**Person**” shall mean any person, including any “entity” (as such term is defined in Treasury Regulations section 1.382-3(a)) and any group of persons acting pursuant to a formal or informal understanding among themselves to make a coordinated acquisition of Lonestar Equity Interests.

(g) “**Substantial Stockholder**” shall mean any Person that Beneficially Owns at least 1.205 million shares of Lonestar Stock or 4,980 shares of Convertible Preferred Stock (representing approximately 4.75% of all issued and outstanding shares of Lonestar Stock or Convertible Preferred Stock, respectively).

(2) Notice of Substantial Stock Ownership. Any Person that Beneficially Owns, at any time on or after the Petition Date, Lonestar Equity Interests in an amount sufficient to qualify such Person as a Substantial Stockholder shall file with the Bankruptcy Court, and serve upon: (i) Lonestar Resources US Inc., 111 Boland Street, Suite 301, Fort Worth, Texas 76107 (Attn: Jason N. Werth (email: jwerth@lonestarresources.com)); (ii) proposed co-counsel to the Debtors, Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022 (Attn: Annemarie V. Reilly, Esq. and Madeleine C. Parish, Esq. (emails: annemarie.reilly@lw.com, and madeleine.parish@lw.com)); (iii) proposed co-counsel to the Debtors, Hunton Andrews Kurth LLP, 600 Travis Street, Suite 4200 (Attn: Timothy A. Davison II, Esq. and Ashley L. Harper, Esq. (emails taddavidson@HuntonAK.com, and ashleyharper@HuntonAK.com)); (iv) counsel to the administrative agent under the Debtors’ prepetition RBL facility (the “**Prepetition RBL Agent**”), (a) Linklaters LLP, 1290 Avenue of the Americas, New York, NY 10104 Attn: Penelope Jensen,

Esq. and Margot Schonholtz, Esq. (emails: penelope.jensen@linklaters.com, and margot.schonholtz@linklaters.com) and (b) Bracewell LLP, 711 Louisiana Street, Suite 2300, Houston, TX 2770 (Attn: William A. Wood III) (email: trey.wood@bracewell.com); (v) counsel to that certain ad hoc group of holders of prepetition notes (the “**Ad Hoc Noteholders Group**”), (a) Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038 (Attn: Erez E. Gilad, Esq. and Jason M. Pierce, Esq. (emails: egilad@stroock.com, and jpierce@stroock.com)) and (b) Cole Schotz, P.C., 301 Commerce Street, Suite 1700, Fort Worth, Texas 76102 (Attn: Michael D. Warner, Esq. (email: mwarner@coleschotz.com)); (vi) counsel to any statutory committee (each, an “**Official Committee**”) appointed in these Chapter 11 Cases, if any; and (vii) the United States Trustee for the Southern District of Texas (collectively, the “**Disclosure Parties**”), a notice of such Person’s substantial ownership (a “**Substantial Stock Ownership Notice**”), in substantially the form annexed to the Interim Order as Exhibit 3, which describes specifically and in detail such Person’s ownership of Lonestar Equity Interests, on or before the date that is five calendar days after the later of (x) [the date the order granting the requested relief is entered] or (y) the date such Person qualifies as a Substantial Stockholder. At the election of the filing Person, the Substantial Stock Ownership Notice to be filed with the Bankruptcy Court (but not the Substantial Stock Ownership Notice that is served upon the Disclosure Parties) may be redacted to exclude the taxpayer identification number and the amount of Lonestar Equity Interests Beneficially Owned.

(3) Acquisition of Lonestar Equity Interests. At least twenty calendar days prior to the proposed date of any transfer of Lonestar Equity Interests, exercise of any Option to acquire Lonestar Equity Interests, or other transaction that would result in an increase in the amount of Lonestar Equity Interests Beneficially Owned by any Person that currently is or, as a result of the

proposed transaction, would be a Substantial Stockholder (a “**Proposed Stock Acquisition Transaction**”), such Person or Substantial Stockholder (a “**Proposed Stock Transferee**”) shall file with this Court and serve upon the Disclosure Parties a notice of such Proposed Stock Transferee’s intent to purchase, acquire, or otherwise accumulate Lonestar Equity Interests (a “**Stock Acquisition Notice**”), in substantially the form annexed to the Interim Order as Exhibit 4, which describes specifically and in detail the Proposed Stock Acquisition Transaction. At the election of the filing Person, the Stock Acquisition Notice to be filed with this Court (but not the Stock Acquisition Notice that is served upon the Disclosure Parties) may be redacted to exclude the taxpayer identification number and the amount of Lonestar Equity Interests Beneficially Owned and to be acquired.

(4) Disposition of Lonestar Equity Interests. At least twenty calendar days prior to the proposed date of any transfer of Lonestar Equity Interests or other transaction that would result in a decrease in the amount of Lonestar Equity Interests Beneficially Owned by any Person that prior to such transfer is a Substantial Stockholder (a “**Proposed Stock Transfer**”), such Person or Substantial Stockholder (a “**Proposed Stock Transferor**”) shall file with this Court and serve upon the Disclosure Parties a notice of such Proposed Stock Transferor’s intent to transfer Lonestar Equity Interests (a “**Stock Transfer Notice**”), in substantially the form annexed to the Interim Order as Exhibit 5, which describes specifically and in detail the Proposed Stock Transfer. At the election of the filing Person, the Stock Transfer Notice to be filed with this Court (but not the Stock Transfer Notice that is served upon the Disclosure Parties) may be redacted to exclude the taxpayer identification number and the amount of Lonestar Equity Interests Beneficially Owned and to be transferred.

(5) Objection Procedures. The Debtors, the Prepetition RBL Agent, the Ad Hoc

Noteholders Group, and any Official Committee shall have seventeen calendar days after the receipt of a Stock Acquisition Notice or a Stock Transfer Notice (the “**Objection Period**”) to file with this Court and serve on a Proposed Stock Transferee or Proposed Stock Transferor, as applicable, an objection (each, an “**Objection**”) to any Proposed Stock Acquisition Transaction described in such Stock Acquisition Notice or any Proposed Stock Transfer described in such Stock Transfer Notice. If the Debtors, the Prepetition RBL Agent, the Ad Hoc Noteholders Group, or any Official Committee files an Objection by the expiration of the Objection Period (the “**Objection Deadline**”), then the applicable Proposed Stock Acquisition Transaction or Proposed Stock Transfer shall not be effective unless approved by a final and nonappealable order of this Court or such objection is withdrawn. If none of the Debtors, the Prepetition RBL Agent, the Ad Hoc Noteholders Group, or any Official Committee file an Objection by the Objection Deadline, or if the Debtors, the Prepetition RBL Agent, the Ad Hoc Noteholders Group, or any Official Committee provide written authorization to the Proposed Stock Transferee or the Proposed Stock Transferor, as applicable, approving the Proposed Stock Acquisition Transaction or Proposed Stock Transfer, then such Proposed Stock Acquisition Transaction or Proposed Stock Transfer may proceed solely as specifically described in the relevant Stock Acquisition Notice or Stock Transfer Notice, as applicable. Any further or alternative Proposed Stock Acquisition Transaction or Proposed Stock Transfer must be the subject of an additional Stock Acquisition Notice or Stock Transfer Notice, as applicable, and Objection Period.

B. NONCOMPLIANCE WITH THE PROCEDURES

Any transfer of Lonestar Equity Interests in violation of these Stock Procedures shall be null and void *ab initio* as an act in violation of the automatic stay under section 362 of the Bankruptcy Code and pursuant to the Bankruptcy Court’s equitable powers under section 105(a)

of the Bankruptcy Code. Furthermore, any Person that owns, acquires or disposes of Lonestar Equity Interests in violation of these Stock Procedures shall be subject to sanctions as provided under the Interim Order and by applicable law.

C. DEBTORS' RIGHT TO WAIVE

The Debtors, in consultation with the Prepetition RBL Agent, may waive, in writing, any and all restrictions, stays notification and provisions of the Stock Procedures contained in this Notice.

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