

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported)
September 4, 2019

APPROACH RESOURCES INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

001-33801
(Commission File Number)

51-0424817
(IRS Employer Identification No.)

One Ridgmar Centre
6500 West Freeway, Suite 800
Fort Worth, Texas
(Address of principal executive offices)

76116
(Zip Code)

(817) 989-9000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>(Title of each class)</u>	<u>(Trading Symbol(s))</u>	<u>(Name of each exchange on which registered)</u>
Common stock, par value \$0.01 par value	AREX	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

As previously disclosed, on May 9, 2019, Approach Resources Inc. (“Approach” or the “Borrower”) and certain subsidiaries of the Company (the “Guarantors,” and together with the Borrower, the “Credit Parties”) entered into the Limited Forbearance Agreement (the “Forbearance Agreement,” and as subsequently amended, the “Amended Forbearance Agreement”) with certain lenders named therein (the “Consenting Lenders”) and JPMorgan Chase Bank, N.A., as an Issuing Bank and as Administrative Agent, with respect to the Amended and Restated Credit Agreement, dated as of May 7, 2014, as amended, among the Borrower, the Guarantors, lenders party thereto, and the Administrative Agent (the “Credit Agreement”). Capitalized terms used in this Item 1.01 but not otherwise defined in this Item 1.01 have the meanings ascribed to them in the Amended Forbearance Agreement.

On September 4, 2019, Approach entered into the Fifth Amendment to the Forbearance Agreement with the Consenting Lenders (the “Fifth Amendment”). As amended by the Fifth Amendment, the forbearance period will extend to the earlier of (a) September 11, 2019 and (b) the date on which a Forbearance Termination Event occurs under the Amended Forbearance Agreement, which includes the occurrence of any event of default other than the following specified events of default.

Pursuant to the terms of the Amended Forbearance Agreement, the Administrative Agent, Consenting Lenders, and the Issuing Bank have agreed, during a “forbearance period,” to forbear from exercising their rights and remedies under the Credit Agreement (and related loan documents) and applicable law with respect to the occurrence or continuance of events of default that have occurred or may occur on account of the failure of the Borrower to: (i) maintain a ratio of EBITDAX for the four fiscal quarter period ended March 31, 2019 or June 30, 2019 to Interest Expense for such period of not less than 2.25 to 1.00 as required by the Credit Agreement; (ii) maintain a Total Leverage Ratio for the applicable fiscal quarter of less than 5.00 to 1.00 as required by the Credit Agreement; (iii) maintain a ratio of consolidated current assets to consolidated current liabilities of less than 1:0 to 1.0 as of the last day of the fiscal quarter ended June 30, 2019; and (iv) deliver notice as required by the Credit Agreement with respect to the events of default described in the foregoing clauses (i), (ii) and (iii).

In the ordinary course of their respective businesses, one or more of the Lenders, or their affiliates, have or may have various relationships with the Company and its subsidiaries involving the provision of a variety of financial services, including cash management, commercial banking, investment banking, advisory or other financial services, for which they received, or will receive, customary fees and expenses. In addition, the Company and its subsidiaries may have entered into commodity derivative arrangements with one or more Lenders, or their affiliates.

The foregoing does not constitute a complete summary of the terms of the Fifth Amendment. A copy of the Fifth Amendment is attached hereto as Exhibit 10.1. The representations, warranties and covenants contained in the Amended Forbearance Agreement were made as of a specified date, may be subject to a contractual standard of materiality different from what might be viewed as material to investors, or may have been used for the purpose of allocating risk between the parties. Accordingly, the representations and warranties in the Amended Forbearance Agreement are not necessarily characterizations of the actual state of facts about the Company and its subsidiaries at the time they were made or otherwise and should be read only in conjunction with the other information that the Company makes publicly available in reports, statements and other documents filed with the Securities and Exchange Commission.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

<u>Exhibit No.</u>	<u>Description</u>
10.1	Fifth Amendment to Limited Forbearance Agreement dated September 4, 2019

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

APPROACH RESOURCES INC.

By: /s/ Joshua E. Dazey
Joshua E. Dazey
Vice President – General Counsel

Date: September 4, 2019

**FIFTH AMENDMENT
TO LIMITED FORBEARANCE AGREEMENT**

FIFTH AMENDMENT TO LIMITED FORBEARANCE AGREEMENT (this “**Amendment**”), dated as of September 4, 2019 (the “**Amendment Effective Date**”), to the Limited Forbearance Agreement, dated as of May 9, 2019 (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the “**Forbearance Agreement**”), among **APPROACH RESOURCES INC.**, a Delaware corporation, as the Borrower (the “**Borrower**”), each Guarantor (as such term is defined in the Credit Agreement referenced below) (the Borrower, together with each Guarantor, collectively, the “**Credit Parties**”), the lenders party to this Amendment (collectively, the “**Consenting Lenders**”), the Issuing Bank and **JPMORGAN CHASE BANK, N.A.**, a national banking association, as administrative agent for itself and the other Secured Parties (in such capacity, the “**Administrative Agent**”).

WHEREAS, the Credit Parties, the Administrative Agent and the financial institutions named therein as lenders (the “**Lenders**”) are parties to that certain Amended and Restated Credit Agreement, dated as of May 7, 2014 (as heretofore amended, restated, amended and restated, or otherwise modified, the “**Credit Agreement**”), pursuant to which the Lenders agreed to make Loans and provide certain other financial accommodations to the Borrower;

WHEREAS, the Credit Parties have requested that the Administrative Agent and the Lenders amend the Forbearance Agreement as set forth herein; and

WHEREAS, the Administrative Agent and the Consenting Lenders, which constitute at least the Majority Lenders, are willing to amend the Forbearance Agreement on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Definitions.** All terms used herein that are defined in the Forbearance Agreement and not otherwise defined herein shall have the meanings assigned to them in the Forbearance Agreement.

2. **Amendment to Forbearance Agreement.** The Forbearance Agreement is hereby amended by replacing the date “September 4, 2019” contained in the definition of “Forbearance Termination Date” set forth in Section 1 thereof with “September 11, 2019”.

3. **Condition to Effectiveness.** This Amendment shall become effective upon receipt by the Administrative Agent of counterparts to this Amendment duly executed by the Administrative Agent, the Credit Parties, the Issuing Bank and Lenders constituting Majority Lenders.

4. **Post-Closing Covenant.** The Borrower shall deliver to the Administrative Agent and the Agent Advisor each item of information set forth in the due diligence request list delivered by the Administrative Agent and/or the Agent Advisor to the Borrower and/or the Borrower Advisor on or prior to the date hereof, in each case not later than the deadline for delivery of such

item set forth therein (or such later time as is approved in writing by the Administrative Agent in its sole discretion). Any failure to comply in a timely manner with the terms and provisions of this Section 4 shall automatically constitute an immediate Termination Event without further act, action, or notice of any kind by or from the Administrative Agent.

5. Amendment. The provisions of this Amendment may be amended or waived only by an instrument in writing signed by the Credit Parties, the Administrative Agent and the Majority Lenders.

6. Lender Direction. Each Consenting Lender hereby directs and authorizes the Administrative Agent to enter into this Amendment.

7. NO CLAIMS; RELEASE; COVENANT NOT TO SUE. EACH CREDIT PARTY (IN ITS OWN RIGHT AND ON BEHALF OF ITS PREDECESSORS, SUCCESSORS AND ASSIGNS) HEREBY EXPRESSLY AND UNCONDITIONALLY ACKNOWLEDGES AND AGREES THAT, AS OF THE DATE HEREOF, IT HAS NO SETOFFS, COUNTERCLAIMS, ADJUSTMENTS, RECOUPMENTS, DEFENSES, CLAIMS, CAUSES OF ACTION, ACTIONS OR DAMAGES OF ANY CHARACTER OR NATURE, WHETHER CONTINGENT, NONCONTINGENT, LIQUIDATED, UNLIQUIDATED, FIXED, MATURED, UNMATURED, DISPUTED, UNDISPUTED, LEGAL, EQUITABLE, SECURED OR UNSECURED, KNOWN OR UNKNOWN, ACTUAL OR PUNITIVE, FORESEEN OR UNFORESEEN, DIRECT, OR INDIRECT, AGAINST ADMINISTRATIVE AGENT, ANY LENDER, THE ISSUING BANK, ANY OF THEIR AFFILIATES OR ANY OF THEIR OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, ATTORNEYS, CONSULTANTS TO ATTORNEYS OR REPRESENTATIVES OR ANY OF THEIR RESPECTIVE PREDECESSORS, SUCCESSORS OR ASSIGNS (COLLECTIVELY, THE "LENDER-RELATED PARTIES"), IN EACH CASE WHICH EXISTED, AROSE OR OCCURRED AT ANY TIME PRIOR TO THE DATE HEREOF OR ANY GROUNDS OR CAUSE FOR REDUCTION, MODIFICATION, SET ASIDE OR SUBORDINATION OF THE SECURED INDEBTEDNESS OR ANY LIENS OR SECURITY INTERESTS OF ADMINISTRATIVE AGENT. **IN PARTIAL CONSIDERATION FOR THE AGREEMENT OF THE ADMINISTRATIVE AGENT, THE CONSENTING LENDERS AND THE ISSUING BANK TO ENTER INTO THIS AMENDMENT, EACH CREDIT PARTY HEREBY KNOWINGLY AND UNCONDITIONALLY WAIVES AND FULLY AND FINALLY RELEASES AND FOREVER DISCHARGES THE LENDER-RELATED PARTIES FROM, AND COVENANTS NOT TO SUE THE LENDER-RELATED PARTIES FOR, ANY AND ALL SETOFFS, COUNTERCLAIMS, ADJUSTMENTS, RECOUPMENTS, CLAIMS, DEMANDS, CAUSES OF ACTION, ACTIONS, GROUNDS, CAUSES, DAMAGES, REMEDIES, COSTS AND EXPENSES OF EVERY NATURE AND CHARACTER, WHETHER CONTINGENT, NONCONTINGENT, LIQUIDATED, UNLIQUIDATED, FIXED, MATURED, UNMATURED, DISPUTED, UNDISPUTED, LEGAL, EQUITABLE, SECURED OR UNSECURED, KNOWN OR UNKNOWN, ACTUAL OR PUNITIVE, FORESEEN OR UNFORESEEN, DIRECT OR INDIRECT, ARISING OUT OF OR FROM OR RELATED TO ANY LAW, STATUTE, RULE, REGULATION, OR ANY OF THE LOAN DOCUMENTS, WHETHER AT LAW, IN EQUITY, OR OTHERWISE, WHICH ANY CREDIT PARTY OWNS AND HOLDS AS OF THE DATE HEREOF, OR HAS AT ANY TIME PRIOR TO THE DATE HEREOF OWNED OR HELD, SUCH WAIVER, RELEASE, DISCHARGE, AND COVENANT NOT**

TO SUE IS BEING MADE WITH FULL KNOWLEDGE AND UNDERSTANDING OF THE CIRCUMSTANCES AND EFFECTS OF SUCH WAIVER, RELEASE AND DISCHARGE AND AFTER HAVING CONSULTED LEGAL COUNSEL OF ITS OWN CHOOSING WITH RESPECT THERETO. THIS SECTION IS IN ADDITION TO ANY OTHER RELEASE, INDEMNITY, COVENANT NOT TO SUE AND WAIVER OF ANY OF THE LENDER-RELATED PARTIES BY ANY CREDIT PARTY AND SHALL NOT IN ANY WAY LIMIT ANY OTHER RELEASE, INDEMNITY, COVENANT NOT TO SUE, OR WAIVER BY ANY CREDIT PARTY IN FAVOR OF ANY OF THE LENDER-RELATED PARTIES, IT BEING THE INTENT OF THE CREDIT PARTIES THAT THIS RELEASE, COVENANT NOT TO SUE AND WAIVER BE AS BROAD AND INCLUSIVE AS PERMITTED BY APPLICABLE LAW.

8. Miscellaneous. The provisions of Sections 12, 14, 15, 17 and 19 through 26 of the Forbearance Agreement are hereby incorporated into this Amendment by reference, *mutatis mutandis*.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered as of the date set forth on the first page hereof.

BORROWER:

APPROACH RESOURCES INC.,
a Delaware corporation

By: /s/ Sergei Krylov
Name: Sergei Krylov
Title: Chief Executive Officer

GUARANTORS:

APPROACH OPERATING, LLC,
a Delaware limited liability company
By: /s/ Sergei Krylov
Name: Sergei Krylov
Title: Chief Executive Officer

APPROACH RESOURCES I, LP,
a Texas limited partnership
By: /s/ Sergei Krylov
Name: Sergei Krylov
Title: Chief Executive Officer

APPROACH OIL & GAS INC.,
a Delaware corporation
By: /s/ Sergei Krylov
Name: Sergei Krylov
Title: Chief Executive Officer

APPROACH DELAWARE, LLC,
a Delaware limited liability company
By: /s/ Sergei Krylov
Name: Sergei Krylov
Title: Chief Executive Officer

APPROACH SERVICES, LLC,
a Delaware limited liability company
By: /s/ Sergei Krylov
Name: Sergei Krylov
Title: Chief Executive Officer

APPROACH MIDSTREAM HOLDINGS LLC,
a Delaware limited liability company
By: /s/ Sergei Krylov
Name: Sergei Krylov
Title: Chief Executive Officer

ADMINISTRATIVE AGENT:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent, an Issuing Bank, and a Lender

By: /s/ David Morris
Name: David Morris
Title: Authorized Officer

CONSENTING LENDERS:

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Dale Conder
Name: Dale Conder
Title: SVP

FROST BANK,
as a Lender

By: /s/ Michael Fleming
Name: Michael Fleming
Title: Assistant Vice President

CAPITAL ONE, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Michael P. Robinson
Name: Michael P. Robinson
Title: Vice President

COMERICA BANK,
as a Lender

By: /s/ Cynthia B. Jones
Name: Cynthia B. Jones
Title: Vice President