FORT WORTH, TX--(Marketwired - July 22, 2015) - Arabella Exploration Inc. (OTC PINK: AXPLF) ("Arabella" or the "Company"), an oil and gas E&P company focused on the Permian Basin, today announced that it has entered into a Purchase and Sale Agreement with a third party buyer ("Buyer"), dated as of July 1, 2015, and a letter agreement with McCabe Petroleum Corporation ("McCabe"), dated as of April 15, 2015, pursuant to which Arabella will sell its ownership interest in certain of its properties for cash and properties with a potential value totaling approximately $47 million. Pursuant to the agreements, the transactions will close simultaneously and Arabella will transfer its Locker State, Graham, Woods, Jackson and Emily Bell prospects to the Buyer and will receive cash from the Buyer and certain properties from McCabe. Arabella will receive the following in connection with the two transactions:

- $15 million in cash, subject to certain closing adjustments
- Producing property in the Southern Delaware Basin with net production of approximately 88 BOE/Day. Arabella estimates the value of this property to be approximately $6 million
- A participation agreement covering 20,000 undeveloped acres (gross and net) in the Midland Basin, valued by Arabella at approximately $1,000/acre or $20 million total
- An option to purchase approximately 1,000 net acres of royalty interests underlying the 20,000 acres in the Midland Basin valued by Arabella at approximately $3 million, net of the option cost
- The return of 1,003,597 of Arabella's ordinary shares and the rights to certain earn-out shares valued at approximately $3 million; the 1,003,597 shares will be canceled upon receipt (provided that such shares may be reissued in the event that Arabella does not drill at least one well on its new property within one year from the closing date)

Use of Proceeds

Pending agreement with the holders of its Senior Secured Notes, Arabella will repay $10 million of the $16 million outstanding. The remainder of the cash proceeds will be used for the development of properties, the repayment of other amounts owing and general corporate purposes.

Overview of Transition

The following chart summarizes the changes to Arabella's properties, production and capital structure as a result of the two deals:

	Arabella Pre-Transactions	Removed	Added	Arabella Post-Transactions
Gross Wells[1]	18	6	4	16
Net BOE/Day[2]	78	76	88	90
Gross Acres	34,921	2,560	20,844	53,205
Net Acres	4,972	1,314	20,140	23,798
Senior Secured Notes	$16,000,000	$10,000,000	-	$6,000,000
Shares Outstanding	5,020,303	1,003,597	-	4,016,706

[1] Includes ten wells currently producing on Arabella's back in acreage
[2] BOE/Day estimated pre-transaction production is for the six months ended June 30, 2015, post-transaction estimate includes new producing property; neither amount includes production from Arabella's back in acreage

Closing Timing & Conditions

Arabella is targeting and anticipates that the transactions will close on or about July 31, 2015. The closing of the transactions are subject to certain closing conditions.

Update Call

Arabella anticipates holding an update conference call following the close of the transactions, details will be announced.

About Arabella Exploration

Arabella Exploration Inc. (OTC PINK: AXPLF) is an independent oil and natural gas company focused on the acquisition, development and exploration of unconventional, long life, onshore oil and natural gas reserves in the Permian Basin in West Texas. The Company has an experienced management team with experience drilling multi-lateral wells and is primarily focused on the formations that the industry refers to as the Wolfbone play, which includes the Wolfcamp and Bone Spring shales. The Wolfbone play is characterized by high oil content and liquids rich natural gas, multiple vertical and horizontal target horizons, extensive production history, long-lived reserves and high drilling success rates.

Safe Harbor

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements preceded or followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans," and similar expressions or future or conditional verbs such as "will", "should", "would", "may" and "could" are generally forward-looking in nature and not historical facts. Forward-looking statements in this release also include statements about business and economic trends. Investors should also consider the areas of risk described under the heading "Forward Looking Statements" and those factors captioned as "Risk Factors" in the Company's periodic reports under the Securities Exchange Act of 1934, as amended, or in connection with any forward-looking statements that may be made by the Company.

The Company also disclaims any duty to comment upon or correct information that may be contained in reports published by the investment community.

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