



HNRC Portfolio Company Announces Updated and Revised Purchase Agreement

September 1, 2023

CHARLESTON, W. Va., Sept. 1, 2023 /PRNewswire/ -- Cunningham Natural Resources Corp f/k/a Houston Natural Resources Corp. (OTC: HNRC) ("HNRC or the Company") announced today that one of its portfolio companies HNR Acquisition Corp ("HNRA") announced that on August 28, 2023, HNRA signed an Amended and Restated Membership Interest Purchase Agreement ("A&R MIPA") to purchase all of the equity interests of a New Mexico based oil company and its subsidiaries (the "Target"), as HNRA previously disclosed. The A&R MIPA replaces the previous membership interest purchase agreement that HNRA executed December 2022 (bit.ly/3PmbePt).

HNRA has signed the A&R MIPA with the sellers described therein ("Sellers") revising and replacing the terms of the prior agreement to purchase all of the equity interests in the Target. A copy of the A&R MIPA and a more detailed description of the A&R MIPA is included in the HNRA 8-K filing dated August 30, 2023 (bit.ly/45Oxg2z).

Highlights of the A&R MIPA include revision of the purchase price to an aggregate amount of \$63 million in cash plus (i) two million shares of a new class of Class B Common Stock of the Company which have no economic rights (voting only) and (ii) two million units in the Company's newly-formed subsidiary, HNRA Upstream, LLC ("OpCo"), which are exchangeable for two million shares of the Company's newly created Class A Common Stock. The cash required at closing can be reduced by \$15 million payable through a promissory note to Sellers, and up to another \$20 million through issuance of preferred units in OpCo, which convert into shares of the HNRA's proposed new Class B common stock in 2 years, at a conversion rate based on the HNRA stock price at the time. Within one year thereafter, the Class B common stock may be converted into the proposed Class A common stock. At a minimum, HNRA must pay the Sellers \$33 million in cash at closing.

In addition, in connection with the reduction of the purchase price due at closing, Target transferred a 10% overriding royalty interest in oil, gas and minerals in, under and produced from each lease of Target (the "ORR Interest") to an affiliate that will not be purchased by HNRA. Then, in connection with the A&R MIPA, HNRA will be granted a 12-month option to purchase the ORR Interest for \$30 million.

On August 28th HNRA signed a commitment letter with First International Bank & Trust (FIBT) for a senior secured term loan in the amount of \$28 million to fund a portion of the purchase price, subject to a number of conditions set forth in the letter. FIBT is a 112-year-old commercial bank with offices in North Dakota, South Dakota, Minnesota and Arizona, headquartered in Watford City, North Dakota. A detailed description of the commitment letter and term sheet is included in the HNRA 8-K filing with the SEC dated August 30, 2023.

When the HNRA business combination is completed, HNRC will be able to provide a liquidity event for its shareholders, that is expected to be within 180 days of closing.

About Houston Natural Resources Corp

Houston Natural Resources Corp. (OTC: HNRC) (www.hnrholdings.com) is a diversified energy company with oil and gas interests. The Company has recently acquired a 100% interest in Cunningham Energy LLC, with appraised reserves of \$352 million. The Company also has minority investments in Rhino Energy Ltd, CE Energy Sponsors, LLC and HNR Acquisition Corp. The Company will also continue to seek new energy and energy transitions opportunities as it focuses on creating more value for shareholders.

About Cunningham Natural Resources Corp

Cunningham Natural Resources Corp (www.cunninghamnaturalresources.com) will be focused on traditional oil and gas opportunities and energy transition materials including mining opportunities in copper, lithium, gold, as well as other precious and rare earth metals. The investment focus will be global with sustainability at the core of the strategy.

FORWARD-LOOKING STATEMENTS:

This press release may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of risks and uncertainties.

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