



TALOS
ENERGY

Pareto Securities
E&P Independents Conference

January 2020

Cautionary Statements

Cautionary Statement Regarding Forward-Looking Statements

This presentation contains “forward-looking statements” for purposes of the federal securities laws. All statements, other than statements of historical fact included in this presentation, regarding our strategy, future operations, financial position, estimated capital expenditures, production, revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this presentation, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events.

We caution you that these forward-looking statements are subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, commodity price volatility, inflation, lack of availability of drilling and production equipment and services, environmental risks, failure to find, acquire or gain access to other discoveries and prospects or to successfully develop and produce from our current discoveries and prospects, geologic risk, drilling and other operating risks, well control risk, regulatory changes, the uncertainty inherent in estimating reserves and in projecting future rates of production, cash flow and access to capital, the timing of development expenditures, risks related to our acquisition and integration of the assets to be acquired in our recently announced acquisitions (the “Acquired Assets”), including the possibility that the proposed acquisitions do not close when expected or at all because any conditions to the closing are not satisfied on a timely basis or at all, uncertainties as to the timing of the acquisitions and the possibility that the anticipated benefits of the acquisitions are not realized when expected or at all, as well as other factors discussed under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018 and other filings with the Securities and Exchange Commission (“SEC”).

Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements. All forward-looking statements, expressed or implied, are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. All forward-looking statements speak only as of the date hereof. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, to reflect events or circumstances after the date of this presentation.

Reserve Information

Reserve engineering is a process of estimating underground accumulations of oil, natural gas and NGLs that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reserve engineers. In addition, the results of drilling, testing and production activities may justify revisions upward or downward of estimates that were made previously. If significant, such revisions would change the schedule of any further production and development drilling. Accordingly, reserve estimates may differ significantly from the quantities of oil, natural gas and NGLs that are ultimately recovered.

Use of Non-GAAP Financial Measures

This presentation includes the use of certain measures that have not been calculated in accordance with generally acceptable accounting principles (GAAP), including EBITDA, Operating Cash Flow and Free Cash Flow. Please refer to the appendix for a reconciliation of the non-GAAP financial measures to their most directly comparable GAAP measures. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP.

With respect to Operating Cash Flow and Free Cash Flow of the Acquired Assets, the figures shown in this presentation were calculated as total revenues less direct operating expenditures and total revenues less direct operating and capital expenditures, respectively. Although we expect incremental general and administrative (“G&A”) expenses associated with the Acquired Assets to be relatively low, Operating Cash Flow and Free Cash Flow for the Acquired Assets do not account for any such G&A expenses related to the Acquired Assets or other operating expenses that we include, and that other companies generally include, in our and their respective calculations of EBITDA and Free Cash Flow and comparable financial measures. We anticipate that our ownership and operation of the Acquired Assets will necessitate the incurrence of incremental G&A expense that is not reflected in the Operating Cash Flow and Free Cash Flow metrics presented herein with respect to the Acquired Assets. Accordingly, the Operating Cash Flow and Free Cash Flow metrics presented herein with respect to the Acquired Assets should not be considered on the same basis as our EBITDA and Free Cash Flow metrics and those of other companies within our industry, and should not be considered as alternatives to, or more meaningful than, financial measures determined in accordance with GAAP or as indicators of operating performance.

Use of Projections

This presentation contains projections for us and the Acquired Assets, including with respect to Free Cash Flow and production volumes. Our independent auditors have not audited, reviewed, compiled, or performed any procedures with respect to the projections for the purpose of their inclusion in this presentation, and accordingly, have not expressed an opinion or provided any other form of assurance with respect thereto for the purpose of this presentation. These projections are for illustrative purposes only and should not be relied upon as being indicative of future results. The assumptions and estimates underlying the projected information are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the projected information. Even if our assumptions and estimates are correct, projections are inherently uncertain due to a number of factors outside our control. Accordingly, there can be no assurance that the projected results are indicative of our future performance after completion of the transaction or that actual results will not differ materially from those presented in the projected information. Inclusion of the projected information in this presentation should not be regarded as a representation by any person that the results contained in the projected information will be achieved.

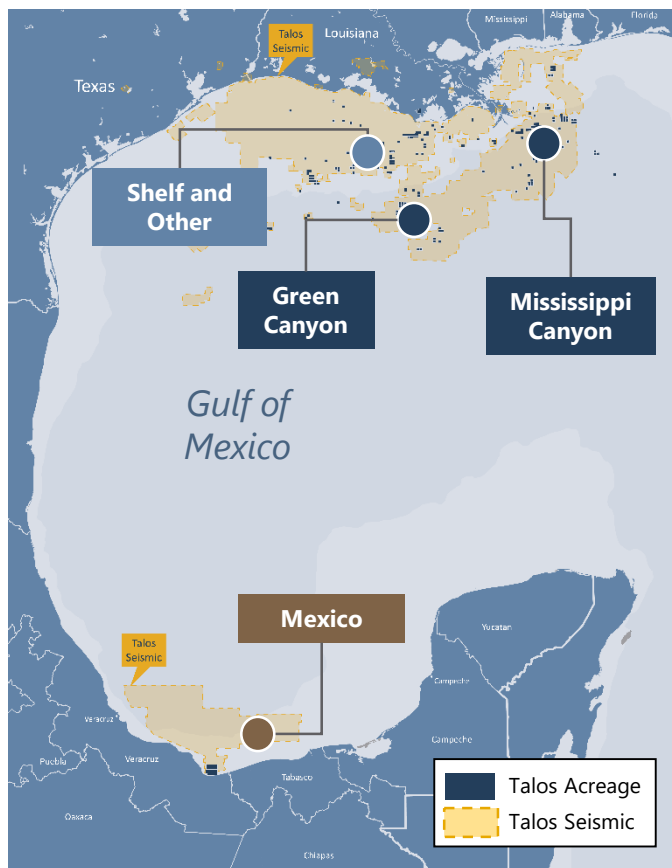
Industry and Market Data; Trademarks and Trade Names

This presentation has been prepared by us and includes market data and other statistical information from sources we believe to be reliable, including independent industry publications, governmental publications or other published independent sources. Some data is also based on our good faith estimates, which are derived from our review of internal sources as well as the independent sources described above. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness. We own or have rights to various trademarks, service marks and trade names that we use in connection with the operation of our businesses. This presentation also contains trademarks, service marks and trade names of third parties, which are the property of their respective owners. The use or display of third parties’ trademarks, service marks, trade names or products in this presentation is not intended to, and does not imply, a relationship with us or an endorsement or sponsorship by us. Solely for convenience, the trademarks, service marks and trade names referred to in this presentation may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, their rights or the right of the applicable licensor to these trademarks, service marks and trade names.

Overview of Talos Energy

Talos is a technically driven independent energy company with a track record of shareholder value creation

TALOS CORE AREAS



PRODUCTION AND RESERVES (PRE-ACQUISITION)

53 MBoe/d

3Q 2019 Production

152 MMBoe

Proved Reserves¹

VALUATION (PRE-ACQUISITION)

\$2,255 MM

Enterprise Value³

\$3,925 MM

Proved PV-10^{1,2}

FINANCIAL STATISTICS (PRE-ACQUISITION)

\$631 MM

3Q 2019 Annualized Adj. EBITDA⁴

\$463 MM

3Q 2019 Annualized Capex (Including P&A)

1.1x

Net Debt / 3Q 2019 Annualized Adj. EBITDA^{4,5}

Source: Talos

¹ 12/31/2018 reserves and PV-10 presented using SEC pricing of \$65.56/BO & \$3.10/MMBTU before differentials. Excludes Gunflint.

² PV-10 is a non-GAAP measure. Standardized Measure of proved reserves is \$3.3 billion, with the difference being the present value of future income taxes discounted at 10%.

³ As of January 16, 2020.

⁴ Annualized Adjusted EBITDA is a non-GAAP measure. Reconciliation from non-GAAP to closest GAAP measure included in Appendix.

⁵ Net Debt as of September 30, 2019.

Key Achievements Since Public Listing

Since becoming a public company in 2018, Talos has continued to hit key milestones

- Delivered **strong results** and **advanced on numerous strategic fronts** since going public
- **~10% increase in total production**
- Continued focus on costs has led to a **~34% increase in Adj. EBITDA**
- Strong free cash generation has **reduced Net Debt / Adj. EBITDA by ~12%**
- **~36% increase in total liquidity** available to ~\$612 million

2018

- ✓ **May:** Closes Stone Energy merger
- ✓ **September:** Acquires Whistler Energy II
- ✓ **November:** Commences Zama appraisal program

2019

- ✓ **January:** Acquired ~10% of Gunflint
- ✓ **June:** Successfully completes Zama appraisal program
- ✓ **September:** Acquires Hershey prospect from ExxonMobil and enters agreement with BP to drill Puma West prospect
- ✓ **November:** Added to S&P SmallCap 600 Index
- ✓ **December:** Acquires GOM portfolio from ILX Holdings, Castex Energy, and Venari Resources

2020

- ✓ **January:** Completes NSAI independent resource evaluation of Zama discovery

Talos Energy – Core Areas



**GREEN
CANYON**



**MISSISSIPPI
CANYON**



**GOM SHELF /
OTHER**



**OFFSHORE
MEXICO**

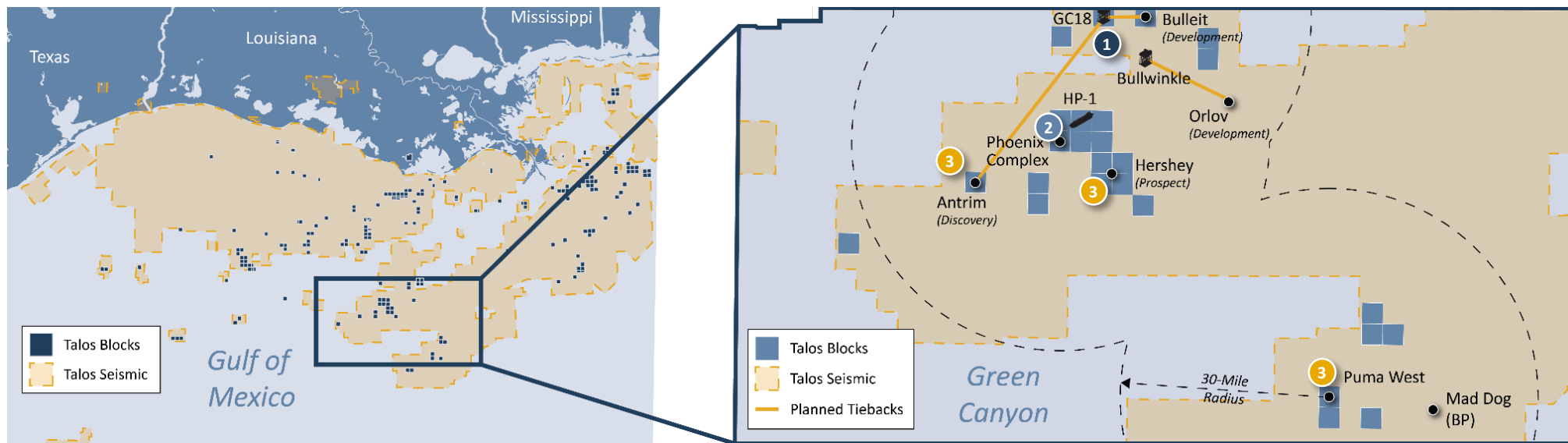
Proved Reserves¹ (Pre-Acquisition)	70 mmboe	54 mmboe	27 mmboe	-
3Q 2019 Production (Pre-Acquisition)	19.7 mboe/d net, ~81% oil	19.0 mboe/d net, ~77% oil	13.9 mboe/d net, ~61% oil	-
Key Assets (Pre-Acquisition)	Phoenix Tornado Boris GC 18	Pompano Ram Powell Amberjack Gunflint	Ewing Bank 305/306 Main Pass 72	Zama Block 31 Other Prospects

Notes The U.S. Gulf of Mexico business generates significant free cash flow while funding approximately \$85 million of Mexico exploration and appraisal in 2019

Zama: NSAI report recently completed;
Block 31: Recently announced discovery

Talos Strategy – Green Canyon Core Area Example

Technical expertise unlocks resource opportunities; leveraging infrastructure provides strong full-cycle value creation



1

Green Canyon 18

- Acquired GC-18 for <\$15mm in 2018
- Existing asset has produced over 100 MMBoe historically
- Unlocked drilling and business development opportunities
 - Drilled Bulleit discovery
 - Acquired Antrim discovery from ExxonMobil
 - New blocks in federal lease sale

2

Phoenix Complex

- Since acquiring asset in 2013 increased production from ~10 MBoe/d to up to ~45 MBoe/d in 2Q 2019
- Discovered Tornado field
- Only independent to operate a Floating Production Unit in the U.S. GOM (Shell and Petrobras operate one FPSO)

3

Geophysics & Business Development

- Expertise in reprocessing typically leads to another round of drilling on acquired assets, enhancing transaction economics
- Discovery of the Tornado field in the Phoenix Complex
- Reprocessing projects around acquired assets led to business development activities with BP/Chevron on Puma West and the Antrim discovery and Hershey prospect with Exxon

Recent Business Development Activity

Single Asset Acquisition

RAM POWELL

- Seller: Shell, ExxonMobil, Anadarko
- Transaction Date: May 2018
- Acquisition metrics: \$5,230/Boe of production
- Working Interest: 100%



Roll-Up of Private Company

GREEN CANYON 18

- Seller: Whistler Energy (acquired entity)
- Transaction Date: August 2018
- Acquisition metrics: \$9,333/Boe of production
- Working Interest: 100%



Single Asset Acquisition

GUNFLINT

- Seller: Samson Offshore
- Transaction Date: January 2019
- Acquisition metrics: \$16,450/Boe of production
- Working Interest: 9.6%



Stranded Discoveries & Expl., Dev. JVs

ANTRIM

- Seller: ExxonMobil
- Transaction Date: January 2019
- Working Interest: 100%
- Discovery – appraisal in coming years

MURPHY EXPLORATION JV

- Partner: Murphy Oil
- Size: 20,000 acres
- Area of Focus: Middle Miocene Prospects
- Recent successful lease sale bids on MC 554, 555

HERSHEY

- Seller: ExxonMobil
- Transaction Date: September 2019
- Working Interest: 100%
- Major exploration prospect adjacent to Phoenix complex

PUMA WEST

- Partner: BP
- Transaction Date: September 2019
- Working Interest: 25%
- Exploration opportunity near existing BP facilities on Talos acreage

Recent Transaction Announcement Overview

19 MBoe/d

~65% Oil, ~72% Liquids (3Q 2019)

Material, Oil-Weighted Production

47 MMBoe (Proved)

75% Proved Developed (of Proved)

Deep Reserves Base

~\$150 MM

Free Cash Flow (2019E)

Substantial Cash Flow Profile

40+ Prospects on

>700,000 Gross Acres

Multi-Year Inventory for Growth



Overview of Recent Transformative Acquisitions

High-quality portfolio of oil-weighted assets with significant production, increased diversity and material upside

Overview of Transactions

- **\$640 million**
- ILX/Castex effective date July 1, 2019
- ILX/Castex closing expected in 1Q 2020; Venari closed

Consideration

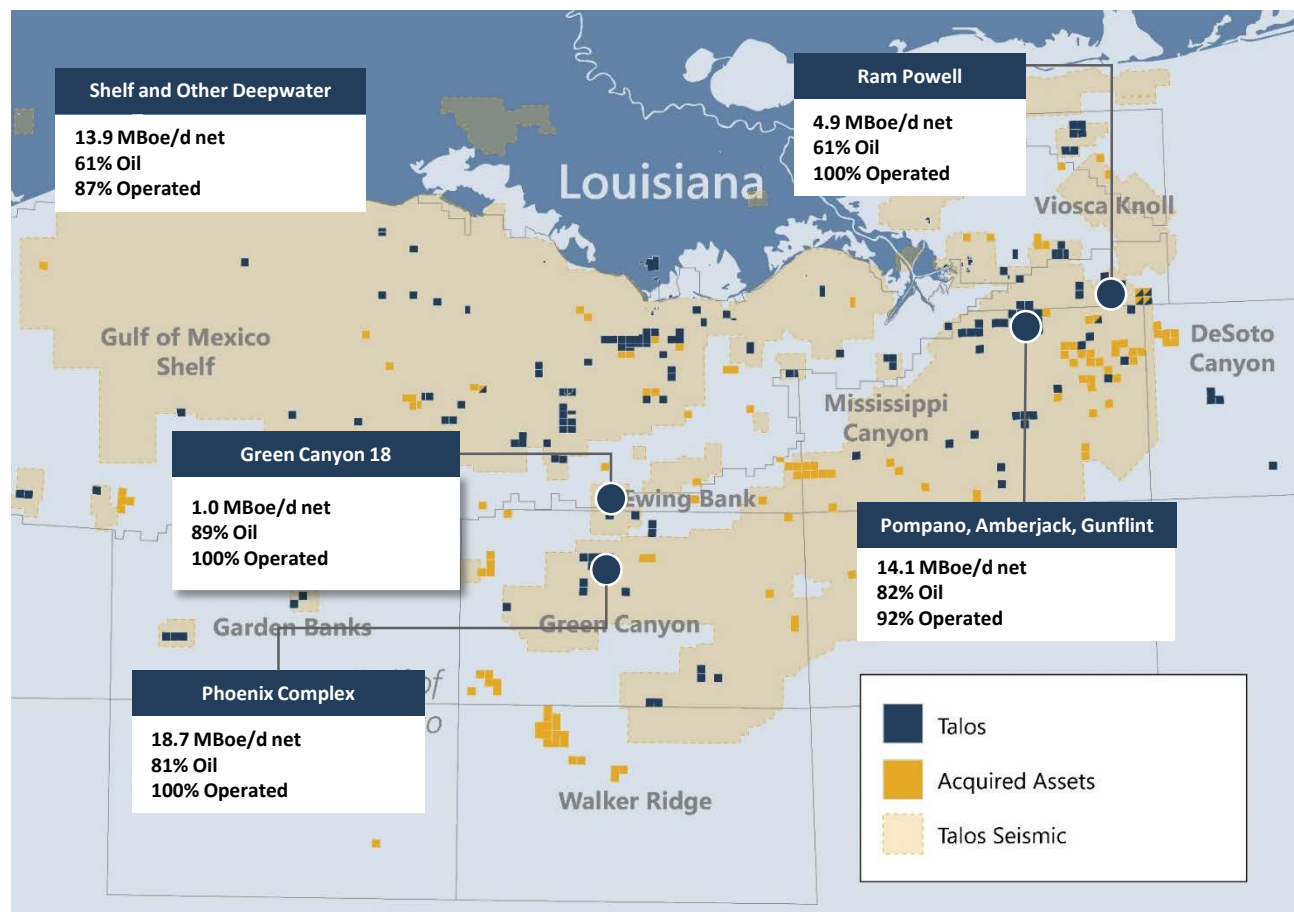
- \$250 million in new TALO shares issued to sellers at close
- Cash from existing sources of liquidity
- RBL upsized and fully committed to \$1,150 million

Pro Forma Capitalization

- **~\$600 million of pro forma liquidity**
- Conservative pro forma leverage position
- 11.0 million incremental shares outstanding

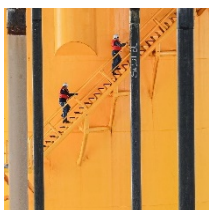
Valuation

- **Immediately accretive on key metrics**
- Favorable compared to recent GOM precedent transactions



Strategic Rationale

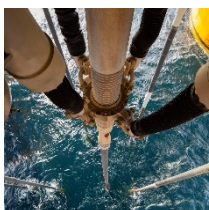
Increases production and cash flow while diversifying across asset lifecycle and adding growth optionality



Scale
Increased Size and
Greater Efficiency

- >30% increase in daily production volumes and Proved Developed reserves
- Top tier pro forma margins and netbacks
- More high-impact growth opportunities in greater frequency

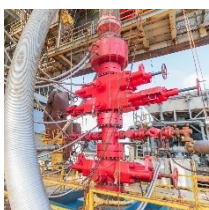
53 → 72
MBoe/D



Free Cash Flow
Material, Sustainable
Generation

- Adds highly-profitable assets with minimal G&A and capital costs
- Improves future optionality for investing in value-accretive projects and optimizing balance sheet

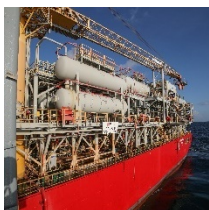
\$150 MM
2019E Target FCF



Growth
Capital Plan Optionality
and Exploration Upside

- Exploration upside from large inventory of 40+ identified, material prospects providing several years of drillable inventory
- Overlapping footprint leverages Talos seismic database and geological experience

40+
Identified Prospects



Diversity
Enhanced Opportunity
and Reduced Risk

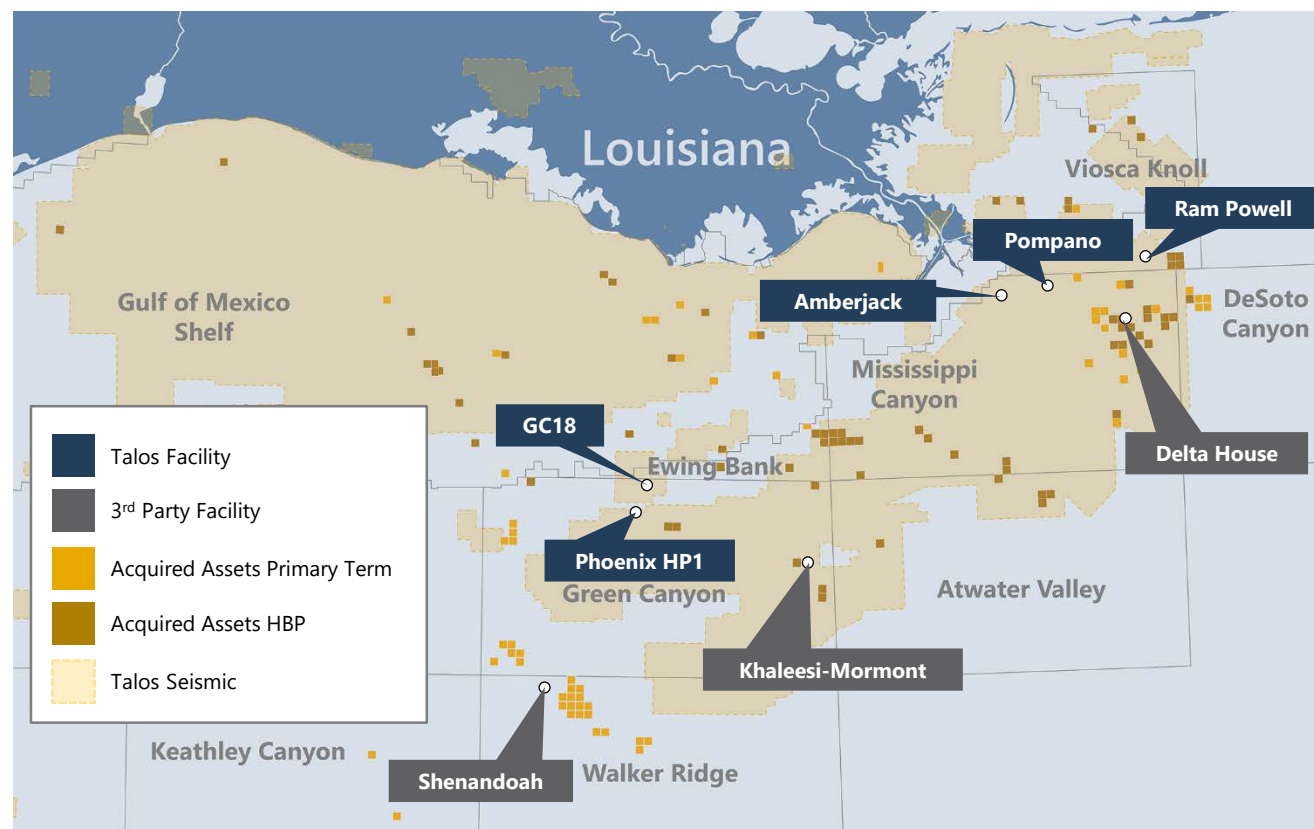
- Reduces asset concentration risks and mitigates downtime exposure
- No Acquired Asset >20% of production; adds 11 new fields to pro forma top 25
- Majority of assets in partnerships with existing Talos relationships

11 of 25
Top Producing Fields

Deep Inventory for Future Growth

Bolsters organic growth funnel with sizable inventory in well understood geology

- **40+** exploration prospects providing several years of drillable inventory
- **Discovery** at Coronado
- **~480,000** gross primary term acres including prospects nearby existing or planned facilities:
 - Delta House
 - Khaleesi-Mormont
 - Shenandoah
- Significant overlap with Talos's existing seismic database
- Numerous new partnerships with large IOC, NOCs and Independents



Financing & PF Capitalization

Consideration Details

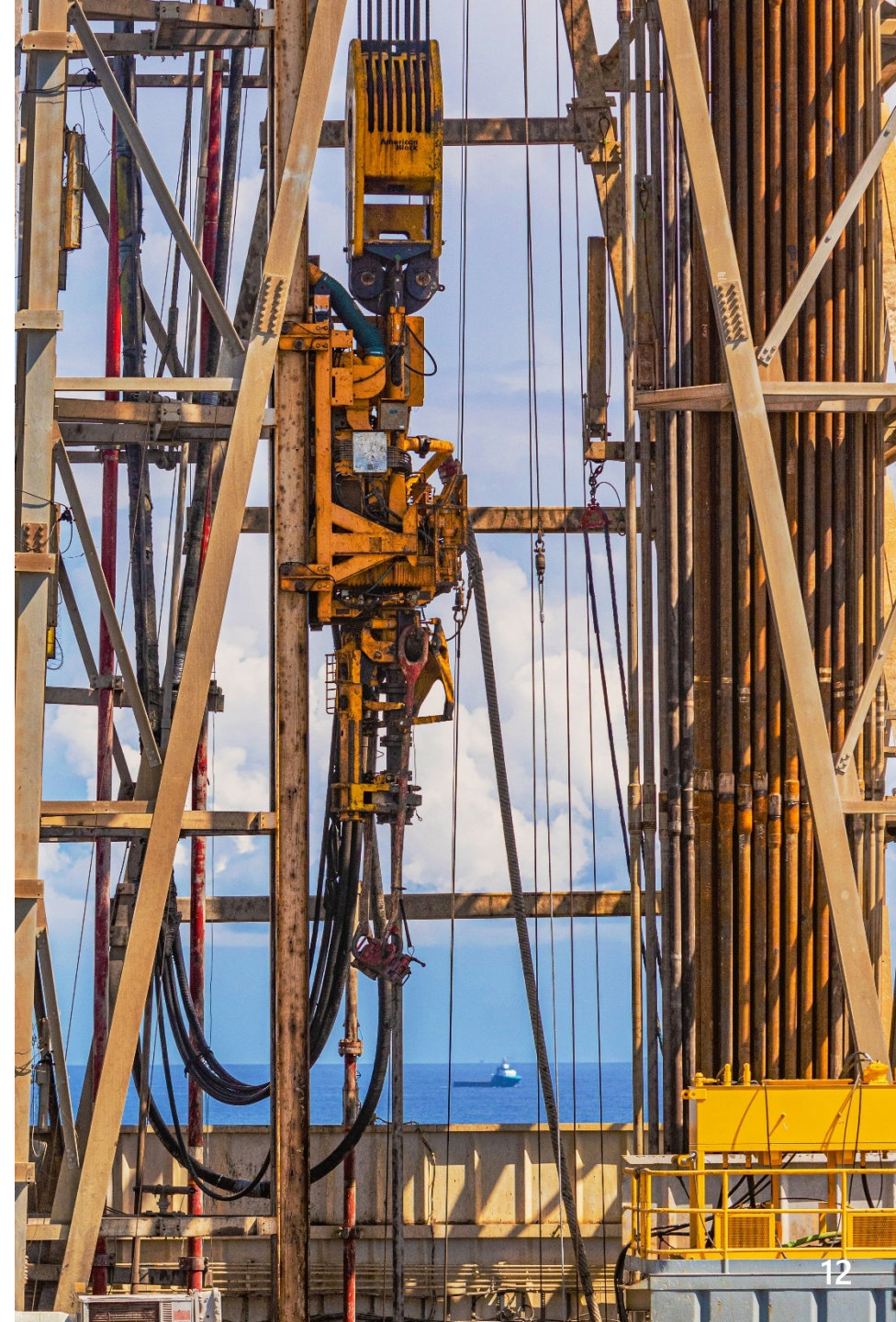
- \$250 million of TALO shares (11.0 million shares based on 30-day VWAP through December 5, 2019)
- Cash from existing sources of liquidity

Borrowing Base Update

- Existing RBL increased to \$950 million on current Talos assets as part of regular fall redetermination process
- Additional \$200 million upside at closing, fully committed
- **Pro Forma borrowing base of \$1,150 million**

Pro Forma Capitalization

- **Pro Forma liquidity of ~\$600 million**
- Conservative pro forma leverage statistics
- ~65.2 million pro forma basic shares outstanding





Valuation & Transaction Metrics

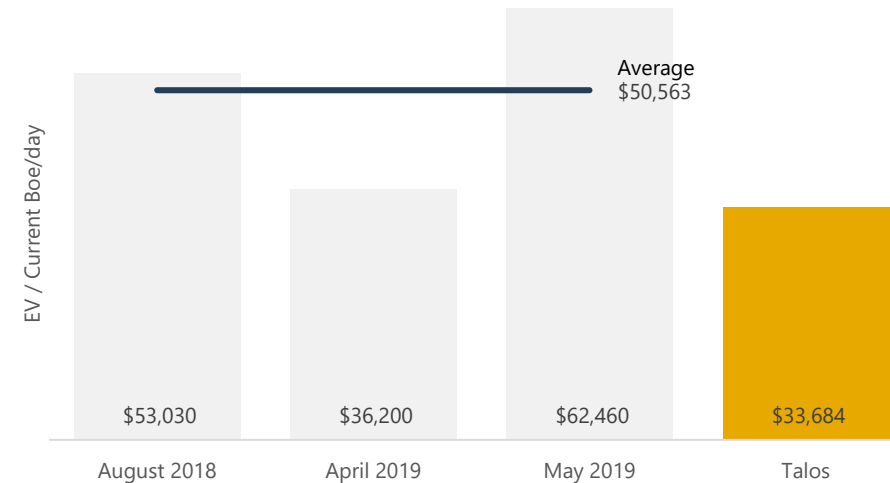
Valuation

- **Immediately accretive on key metrics**
- Significant discount to NAV of Acquired Assets, based on Talos estimates
- Compelling valuation compared to precedents

Key Metrics

- EV / 2019E Operating Cash Flow: **3.0x**
- EV / Daily Production: **\$33,684**

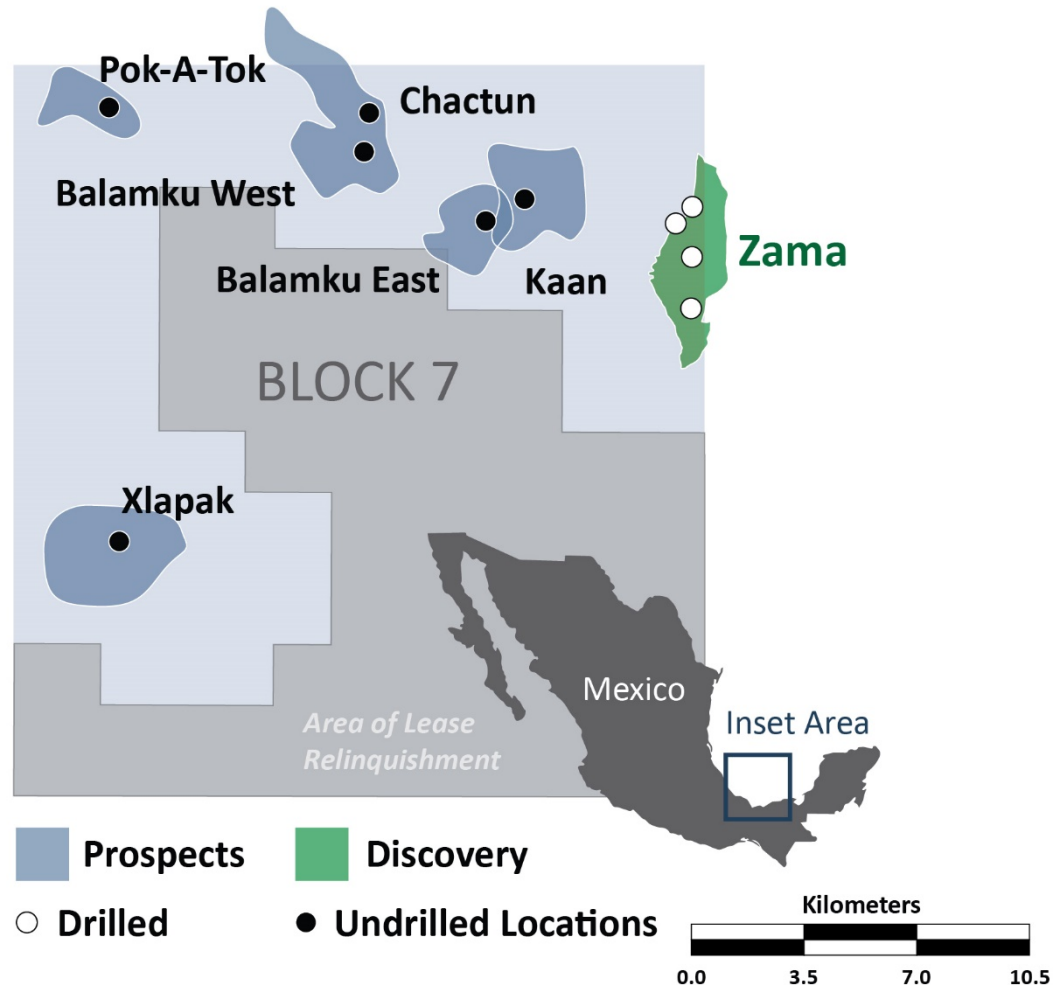
Recent Deepwater Gulf of Mexico Transactions



Notes: Current Production for the Acquired Assets based on 3Q 2019 production figures. Operating Cash Flow of the Acquired Assets is a non-GAAP metric defined as revenues less direct operating expenditures. See the "Cautionary Statements" and "Appendix" elsewhere in this presentation for additional information. Precedents figures provided by Enverus including deepwater Gulf of Mexico transactions greater than \$500 million in last 18 months.

Mexico Block 7

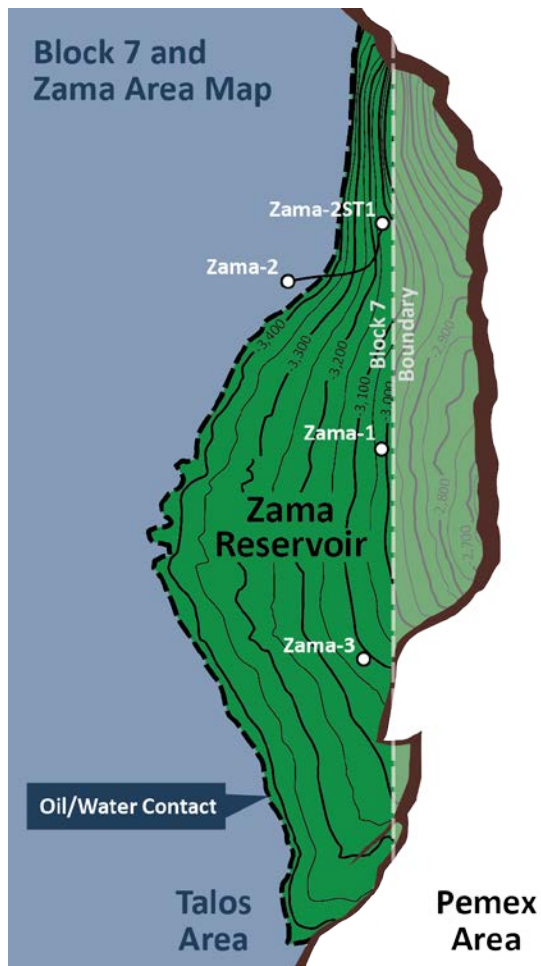
Block 7 contains the globally recognized Zama discovery and numerous other high quality prospects



- Participating Interest: **35%**
- Operator: **Talos Energy**
- Acreage: **57,427 gross acres**
- Block 7 Water Depth: **500-650 ft**
- Zama Water Depth: **550 ft**
- Appraisal operations completed under budget and ahead of schedule
- Aggressively applied latest technologies in the areas of coring, drilling fluids and mechanics, and wireless downhole monitoring during the DST
- All prospects are amplitude supported opportunities
 - Pok-A-Tok
 - Xlapak (multiple stacked targets)
 - Balamku
 - Chactun
 - Kaan

Mexico Block 7 – Zama Appraisal Completed

Independent third-party evaluation finalized with positive findings



Zama #2

- 1,676 ft gross TVD sand
- 581 ft gross TVD pay
- 68-73% net to gross
- OWC ~100 ft deeper than plan
- Ahead of schedule, under budget

Zama #2 ST1

- 873 ft gross TVD pay
- 68-73% net to gross
- 714 ft whole core, 98% recovery
- DST: 7,900 boe/d unstimulated, 94% oil
- Ahead of schedule, under budget

Zama #3

- 1,000 ft gross TVD sand
- 748 ft gross TVD pay
- Similar section net to gross, 85-90% Zone 3
- 717 ft whole core, 99% recovery
- Ahead of schedule, under budget

Netherland, Sewell & Associates estimates:

- **Volumes in line or better than Company estimates**
- **60% of asset located on Block 7**
- **~94% high quality oil; 28 degree average API gravity**

Zama Independent Evaluation Results

Key Activities in 2019

Talos was extremely active in 2019 across its portfolio, with a high degree of success on key projects

Geography	Type / Block	Asset	Status	Timing	Results
 United States Gulf of Mexico	 Deepwater	Tornado 3	On Production	1Q	✓
		Boris 3	On Production	1Q	✓
		Orlov	Drilled	2Q	✓
		Bulleit	Drilled	2Q	✓
		HP-1 Dry-Dock	Finalized	1Q	✓
		Puma West	Ongoing	1Q20	-
	 Shallow Water	EC 359	Drilled	1Q	✗
		EW 306 A-2 ST2	On Production	2Q	✓
		EW 306 A-10 ST2	On Production	2Q	✓
		GI 82 A-22	On Production	3Q	✓
 Offshore Mexico	 Block 7	Zama 2	Finalized	1Q	✓
		Zama 2 ST	Finalized	2Q	✓
		Zama 3	Finalized	2Q	✓
	 Block 2	Acan	Drilled	2Q	✗
		Yaluk	Drilled	2Q	✗
	 Block 31	Olmecca	Drilled	3Q	✓
		Tolteca	Drilled	3Q	✓

Social Corporate Responsibility

Talos strives to operate safely, responsibly and in a manner that protects the public and the environment

Health Safety and Environment

- Leadership is **committed to creating a strong HSE culture**
- **Safety, health and welfare of employees, contractors, visitors and the public is a top priority for Talos and the foundation of its core values**
- Talos promotes the protection of the environment through responsible work ethic, clear policies, measurable goals and effective waste management practices

UL's PureSafety™

- Safety management system designed to keep workforce safe, healthy, and productive
- Allows Talos to centralize and deliver all training, understand every employee's training status and track workplace safety performance metrics

Community Involvement

- **Employee-led Community Outreach team organizes support for a number of local, regional and national charitable organizations** with numerous volunteer activities and financial contributions
- **We regularly host and/or sponsor major events supporting non-profit organizations in our communities**
- We provide every employee with an annual \$500 allowance that can be used towards a non-profit cause of their choice throughout the year





Key Investment Highlights

- Oil-focused and large scale conventional asset base generating high margins, high returns on capital employed and robust free cash flow
- Portfolio balanced between low risk producing assets, infield development and exploitation, quick turnaround infrastructure-led exploration and high impact exploration opportunities
- Rich with catalysts, including our Zama discovery offshore Mexico
- Proven value-driven acquisition strategy focused on accretive and strategic transactions
- Strong balance sheet with ample liquidity
- Strong management team with deep experience building and managing offshore E&P enterprises
- We have delivered on our promises and our shareholders have outperformed

A large offshore oil rig is silhouetted against a vibrant sunset sky. The sun is a bright, glowing orb partially obscured by dark, dramatic clouds. The rig's complex structure, including cranes and platforms, is visible against the orange and yellow light. The ocean surface is calm with gentle ripples. In the distance, another smaller rig is visible on the horizon.

Appendix

TALOS
ENERGY

Non-GAAP Reconciliations

Reconciliation of net income (loss) to Adj. EBITDA and of Adj. EBITDA to Adj. EBITDA excluding hedges (\$ in millions)	Three Months Ended			
	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019
Net Income (loss)	\$306	\$(110)	\$95	\$73
Interest Expense	24	25	25	23
Income Tax Expense (Benefit)	3	(6)	6	1
Depreciation, Depletion, Amortization	84	65	96	88
Accretion Expense	11	10	10	7
EBITDA	\$428	\$(16)	\$231	\$193
Write-down of oil and natural gas properties	-	-	12	1
Loss on Debt Extinguishment	-	-	-	-
Transaction Related Costs	5	2	1	0
Derivative Fair Value (gain)/ loss ¹	(257)	110	(30)	(44)
Net cash receipts (payments) on settled derivative instruments ¹	(16)	(3)	(10)	5
Non-cash (gain) loss on sale of assets	(2)	-	-	-
Non-cash write-down of other well equipment inventory	0	-	-	-
Non-cash equity-based compensation expense	1	1	2	2
Adj. EBITDA	159	94	207	158
Net cash receipts (payments) on settled derivative instruments ¹	16	3	10	(5)
Adj. EBITDA excluding hedges	\$175	\$97	\$216	\$152

Note: Figures may not sum due to rounding.

¹ The adjustments for the derivative fair value (gain) loss and net cash receipts (payments) on settled derivative instruments have the effect of adjusting net income (loss) for changes in the fair value of derivative instruments, which are recognized at the end of each accounting period because we do not designate commodity derivative instruments as accounting hedges. This results in reflecting commodity derivative gains and losses within Adjusted EBITDA on a cash basis during the period the derivatives settled.

Non-GAAP Reconciliations

Reconciliation of Net Debt

\$ in millions	As of September 30, 2019
Debt Principal	\$712
Capital Leases	83
Gross Debt	795
Cash (excl. restricted)	(91)
Net Debt	\$705

Reconciliation of 3Q 2019 LTM Adjusted EBITDA

\$ in millions	
4Q 2018 Adj. EBITDA	159
1Q 2019 Adj. EBITDA	94
2Q 2019 Adj. EBITDA	207
3Q 2019 Adj. EBITDA	158
3Q 2019 LTM Adj. EBITDA	\$617

Reconciliation of Net Debt / 3Q 2019 LTM Adj. EBITDA

\$ in millions	As of September 30, 2019
Net Debt	\$705
3Q 2019 LTM Adjusted EBITDA	\$617
Net Debt / 3Q 2019 LTM Adj. EBITDA	1.1x

Reconciliation of 3Q 2019 Adjusted EBITDA Margin

\$ in millions	Margin	Margin (ex. hedges)
3Q19 Adj. EBITDA / ex. hedges	\$158	\$152
Revenue - Operations	/ \$228	/ \$228
Adj. EBITDA Margin / ex. hedges	69%	67%

Reconciliation of 3Q 2019 Adjusted EBITDA Margin per Boe

\$ in millions	Margin per Boe	Margin per Boe (ex. hedges)
3Q19 Adj. EBITDA / ex. hedges	\$158	\$153
Production (MMboe)	4.8	4.8
Adj. EBITDA Margin/Boe / ex. hedges	\$32.57	\$31.47

Reconciliation of 3Q 2019 Annualized Adjusted EBITDA

\$ in millions	
3Q 2019 Adj. EBITDA	158
Annualized	x4
3Q 2019 Annualized Adj. EBITDA	\$631

Reconciliation of Net Debt / 3Q 2019 Annualized Adj. EBITDA

\$ in millions	As of September 30, 2019
Net Debt	\$705
3Q 2019 Annualized Adjusted EBITDA	\$631
Net Debt / 3Q 2019 Annualized Adj. EBITDA	1.1x

Non-GAAP Reconciliations

TALOS ENERGY

Reconciliation of Net Income (loss) to Adj. EBITDA and Adj. EBITDA to Free Cash Flow

Three Months Ended

September 30, 2019

Net Income (loss)	\$73
Interest Expense	23
Income Tax Expense (Benefit)	1
Depreciation, Depletion, Amortization	88
Accretion Expense	7
EBITDA	\$193
Write-down of oil and natural gas properties	1
Loss on Debt Extinguishment	-
Transaction Related Costs	0
Derivative Fair Value (gain)/ loss ⁽¹⁾	(44)
Net cash receipts (payments) on settled derivative instruments ⁽¹⁾	5
Non-cash (gain) loss on sale of assets	-
Non-cash write-down of other well equipment inventory	-
Non-cash equity-based compensation expense	2
Adj. EBITDA	\$158
Capital Expenditures (including Plugging & Abandonment)	(116)
Interest Expense	(23)
Amortization of Deferred Financing Costs and OID	1
Free Cash Flow	\$20

ACQUIRED ASSETS

Reconciliation of Operating Cash Flow and Free Cash Flow

Three Months Ended

September 30, 2019

Revenue	\$74
Cash Expenses	(24)
Operating Cash Flow	\$50
Capital Expenditures	(15)
Free Cash Flow	\$35

Note: Acquired Asset Operating Cash Flow and Free Cash Flow based on actual monthly Lease Operating Statements for 3Q 2019 provided by seller, excluding certain items that are not expected to be part of the go-forward cash flows of the pro-forma company. 2019 Estimated Operating Cash Flow and Free Cash Flow are non-GAAP metrics based on actual monthly Lease Operating Statements for the first nine months of 2019 provided by seller, excluding certain items that are not expected to be part of the go-forward cash flows of the pro-forma company plus Talos internal projections for the last three months of 2019.

The image features a wide-angle view of a dark blue ocean under a vast sky with scattered white clouds. A bright sun is positioned on the horizon, creating a shimmering reflection on the water's surface. The Talos Energy logo is centered in the middle of the frame. The word 'TALOS' is rendered in a large, bold, white serif font. Below it, the word 'ENERGY' is written in a smaller, white, all-caps sans-serif font. A thin white horizontal line is placed between the two words, starting from the left edge of the 'T' and ending just before the 'E' in 'ENERGY'.

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