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# Lonestar Resources, Ltd.

*Second Quarter Conference Call*

July 31, 2014



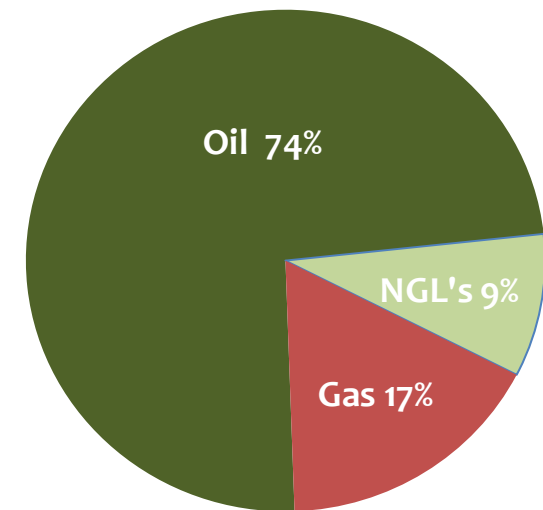
# 2Q14 Headlines



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- **Production increased 34% to 3,613 BOE/day**
- **EBITDAX increased 46% to \$16.7 million**
- **5 new wells positively influencing production, principally in July, 2014**
  - Beall Ranch- 3 wells on flowback June 15th
  - Pirate- 2 wells on flowback July 16th
- **New wells have increased current production rates to 5,005 BOE/day**
- **Acquired / Agreed to Acquire 3,138 gross / 2,418 net acres in our core areas in the Eagle Ford**
  - \$7.0 million, \$3.4 million of which is drilling carry
  - Equates to \$2,887 per net acre
  - Funded with \$108.5 million Revolving Credit Facility (undrawn at July 31st)
- **Eastern Eagle Ford Play is Expanding Rapidly**
  - Lonestar is well-positioned to participate in Deeper part of Eastern Eagle Ford (>8,500')
  - No reserves booked > 8,500' December 31, 2013
  - Industry activity proving up Lonestar's Deeper acreage
  - Currently estimate 22 gross / 16 net locations
  - Lonestar plans to drill 2-4 wells >8,500' in 2015

## 2Q14 Production by Product

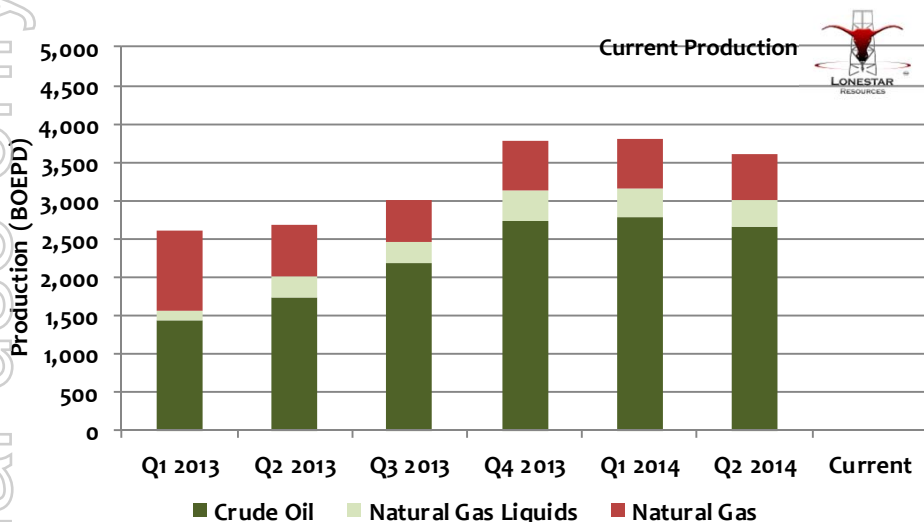


Product	Volume
Crude Oil	2,668 bbl/day
NGL's	333 bbl/day
Natural Gas	3,668 Mcf/day
<b>Total</b>	<b>3,613 BOE/day</b>

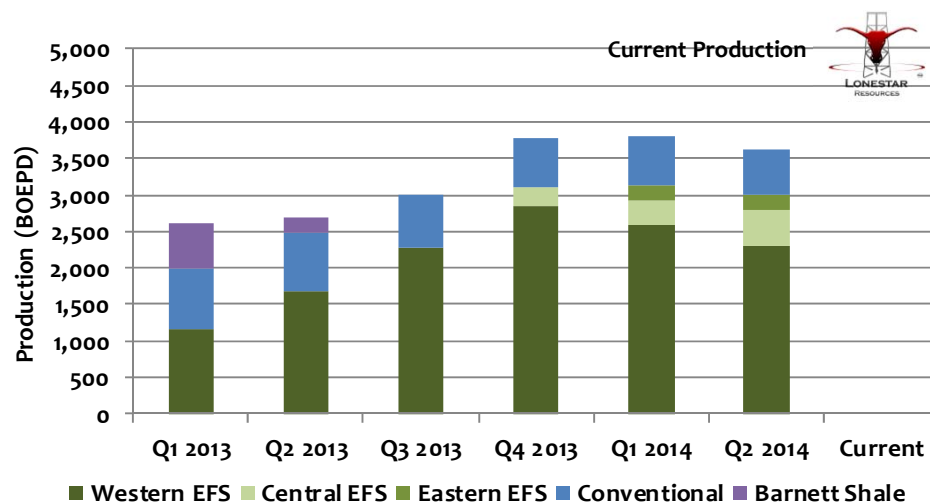
# Quarterly Financial Summary



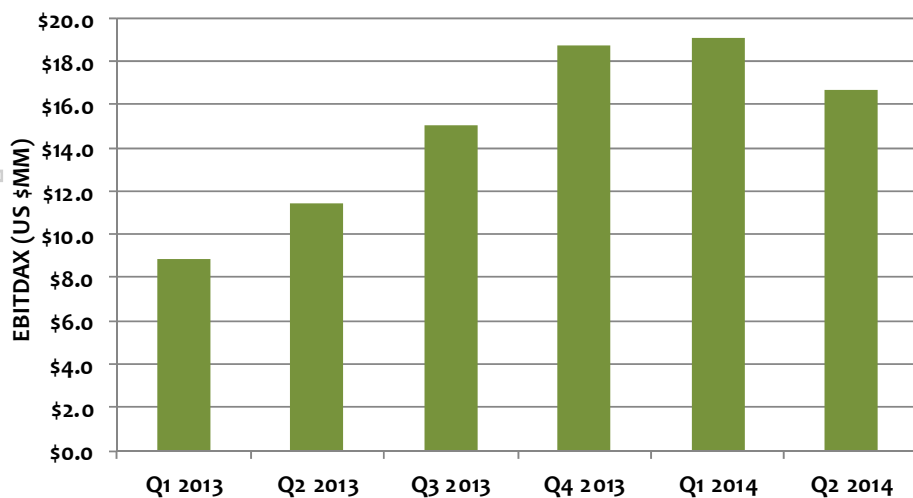
### Quarterly Production – Total Company



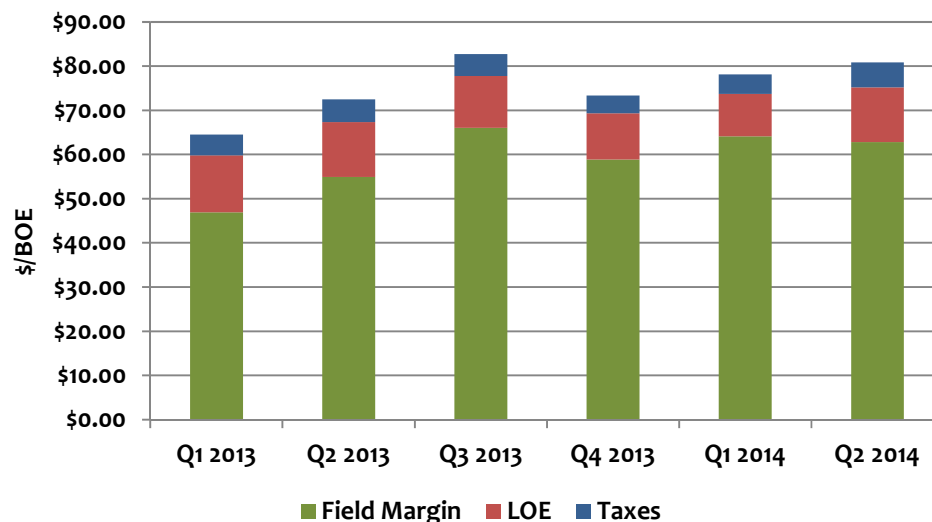
### Quarterly Production – Total Company



### EBITDAX



### Field Netback

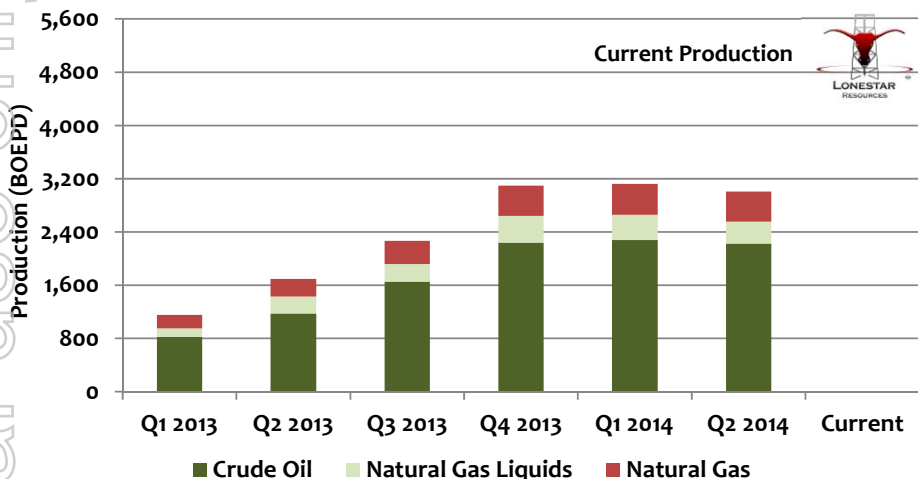


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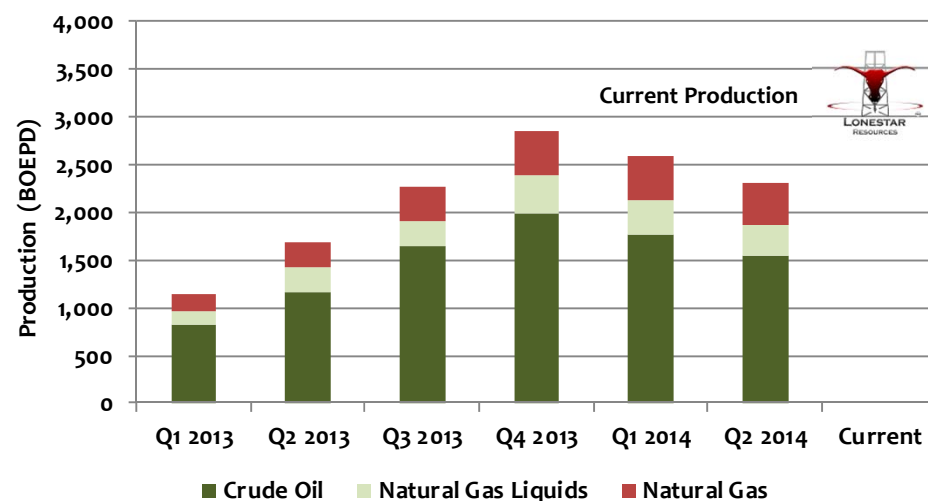
# Quarterly Production Summary



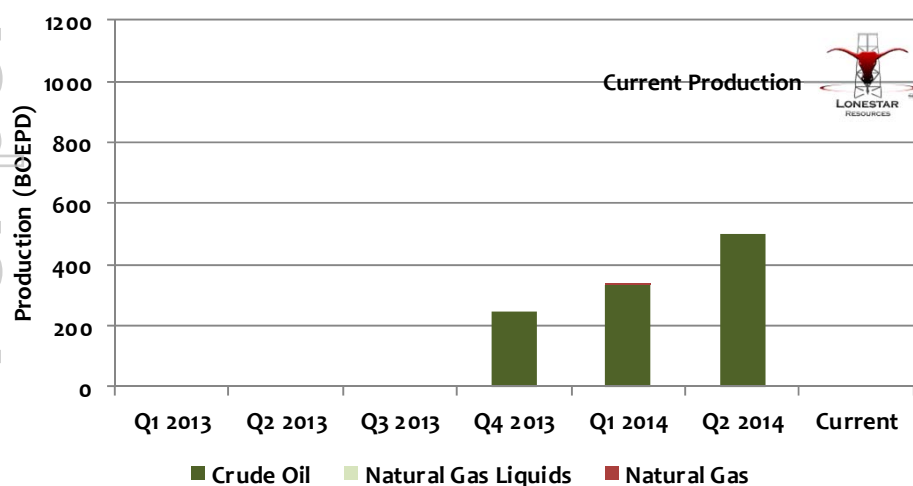
### Quarterly Production – Total Eagle Ford



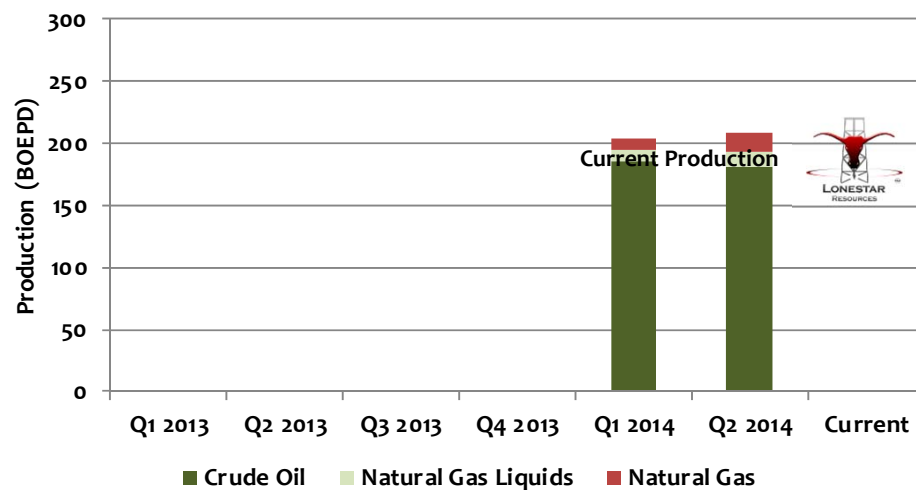
### Quarterly Production – Western Eagle Ford



### Quarterly Production – Central Eagle Ford



### Quarterly Production – Eastern Eagle Ford



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# Drilling Location Map- Asherton



## LEGEND

- Producing Well
- PUD Drilling Location

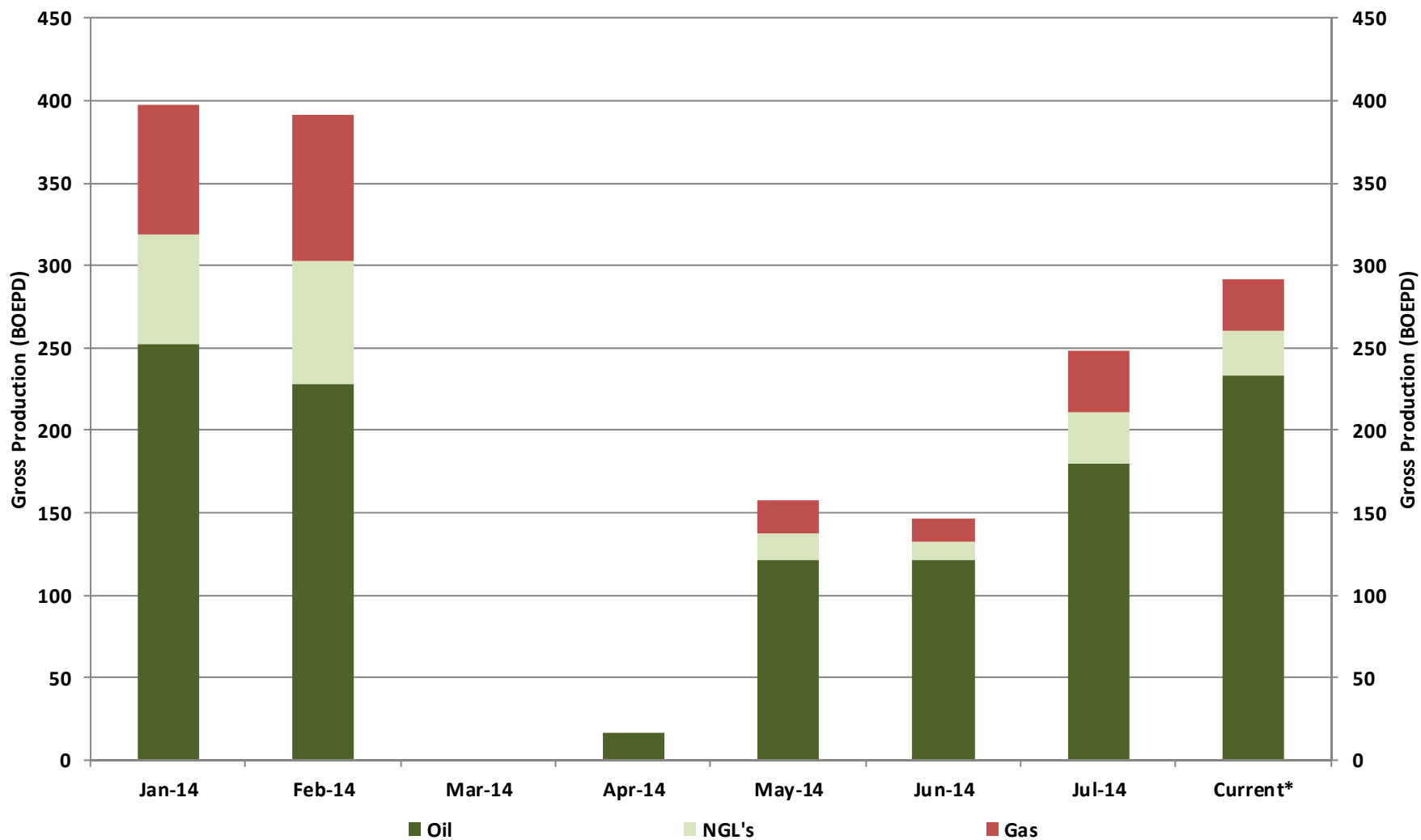


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# Legacy Production - Asherton



## Asherton Gross Production from Legacy Wells



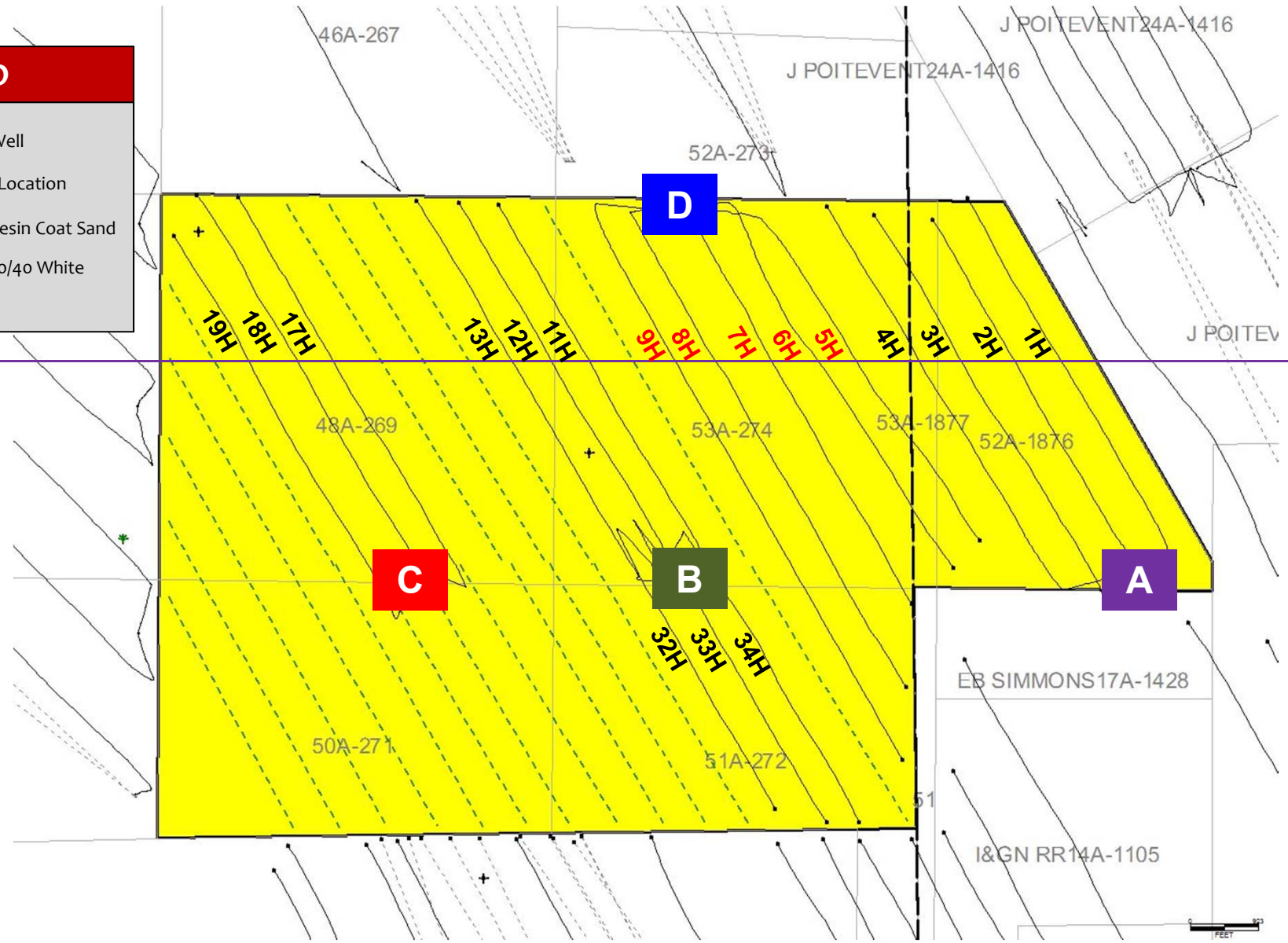
\*Current production estimates

# Drilling Location Map- Beall Ranch



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LEGEND	
	Producing Well
	PUD Drilling Location
<b>17H</b>	Fracked w/ Resin Coat Sand
<b>9H</b>	Fracked w/ 20/40 White
<b>B</b>	Drilling Pad



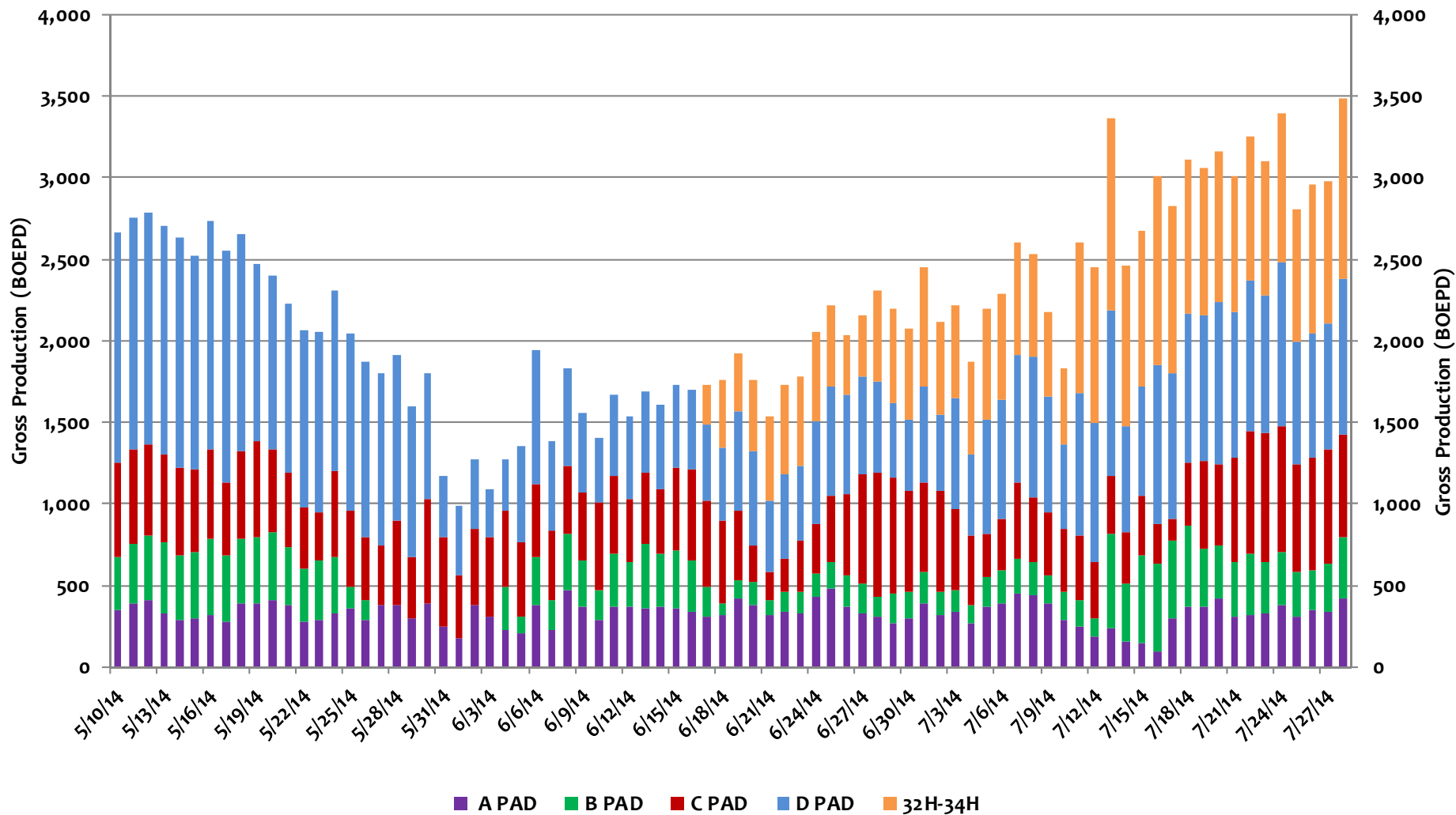


# Production By Vintage- Beall Ranch



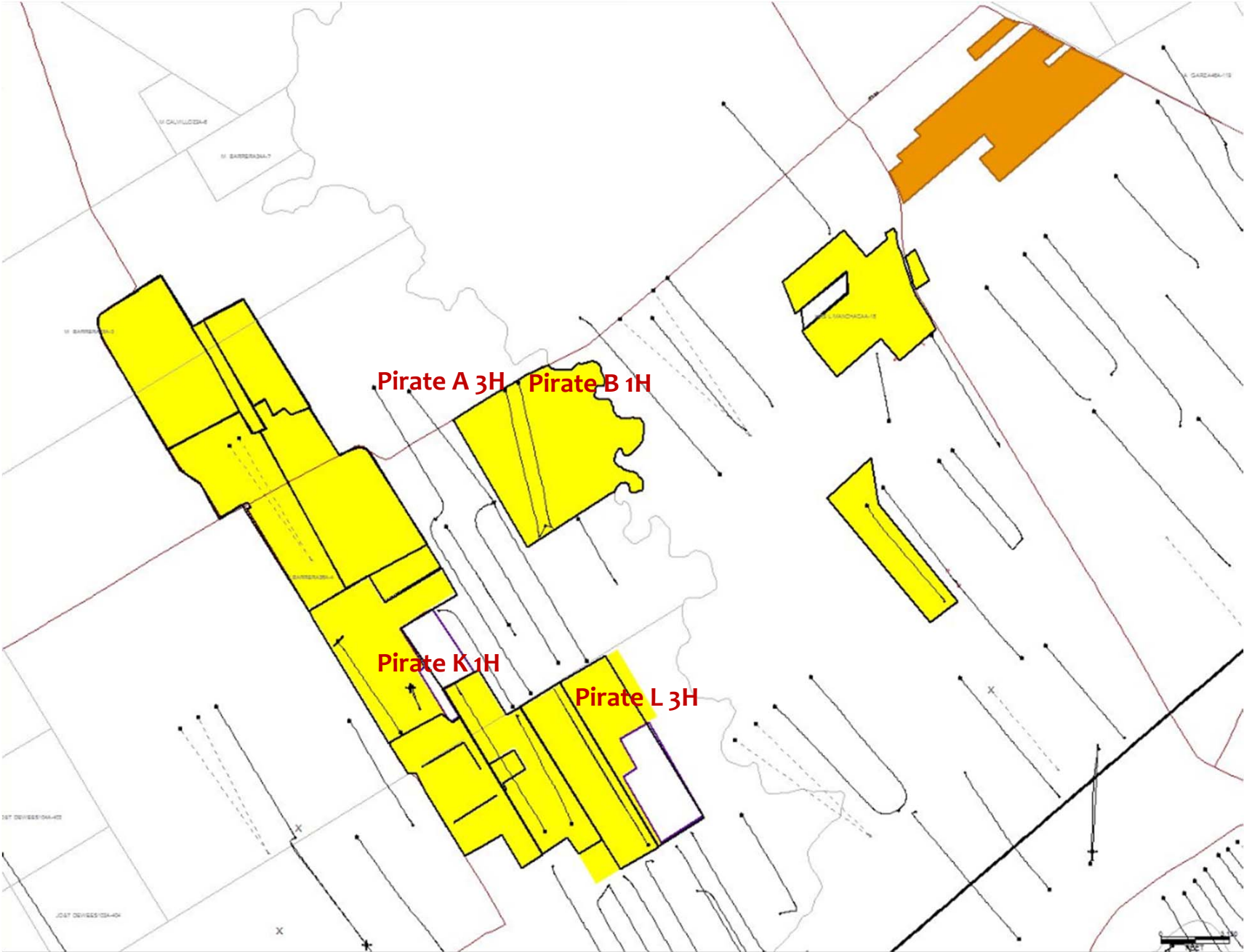
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## Beall Ranch Gross Production by Pad





# Pirate Area Development Map



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# Eagle Ford Lease Acquisition Summary



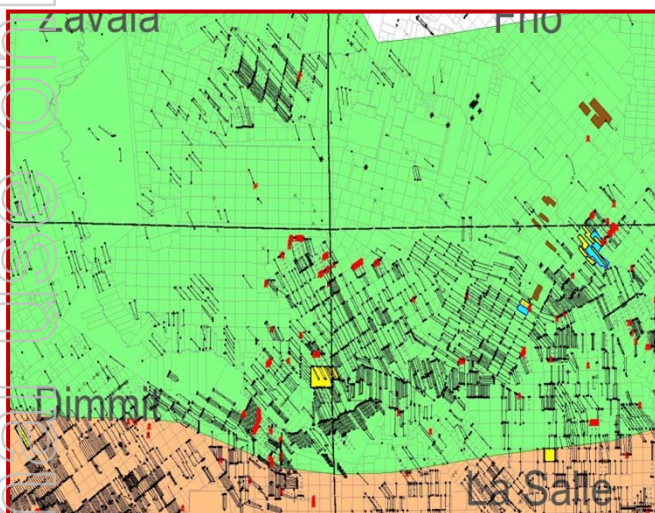
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<b>Region</b>	<b>Leasehold- April, 2014</b>			<b>Recently Acquired</b>			<b>Proforma Leasehold</b>		
	<b>Gross</b>	<b>Net</b>	<b>WI</b>	<b>Gross</b>	<b>Net</b>	<b>WI</b>	<b>Gross</b>	<b>Net</b>	<b>WI</b>
Western Eagle Ford	8,565	7,073	82.6%	1,755	1,035	59.0%	10,320	8,108	78.6%
Central Eagle Ford	11,041	10,984	99.5%	546	546	100.0%	11,587	11,530	99.5%
Eastern Eagle Ford	6,257	5,022	80.3%	837	837	100.0%	7,094	5,859	82.6%
<b>Total Eagle Ford</b>	<b>25,864</b>	<b>23,079</b>	<b>89.2%</b>	<b>3,138</b>	<b>2,418</b>	<b>77.1%</b>	<b>29,002</b>	<b>25,497</b>	<b>87.9%</b>

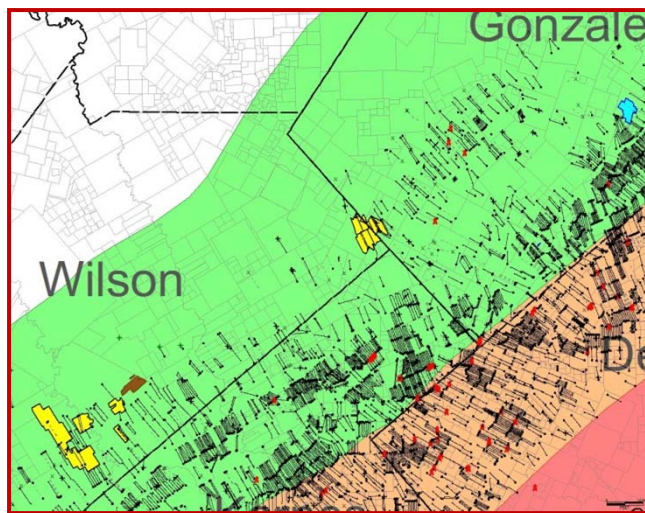
# Eagle Ford Lease Map



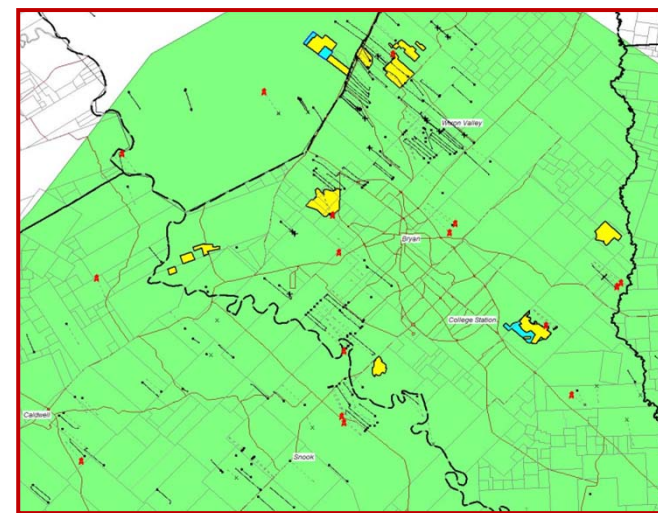
### Western Eagle Ford Acreage Map



### Central Eagle Ford Acreage Map



### Eastern Eagle Ford Acreage Map



Existing Acreage
  Newly Acquired Acreage
  Producing Eagle Ford Well
  Permitted Eagle Ford Well

### Western Eagle Ford Acreage Table

	<b>Gross</b>	<b>Net</b>	<b>WI</b>
Leasehold- April, 2014	8,565	7,073	82.6%
<u>Recent Acquisitions</u>	1,755	1,035	59.0%
<b>Current Leasehold</b>	<b>10,320</b>	<b>8,108</b>	<b>78.6%</b>
Acquisition Cost (\$MM)		\$3.2	
<b>Cost Per Acre</b>		<b>\$3,043</b>	

### Central Eagle Ford Acreage Table

	<b>Gross</b>	<b>Net</b>	<b>WI</b>
Leasehold- April, 2014	11,041	10,984	99.5%
<u>Recent Acquisitions</u>	546	546	100.0%
<b>Current Leasehold</b>	<b>11,587</b>	<b>11,530</b>	<b>99.5%</b>
Acquisition Cost (\$MM)		\$1.8	
<b>Cost Per Acre</b>		<b>\$3,334</b>	

### Eastern Eagle Ford Acreage Table








	<b>Gross</b>	<b>Net</b>	<b>WI</b>
Leasehold- April, 2014	6,257	5,022	80.3%
<u>Recent Acquisitions</u>	837	837	100.0%
<b>Current Leasehold</b>	<b>7,094</b>	<b>5,859</b>	<b>82.6%</b>
Acquisition Cost (\$MM)		\$2.0	
<b>Cost Per Acre</b>		<b>\$2,404</b>	

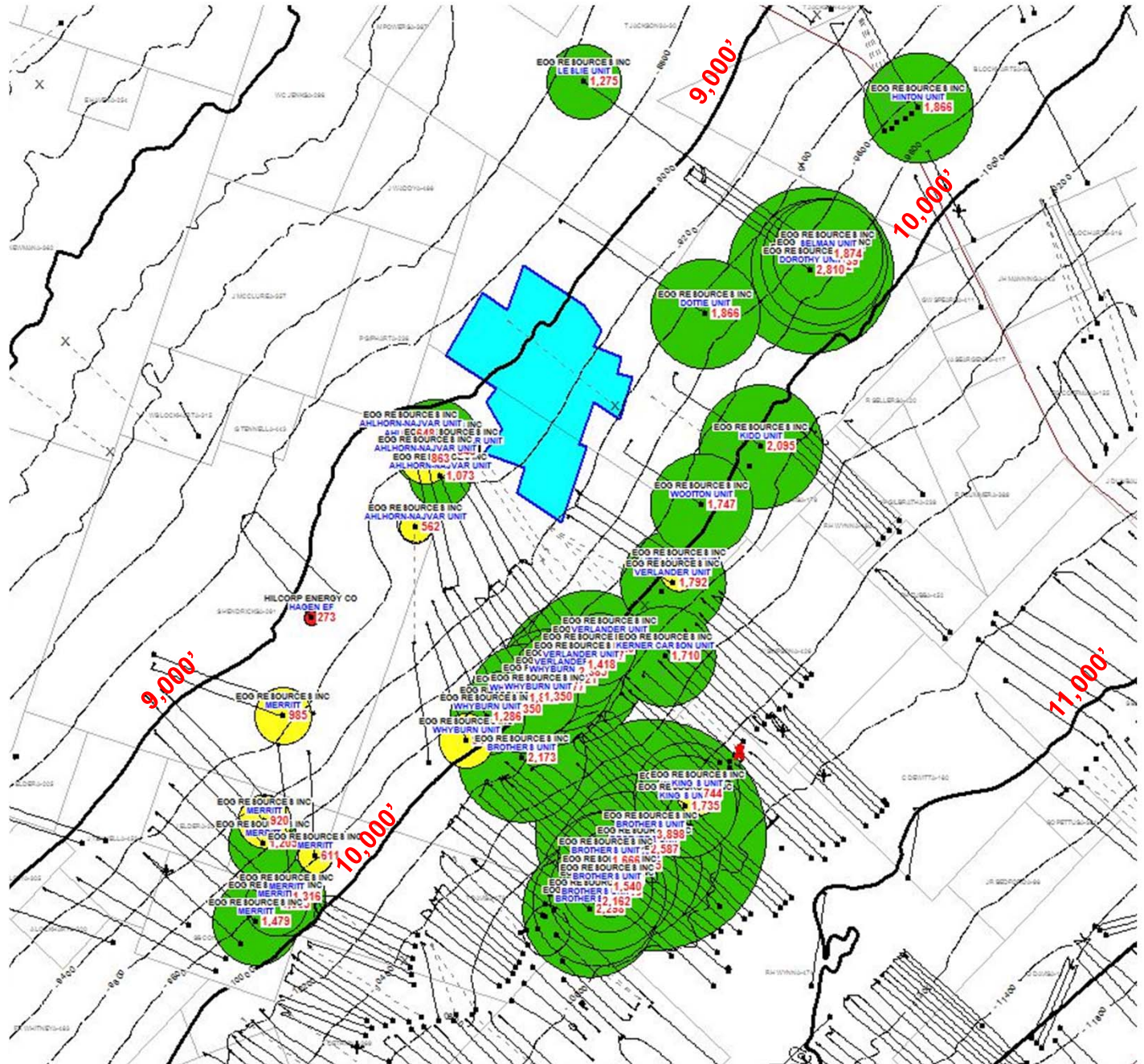


# Gonzales County Farm-In



## LEGEND

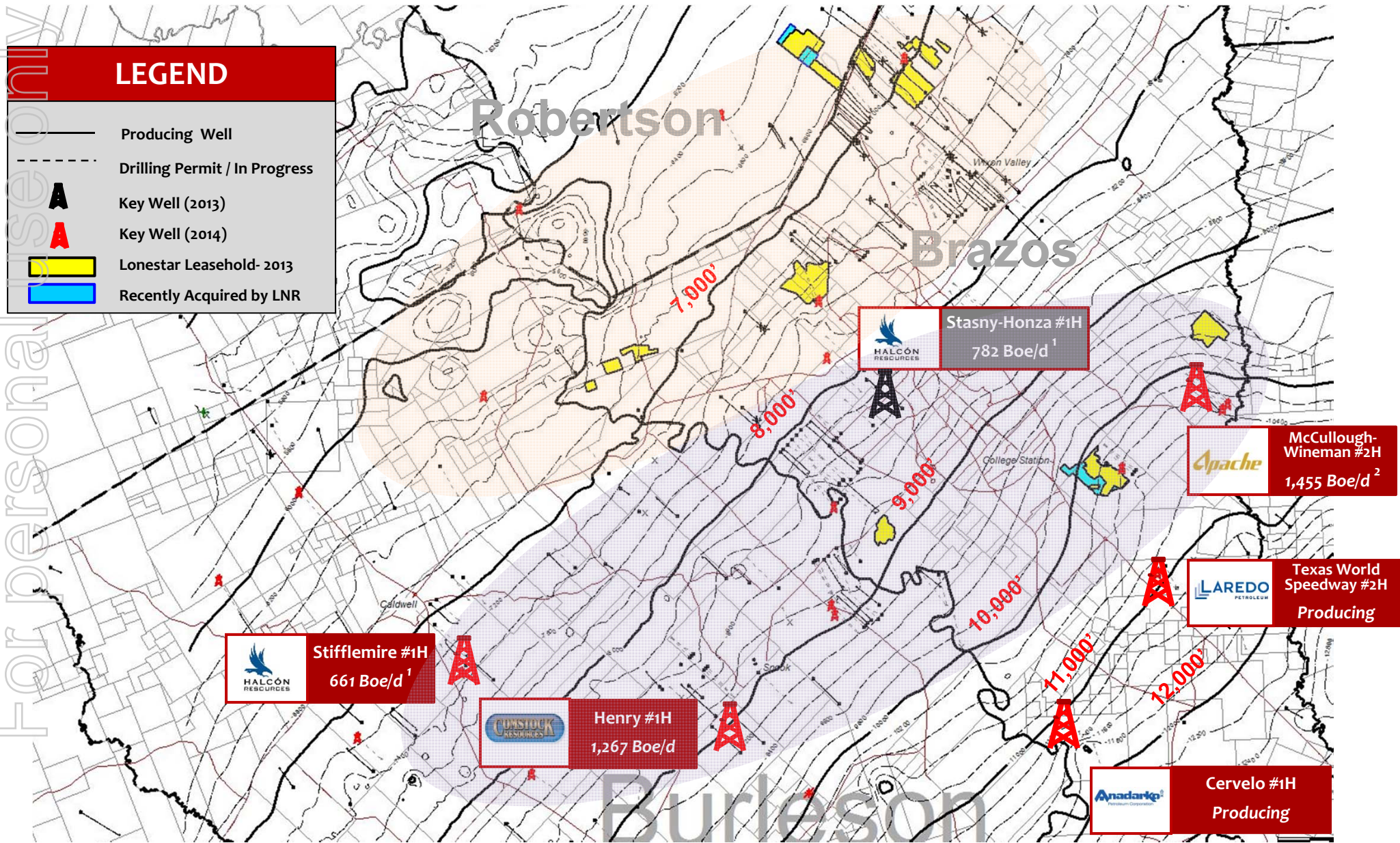
-  Producing Well
-  Drilling Permit
-  IP > 1,000 bopd
-  IP > 500 bopd
-  IP < 500 bopd
-  Initial Production (bopd)
-  Lonestar Farm-In



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# Eastern Eagle Ford- Deeper = Higher Rates



<sup>1</sup> Source: 30-Day IP, Texas Railroad Commission    <sup>2</sup> Source: 30-Day IP, Company Reports    <sup>3</sup> Source: Test Rate, Company Reports.

# 2014 Drilling and Completion Timetable



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	<u>1Q14</u>	<u>2Q14</u>	<u>3Q14</u>	<u>4Q14</u>	<u>2014</u>
<b>Western Eagle Ford</b>					
Beall Ranch	0 - 0	3 - 3	0 - 0	0 - 0	3 - 3
Asherton	2 - 2	0 - 0	0 - 0	0 - 0	2 - 2
<u>La Salle County</u>	<u>0</u> - <u>0</u>	<u>0</u> - <u>0</u>	<u>0</u> - <u>0</u>	<u>3</u> - <u>6</u>	<u>3</u> - <u>6</u>
<b>Western Eagle Ford</b>	<b>2 - 2</b>	<b>3 - 3</b>	<b>0 - 0</b>	<b>3 - 6</b>	<b>8 - 11</b>
<b>Central Eagle Ford</b>					
Gonzo	1 - 1	0 - 0	0 - 0	0 - 0	1 - 1
Pirate	2 - 2	0 - 0	0 - 0	0 - 0	2 - 2
Wilson County	0 - 0	0 - 0	2 - 2	0 - 0	2 - 2
<u>Gonzales County</u>	<u>0</u> - <u>0</u>	<u>0</u> - <u>0</u>	<u>0</u> - <u>0</u>	<u>1</u> - <u>3</u>	<u>1</u> - <u>3</u>
<b>Central Eagle Ford</b>	<b>3 - 3</b>	<b>0 - 0</b>	<b>2 - 2</b>	<b>1 - 3</b>	<b>6 - 8</b>
<b>Eastern Eagle Ford</b>					
Brazos County	0 - 0	0 - 0	2 - 2	1 - 2	3 - 4
<u>Robertson County</u>	<u>0</u> - <u>0</u>	<u>0</u> - <u>0</u>	<u>0</u> - <u>0</u>	<u>2</u> - <u>2</u>	<u>2</u> - <u>2</u>
<b>Eastern Eagle Ford</b>	<b>0 - 0</b>	<b>0 - 0</b>	<b>2 - 2</b>	<b>3 - 4</b>	<b>5 - 6</b>
<b>TOTAL EAGLE FORD</b>	<b>5 - 5</b>	<b>3 - 3</b>	<b>4 - 4</b>	<b>7 - 13</b>	<b>19 - 25</b>

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# Appendix





# Glossary



- “1P reserves” means proved reserves.
- “2P reserves” means proved plus probable reserves.
- “bbl” means barrel.
- “boe” means barrels of oil equivalent, determined using a ratio of 6 Mcf of natural gas to 1 bbl of condensate or crude oil
- “scf” means standard cubic feet.
- “btu” means British thermal units.
- “m” prefix means thousand.
- “mm” prefix means million.
- “b” prefix means billion.
- “pd” suffix means per day.
- “NGL” means Natural Gas Liquids, including condensate – these products are stripped from the gas stream at 3rd party facilities remote to the field.
- “TEV” means total enterprise value
- “LTM” means last twelve months
- “NTM” means next twelve months
- “HBP” means held by production
- “EPS” means earnings per share

Note: BOE may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf : 1bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf : 1 bbl, utilising a conversion ration of 6 Mcf : 1 bbl may be misleading if used in isolation.

# Reserves Information



## Reserves Reporting:

Pursuant to ASX Listing Rules (“LR”) the reserves information in this document:

- (i) is effective as at 1 January, 2014 (LR 5.25.1)
- (ii) has been estimated and is classified in accordance with SPE-PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2)
- (iii) is reported according to the Company’s economic interest in each of the reserves and net of royalties (LR 5.25.5)
- (iv) has been estimated and prepared using the deterministic method (LR 5.25.6)
- (v) has been estimated using a 6:1 BOE conversion ratio for gas to oil, pursuant to the information in the disclaimer section of this document (LR 5.25.7)

## Other Reserves Information:

Lonestar operates most of its properties which are generally held by standard oil and gas lease arrangements. Detailed information on the operator and lease arrangements is generally disclosed in the Company announcement related to the initial acquisition of the properties. The Company’s working interest ownership (WI%) and net-revenue interest ownership (NRI%) in relation to each of its properties are generally included in the Company’s presentations which are available on the ASX or the Company’s websites. Well spacing assumptions and lateral length assumptions are generally included in the Company’s presentations as is additional information on capital cost and taxation assumptions.

## Qualified Petroleum Reserves and Resources Evaluators:

In accordance with ASX Listing Rules 5.41 and 5.42:

The reserve reporting provided in this document in relation to the Company’s Eagle Ford Shale properties is based on and fairly represents information and supporting documentation that has been prepared by Mr. William D. Von Gonten, Jr., P.E., and Mr. Taylor D. Matthes, P.E. who are employed by W. D. Von Gonten & Co Petroleum Engineering. Mr. Von Gonten holds a Bachelor of Science degree in Petroleum Engineering from Texas A&M University and Mr. Matthes holds a Bachelor of Science degree in Petroleum Engineering from Texas A&M University. Both of these persons are Registered Texas Professional Engineers. Mr. Von Gonten has 24 years of experience as a Petroleum Engineer and Mr. Matthes has more than 5 years of experience as a Petroleum Engineer. Both of these persons are members of the Society of Petroleum Engineers. Messrs. Von Gonten and Matthes have consented to the inclusion in this document of the information and context in which it appears.

The reserve reporting provided in this document in relation to the Company’s Conventional properties is based on and fairly represents information and supporting documentation that has been prepared by Mr. William M. Kazmann who is President and Senior Partner La Roche Petroleum Consultants, Ltd. Mr. Kazmann received his Bachelor of Science and Master of Science degrees in Petroleum Engineering from the University of Texas at Austin in 1973 and 1975 respectively. He has worked in the oil and gas industry since that time. Mr. Kazmann is a Licensed Professional Engineer in the State of Texas and is a member of the American Association of Petroleum Geologists, Society of Petroleum Engineers, Society of Independent Professional Earth Scientists (serving as National Director from 1993 to 1996 and National Treasurer in 1994 and 1995), Dallas Geological Society, and Dallas Petroleum Club (serving as Director from 2004 through 2006). Mr. Kazmann has consented to the inclusion in this document of the information and context in which it appears.

## Reserves Cautionary Statement:

Hydrocarbon reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. The may result in alterations to development and production plans which may, in turn, adversely impact the Company’s operations. Reserves estimates and estimates of future earnings are, by nature, forward looking statements and subject to the same risks as other forward looking statements.

## Commodity Pricing Used:

Lonestar’s reserves and PV-10 have been estimated using index prices determined in accordance with US SEC pricing guidelines for oil and natural gas, without giving effect to derivative transactions, and were held constant throughout the life of the properties. The unweighted arithmetic averages of the first-day-of-the-month prices for the year ended December 31, 2013 were \$96.94 per bbl for oil and \$3.66 per mmbtu for natural gas and for the year ended December 31, 2012 were \$95.05 bbl for oil and \$2.78 per mmbtu for natural gas. These prices were adjusted by lease for quality, energy content, regional price differentials, transportation fees, marketing deductions and other factors affecting the price received at the wellhead."

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