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Lonestar Resources, Ltd. Updates Guidance

Lonestar Resources, Limited (ASX: LNR, OTCQX: LNREF) announces that in light of recent oil price declines it has revisited its budget for 2015, as well as initiating cost-saving opportunities.

Revised Drilling Plan Focused on Highest Rate of Return Wells

Lonestar's robust financial position, the absence of material drilling obligations, and strong operational capabilities give the Company flexibility in designing a drilling plan for 2015 that is appropriate for the current oil price environment. The Company has elected to moderate its near term drilling activity to below the level guided previously; such that expected rates of return on drilling will be in excess of 35% with the lower oil prices currently indicated in the futures markets. Importantly, this will ensure its drilling budget over the course of 2015 will be covered by operating cash flows, while the Company still delivers growing production and EBITDA, and retaining in excess of $100 million of liquidity not only to insulate the Company from price volatility, but also to take advantage selectively of accretive acquisition opportunities in its targeted oil window of the Eagle Ford shale trend in south Texas.

Lonestar Sees Continued Growth

Based on a range in WTI oil prices of between $65 and $80 per barrel, Lonestar's revised plan sees it completing 15 to 17 wells during 2015, at a cost of approximately $85-101 million, which would generate a 30-55% increase in oil production in 2015 over 2014 and EBITDA in 2015 in the range of $100-125 million. Prior to the reduction in oil prices, the Company had planned to drill between 20 and 25 gross wells in 2015. The EBITDA guidance for 2015 will be subject to change in the event that WTI oil prices breach the aforementioned price range. Further clarity in the 2015 capital budget will be provided in January 2015, when management has had adequate opportunity to assess fully the extent to which energy service costs including the costs of hiring drilling rigs or fracking crews from third parties have corrected in response to the drop in crude oil prices. The updated guidance for 2015 is made in the light of:

- Lonestar has extremely limited drilling or other obligations that require it to drill during 2015, meaning that only prospective IRR will determine where Lonestar will direct its drilling capital, which on today's forward curves, would result in internal rates of return of between 35% and 45%.

- The Company had cash and undrawn credit facilities at 30th September 2014 of $142 million. It is expected that this level of liquidity may be reduced somewhat by the year-end, and, in the absence of acquisitions, the revised drilling plan would then see this level of liquidity maintained at approximately the same level throughout 2015.

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- Lonestar continues to generate high cash margins on its Eagle Ford shale business. Most recently, the Company's total cash costs including Lease Operating Expenses, Production Taxes, G&A, and Interest Expenses, totaled $25 per barrel of oil equivalent in October, 2014.

- Lonestar has hedged 2,500 barrels of oil per day at an average price of $88 per barrel. This insulates the Company from oil price volatility on approximately 50% of its expected crude oil production in 2015.

Initiatives Underway to Generate Significant Cost-Savings

Lonestar has initiated several opportunities to reduce costs in its operations and its upcoming drilling activities that have been created by the lower oil price environment. While it is too early to quantify the scope for reducing costs, Lonestar believes such cost-savings will be significant. The Company will keep the market informed of progress in reducing its costs as these initiatives progress in early 2015. Any cost-savings could be deployed to increase the number of wells drilled in 2015 and accelerate EBITDA growth, whilst still covering its drilling budget by operating cash flows over the course of 2015. Alternatively, such cost-savings could be deployed in value-accretive acquisitions, should the lower oil price environment open up compelling opportunities.

Deferral of Frac Jobs and Lower Oil Prices Trim 2014 EBITDA Margins

As a result of lower oil prices in the closing months of 2014, as well as deferring the completion of three wells out of late 2014 into early 2015, Lonestar is now providing guidance for 2014 EBITDA in the range of $85-88 million. By deferring the fracture stimulation of its 3 Gerke wells into January, Lonestar anticipates considerable savings with the availability of a lower priced bid for these services. The Company sees the new drilling plan then delivering approximately 15% to 45% growth in EBITDA in 2015, in spite of the considerable drop in WTI oil prices

A Growing Business Driven by Long-Term Shareholder Value

Lonestar's prudent finances and ability to manage costs are cornerstones of its business plan. They provide resilience to lower oil prices and position the Company well to capitalize on opportunities to grow its acreage and reserves, while continuing to grow its production and cash flows, to grow long-term shareholder value. Chief Executive Officer, Frank D. Bracken, III added, "Our capital budget will always be driven by maximizing returns for shareholders, which in an era of lower oil prices means we will slow down the pace of drilling on our existing properties to preserve liquidity to position Lonestar to be opportunistic in acquiring additional properties in the Eagle Ford shale trend. Nevertheless, shareholders can still expect to benefit from growing cash flows and reserves, while we maintain well-hedged forward revenues and a strong balance sheet."

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