

For Immediate Release  
March 1, 2011

## **Approach Resources Inc. Acquires Additional Interests in the Permian Basin**

*Acquisition Includes 9.0 MMBoe of Proved Reserves and 19,800 Net Acres  
Total Permian Acreage Now 133,000 Net Acres*

FORT WORTH, TEXAS, March 1, 2011 – Approach Resources Inc. (NASDAQ: ARES) today announced that it has acquired the remaining 38% working interest in its Cinco Terry operating area in the Permian Basin, Crockett County, Texas, from two non-operating partners (“Working Interest Acquisition”). As a result of the Working Interest Acquisition, our total working and net revenue interests in Cinco Terry are now approximately 100% and 76%, respectively. The purchase price was \$76 million, subject to usual and customary post-closing adjustments, with an effective date of December 1, 2010. The Working Interest Acquisition was funded with borrowings under our revolving credit facility and cash on hand. The Company’s borrowing base under the credit facility is \$150 million. After the Working Interest Acquisition, outstanding borrowings under our credit facility were \$67 million.

### **Working Interest Acquisition Highlights**

- 9.0 MMBoe estimated proved reserves (61% oil and NGLs and 61% proved developed)
- 4.7 MMBoe estimated unproved reserves
- 1.4 MBoe/d current production
- 19,800 net acres

Estimates of proved and unproved reserves for the Working Interest Acquisition exclude reserve potential for the Company’s shallower Wolfcamp Shale and Clearfork (“Wolffork”) zones, and are based on the Company’s internal estimates. In a separate release today, the Company reported estimated proved reserves at December 31, 2010, of 50.7 MMBoe. Year-end 2010 estimated proved reserves do not include estimated proved reserves acquired in the Working Interest Acquisition or reserve potential for the Wolffork.

The Company’s total acreage position in the Permian Basin now covers approximately 133,000 net acres prospective for one or more of the Company’s deeper, original targets, Canyon Sands, Strawn and Ellenburger zones, as well as for the shallower Wolffork zones.

### **Management Comment**

J. Ross Craft, the Company’s President and Chief Executive Officer, said, “With the acquisition of the remaining working interest in Cinco Terry, we have expanded Project Pangea to approximately 133,000 net, primarily contiguous acres. In addition, we have increased our working interest to approximately 100% across this multi- pay, liquids-rich acreage position. During 2011, our focus will be on our Wolffork oil shale resource play, which we believe is present throughout our acreage. We are encouraged by the results of our recent vertical pilot program targeting the Wolffork and are in the process of completing our first horizontal Wolfcamp well. Acquiring the remaining interests in Cinco Terry provides us more leverage to the reserve potential of the Wolffork oil shale resource play, which we believe enhances our ability to deliver long-term stockholder value.”

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## 2011 Capital Budget

Due to the Working Interest Acquisition and recent leasing activity, the Company increased its 2011 capital budget to \$220 million from \$100 million. Approximately \$130 million of the 2011 capital budget will be allocated to drilling and recompletion projects in the Permian Basin and approximately \$90 million will be allocated to the Working Interest Acquisition and lease extensions, renewals and lease acquisitions in the Permian Basin.

The 2011 drilling program includes one rig to drill 11 horizontal wells targeting the Wolfcamp Shale, one rig to drill 19 vertical wells targeting the Wolfork and Canyon Sands, one rig to drill 26 vertical wells targeting the Canyon Sands (which we expect to recomplete in the Wolfork in 2012), and one workover rig to recomplete 10 wells in the Wolfork. As a result of the Working Interest Acquisition, our working interest in these wells will be approximately 100%.

Our 2011 capital budget is subject to change depending upon a number of factors, including additional data on our Wolfork oil resource play, results of Wolfcamp Shale and Wolfork drilling and recompletions, economic and industry conditions at the time of drilling, prevailing and anticipated prices for oil, gas and NGLs, the availability of sufficient capital resources for drilling prospects, our financial results and the availability of lease extensions and renewals on reasonable terms.

## 2011 Financial and Operational Guidance

The Company is now targeting approximately 50% production growth in 2011, based on the midpoint of current 2011 production guidance, or 2,375 MBoe. The table below sets forth the Company's current 2011 production and operating costs and expenses guidance. The guidance is forward-looking information that is subject to a number of risks and uncertainties, many of which are beyond the Company's control.

	<b>Prior 2011 Guidance</b>	<b>Current 2011 Guidance</b>
<b>Production:</b>		
Total (MBoe)	1,870 – 2,015	2,300 – 2,450
Percent oil and NGLs	53%	55%
<b>Operating costs and expenses (per Boe):</b>		
Lease operating	\$ 4.50 – 5.70	\$ 4.25 – 5.50
Severance and production taxes	\$ 1.80 – 2.10	\$ 2.00 – 2.30
Exploration	\$ 3.50 – 4.50	\$ 4.00 – 5.00
General and administrative	\$ 5.40 – 6.60	\$ 5.00 – 6.00
Depletion, depreciation and amortization	\$ 12.00 – 15.00	\$ 12.00 – 15.00
<b>Capital expenditures (in millions)</b>	Approximately \$100	Approximately \$220

**Approach Resources Inc.** is an independent oil and gas company with core operations, production and reserves located in the Permian Basin in West Texas. The Company targets multiple oil and liquids-rich formations in the Permian Basin, where the Company operates approximately 133,000 net acres. At December 31, 2010, the Company's estimated proved reserves were 50.7 million barrels of oil equivalent, 51% oil and NGLs and 49% natural gas. For more information about the Company, please visit [www.approachresources.com](http://www.approachresources.com). Please note that the Company routinely posts important information about the Company under the Investor Relations section of its website.

*This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward-looking statements. Without limiting the generality of the foregoing, forward-looking statements contained in this press release specifically include the prospectivity of the acquired acreage, 2011 capital expenditures, future drilling plans and 2011 production and operating costs and expenses guidance. These statements are based on certain assumptions made by the Company based on management's experience and perception of historical trends, current conditions, anticipated future developments and other factors believed to be appropriate. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. Further information on such assumptions, risks and uncertainties is available in the Company's Securities and Exchange Commission ("SEC") filings. The Company's SEC filings are available on its website at [www.approachresources.com](http://www.approachresources.com). Any forward-looking statement speaks only as of the date on which such statement is made and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.*

*The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves that meet the SEC's definitions for such terms, and price and cost sensitivities for such reserves, and prohibits disclosure of resources that do not constitute such reserves. The Company uses the terms "estimated ultimate recovery," "EUR," reserve "potential," "upside" or other descriptions of volumes of reserves potentially recoverable through additional drilling or recovery techniques that the SEC's rules may prohibit the Company from including in filings with the SEC. These estimates are by their nature more speculative than estimates of proved, probable and possible reserves and accordingly are subject to substantially greater risk of being actually realized by the Company.*

*For a glossary of oil and gas terms and abbreviations used in this release, please see our Annual Report on Form 10-K filed with the SEC on March 12, 2010.*