

May 14, 2014



Miller Energy Resources to Acquire Savant Alaska LLC (Badami Unit on North Slope, Alaska)

Acquisition to Add Approximately 600 BOPD in Net Production, an Estimated \$6 Million of PDP PV-10 With Significant Drilling Opportunities, and Includes Substantial Infrastructure With an Original Field Development Cost of Approximately \$300MM

KNOXVILLE, TN -- (Marketwired) -- 05/14/14 -- [Miller Energy Resources, Inc.](#) ("Miller" or "the Company") (NYSE: MILL) today announced that the Company has signed a binding agreement to acquire Savant Alaska, LLC ("Savant"), subject to due diligence and regulatory approval, for \$9.0 million in cash. Savant would become a wholly-owned subsidiary of Miller. Through Savant, Miller would own a 67.5% working interest in the Badami Unit, with ASRC Exploration, LLC ("AELLC") remaining as a 32.5% working interest partner. Miller would also obtain a 100% working interest in nearby exploration leases. These assets would bring approximately 1,100 BOPD gross and 600 BOPD net of current production and ownership of midstream assets located in the Alaska North Slope with a design capacity of 38,500 BOPD and 25 miles of pipeline. We estimate the acquisition will add approximately \$6 million of PDP PV-10 (based on internal assessments by Savant) with significant additional drilling opportunities. In addition to the assets, Miller is pleased to welcome the Savant team, which will be supported by the Company's Anchorage office.

Acquisition Highlights:

- Badami Unit has seven State of Alaska leases consisting of 17,200 gross acres in the Alaska North Slope and eight wells currently producing 1,100 BOPD gross, 600 BOPD net to Savant
- Initial plans are to drill two sidetrack wells at an estimated cost of approximately \$15 million per well (\$10.1 million net to the Company's working interest).
- All wells located in Badami Unit currently qualify for up to a 45% net operating loss credit
- Midstream assets include:
 - Modular oil & gas production facility with 38,500 BOPD design capacity
 - 500,000 gallon diesel storage tank

- 12" oil pipeline and a 6" gas pipeline, both running 25 miles in length from Badami to the Endicott Pipeline. The oil pipeline is rated approximately for 70,000 BOPD capacity (subject to an operational reversion provision through 2016).
- 20 megawatts of power generation
- One mile airstrip
- Grind & inject solid waste disposal facility
- Class 1 disposal well
- Transaction is expected to close by August 2014, following regulatory approval with a May 1 effective date

"The acquisition of Savant will significantly expand Miller Energy's Alaskan asset ownership, complementing our existing Cook Inlet operations and providing us with additional wellbore diversification," said Scott M. Boruff, Miller's CEO. "This transaction increases our profile in the Alaskan oil and gas community, and gives us a credible foothold in the world-class North Slope resource play, including existing production, a developmental runway and substantial mid-stream assets. By utilizing our combined team's expertise and experience, we expect to significantly enhance the value of these assets. This transaction is another example of our ability to identify and acquire assets with substantial upside that Miller can unlock, providing a clear path to increased shareholder value."

History of Savant

Savant Alaska, LLC was founded in 2006 for the purpose of direct investment in oil and gas exploration, exploitation and acquisition opportunities on the North Slope of Alaska. Savant presently has over 24,000 acres of developed and undeveloped leases, licensed over 190 square miles of 3-D seismic data, and is the operator of the Badami Unit located east of the Prudhoe Bay Field complex.

In early 2010, Savant drilled the B1-38 exploration well from the Badami gravel pad to a depth of 15,245 feet. The well was completed as a discovery in the Killian sand section in preparation for production startup in the fall of 2010. Additionally, Savant drilled and completed the first horizontal development well, the B1-18A well, in the Badami field.

Savant's initial Badami Unit exploration and development led to a facility restart in November 2010. Gross production from the unit has since surpassed 1.55 million barrels and gross revenue has since exceeded \$150 million through March 2014.

The Badami Unit is the only underutilized process train on the North Slope. Equally important, BP retains decommissioning liability for the plant, facilities, Class 1 disposal well and pipelines.

Savant's Oil and Gas Assets

The Badami Unit and field are located on the North Slope of Alaska, between the Endicott

field and the Pt. Thomson Unit, approximately 32 miles east of Deadhorse and the beginning of the Trans-Alaska Pipeline System (TAPS). The Unit consists of seven State of Alaska leases. Savant owns a 67.5% interest in each of these leases and has approximately 17,200 gross acres within the Unit. AELLC, a wholly owned subsidiary of the Arctic Slope Regional Corporation, a large Alaska Native corporation, owns the remaining 32.5% working interest in this acreage.

The Badami Unit has eight producing wells with a current production rate of approximately 1,100 BOPD gross and 600 BOPD net and an expected decline rate of 20% annually. Beginning in 1998, BP funded initial costs of field construction and development of approximately \$300 million, gross. Savant succeeded BP as operator of the Badami Unit on January 7, 2012, making Savant the 4th integrated production operator on the North Slope of Alaska. Savant returned two wells to production via rig work overs in March 2012. There are several prospective horizons within the current Badami Unit, in addition to exploration prospects under lease by Savant to the east.

Two near term planned wells in the Badami Unit -- the B1-14 and B1-28 -- have been identified as potential sidetrack candidates. The anticipated recoverable reserves for B1-14 and B1-28 are approximately 2 MMBO with an estimated gross CAPEX of \$15 million per well gross cost (\$10.1 million net to the Company's working interest).

About Miller Energy Resources

Miller Energy Resources, Inc. is an oil and natural gas exploration, production and drilling company operating in multiple exploration and production basins in North America. Miller's focus is in Cook Inlet, Alaska and in the heart of Tennessee's prolific and hydrocarbon-rich Appalachian Basin including the Mississippian Lime and the Chattanooga Shale. Miller is headquartered in Knoxville, Tennessee with offices in Anchorage, Alaska and Huntsville, Tennessee. The company's common stock is listed on the NYSE under the symbol MILL.

Statements Regarding Forward-Looking Information

Certain statements in this press release and elsewhere by Miller Energy Resources, Inc. are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve the implied assessment that the resources described can be profitably produced in the future, based on certain estimates and assumptions. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated by Miller Energy Resources, Inc. and described in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, the potential for Miller Energy to experience additional operating losses; high debt costs under its existing senior credit facility; potential limitations imposed by debt covenants under its senior credit facility on its growth and ability to meet business objectives; the need to enhance management, systems, accounting, controls and reporting performance; uncertainties related to the filing

of its Form 10-K for 2011; litigation risks; its ability to perform under the terms of its oil and gas leases, and exploration licenses with the Alaska DNR, including meeting the funding or work commitments of those agreements; its ability to successfully acquire, integrate and exploit new productive assets in the future; its ability to recover proved undeveloped reserves and convert probable and possible reserves to proved reserves; risks associated with the hedging of commodity prices; its dependence on third party transportation facilities; concentration risk in the market for the oil we produce in Alaska; the impact of natural disasters on its Cook Inlet Basin operations; adverse effects of the national and global economic downturns on our profitability; the imprecise nature of its reserve estimates; drilling risks; fluctuating oil and gas prices and the impact on results from operations; the need to discover or acquire new reserves in the future to avoid declines in production; differences between the present value of cash flows from proved reserves and the market value of those reserves; the existence within the industry of risks that may be uninsurable; constraints on production and costs of compliance that may arise from current and future environmental, FERC and other statutes, rules and regulations at the state and federal level; the impact that future legislation could have on access to tax incentives currently enjoyed by Miller; that no dividends may be paid on its common stock for some time; cashless exercise provisions of outstanding warrants; market overhang related to restricted securities and outstanding options, and warrants; the impact of non-cash gains and losses from derivative accounting on future financial results; and risks to non-affiliate shareholders arising from the substantial ownership positions of affiliates. Additional information on these and other factors, which could affect Miller's operations or financial results, are included in Miller Energy Resources, Inc.'s reports on file with United States Securities and Exchange Commission including its Annual Report on Form 10-K, as amended, for the fiscal year ended April 30, 2013. Miller Energy Resources, Inc.'s actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those discussed in its periodic reports that are filed with the Securities and Exchange Commission and available on its Web site (www.sec.gov). All forward-looking statements attributable to Miller Energy Resources or to persons acting on its behalf are expressly qualified in their entirety by these factors. Investors should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. We assume no obligation to update forward-looking statements should circumstances or management's estimates or opinions change unless otherwise required under securities law.

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