December 20, 2018

Rosehill Resources Inc. Provides 2019 Guidance Along With Operational Update

HOUSTON, Dec. 20, 2018 (GLOBE NEWSWIRE) -- Rosehill Resources Inc. (“Rosehill” or the “Company”) (NASDAQ: ROSE, ROSEW, ROSEU) today announced its 2019 guidance along with an operational update.

Highlights

- Estimated 2019 annual production guidance of 20 – 21.5 MBoe/d (~75% oil and 88% liquids), up over 25% compared to the midpoint of 2018 guidance;

- Estimated 2019 Adjusted EBITDAX guidance of $210 - $230 million, up over 20% compared to the midpoint of 2018 guidance;

- Planned 2019 capital guidance of $220 - $240 approximately neutral to 2019 Adjusted EBITDAX; and

- Strong Adjusted EBITDAX and production in the fourth quarter of 2018 to date above third quarter averages and highlighted by recent flow back results on a Z&T 32 three well pad in Loving County, Texas; these wells targeted the Lower Wolfcamp A formation and reached a cumulative initial production rate during a 24-hour period of 4,927 BOEPD, 68% oil, 346 BOEPD per 1,000 ft. of lateral

“We are building on the momentum created throughout 2018 into the new year and are excited to release our 2019 plan. We believe we are taking the appropriate steps to adjust our activity level to align with the level of cash generated and believe we can achieve impressive growth in both production and Adjusted EBITDAX in 2019. We remain flexible and can adjust our program in both directions in response to the dynamic environment,” stated Gary C. Hanna, Rosehill’s Chairman and Interim President and Chief Executive Officer.

Mr. Hanna continued, “While we expect additional funding needs are minimal, we are targeting an increase in our liquidity position and have several potential options on that front including a potential monetization of our water infrastructure assets and further increases to our borrowing base. We have the benefit of a robust hedge portfolio, highlighted by oil hedges covering over 85% of expected 2019 production at the midpoint of guidance with an average floor of approximately $55 per barrel. Our hedge book value reached approximately $100 million this week.”

“We continue to see strong results from our activities in Loving County including the results of an additional three well pad on the Z&T 32 lease. In our Southern Delaware area, we recently finished the drilling of a three well pad on the State Blanco lease and have commenced the drilling of a two well pad on the Trees Estate lease, and now have drilled eight wells in this area. We plan to begin completion operations on these wells in January 2019 and look forward to sharing production results once available.”

2019 Guidance

Rosehill’s projections for the upcoming year ended December 31, 2019 are provided below. The 2019 guidance assumes the Company will utilize a one and a half rig drilling program on average. The Company expects to drill between 25 and 29 wells in 2019, complete between 24 and 28 wells with approximately two-thirds of the program directed toward our Loving County assets. The Company expects to exit 2019 with eight to ten drilled uncompleted wells (“DUCs”), roughly flat to the current DUC count.

	2019 Guidance
Price Assumptions WTI/HH(1)	\$55 / \$2.75
Production (BOEPD)	20,000 - 21,500
Adjusted EBITDAX (\$MM)(2)	\$210 - \$230
Total Capital (\$MM)(3)	\$220 - \$240
Debt/Adjusted EBITDAX	1.4x - 1.6x

(1) Amounts represents WTI crude and Henry Hub natural gas prices utilized for projections. NGLs estimated at 35% of WTI.

(2) Adjusted EBITDAX is a non-GAAP financial measure. For a discussion of Adjusted EBITDAX and a reconciliation to its nearest GAAP measure, please see “Non-GAAP Measures.”

(3) Approximately 75% of total capital is drilling and completion with remainder consisting primarily of facilities capital.

A \$10 per barrel decrease in average 2019 WTI prices from the guidance assumption of \$55 per barrel impacts Adjusted EBITDAX by approximately \$10 million and highlights our strong hedge position.

Liquidity Update

In early December the lenders in the Company’s Senior Secured Facility approved an increase to the borrowing base to \$220 million. The borrowing base evaluation utilized reserve data as of September 30, 2018 and was impacted by minimal reserve additions from wells in the Southern Delaware area. The Company expects an increase in reserve contribution in the future from the Southern Delaware area due to ongoing development plans. The Company expects to exit 2018 with liquidity of approximately $50 million, consisting of availability under its Senior Secured Facility and cash on hand, and will look to further enhance this amount through the options previously described.

About Rosehill Resources Inc.

Rosehill Resources Inc. is an oil and gas exploration company with producing assets in Texas and New Mexico with its investment activity focused in the Delaware Basin portion of the Permian Basin. The Company's strategy for growth includes the organic development of its two core acreage areas in the Northern Delaware Basin and the Southern Delaware basin, as well as focused acquisitions in the Delaware Basin.

Non-GAAP Measures

Adjusted EBITDAX

Adjusted EBITDAX is a supplemental non-GAAP financial measure that is used by Rosehill's management and external users of Rosehill's financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Adjusted EBITDAX as net income (loss) before interest expense, income taxes, depreciation, depletion, and amortization, accretion and impairment of oil and natural gas properties, (gains) losses on commodity derivatives excluding net cash receipts (payments) on settled commodity derivatives, gains and losses from the sale of assets, exploration costs, transaction costs incurred in connection with the Transaction and other non-cash operating items. Adjusted EBITDAX is not a measure of net income as determined by United States generally accepted accounting principles ("U.S. GAAP").

Management believes Adjusted EBITDAX is useful because it allows for more effective evaluation and comparison of Rosehill's operating performance and results of operations from period to period without regard to the Company's financing methods or capital structure. Rosehill excludes the items listed above from net income in arriving at Adjusted EBITDAX because these amounts can vary substantially from company to company within the industry depending upon accounting methods and book values of assets, capital structures, and the method by which the assets were acquired. Adjusted EBITDAX should not be considered as an alternative to, or more meaningful than, net income as determined in accordance with U.S. GAAP or as an indicator of the Company's operating performance or liquidity. Certain items excluded from Adjusted EBITDAX are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of Adjusted EBITDAX. Rosehill's computations of Adjusted EBITDAX may not be comparable to other similarly titled measures of other companies.

Forward-Looking Statements

This communication includes certain statements that may constitute "forward-looking statements" for purposes of the federal securities laws. All statements, other than statements of historical fact included in this communication, regarding Rosehill's opportunities in the Delaware Basin, strategy, future operations, financial position, estimated results of operations, future earnings, future capital spending plans, prospects, plans and objectives of management are forward-looking statements. When used in this communication, the words "could," "believe," "anticipate," "intend," "estimate," "expect," "project," "guidance," "forecast" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

You should not place undue reliance on these forward-looking statements. Although the Company believes that the plans, intentions and expectations reflected in or suggested by the forward-looking statements in this communication are reasonable, no assurance can be given that these plans, intentions or expectations will be achieved or occur, and actual results could differ materially and adversely from those anticipated or implied by the forward-looking statements. Some factors that could cause actual results to differ include, but are not limited to, the Company's ability to consummate the acquisition, the ultimate timing, outcome and results of integrating the acquired assets into its business and its ability to realize the anticipated benefits, commodity price volatility, inflation, lack of availability of drilling and completion equipment and services, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating oil and natural gas reserves and in projecting future rates of production, cash flow and access to capital, the timing of development expenditures and the other risks and uncertainties discussed under Risk Factors in the Company's Form 10-K, and in other public filings with the Securities and Exchange Commission (the "SEC") by the Company. The Company's SEC filings are available publicly on the SEC's website at www.sec.gov. These forward-looking statements are based on management's current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. All forward-looking statements speak only as of the date of this communication. Except as otherwise required by applicable law, the Company disclaims any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this communication.

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