

August 2022

EnerCom Conference



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, the impact of regulatory changes, 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 the success of our carbon capture and sequestration projects, commodity price volatility, sustained inflation and the impact of central bank policy in response thereto, lack of availability of drilling and production equipment and services, environmental risks, orders, regulations and directives issued by the Biden administration and state and local governmental authorities, COVID-19 impacts, impacts stemming from the ongoing armed conflict in Ukraine, 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 the integration of recently acquired assets, including 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, 2021, Quarterly Report on Form 10-Q for the period ended March 31, 2022, Quarterly Report on Form 10-Q for the period ended June 30, 2022 and other filings with the U.S. 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. In addition, we use the term “gross unrisks resource” in this presentation, which is not a measure of “reserves” prepared in accordance with SEC guidelines or permitted to be included in SEC filings. These resource estimates are inherently more uncertain than estimates of reserves prepared in accordance with SEC guidelines.

Unless otherwise indicated, reserve estimates shown in this presentation were prepared based on specified management price parameters of \$80.00/bbl of oil and \$3.50 per MMBtu of natural gas in perpetuity, rather than price parameters that would be required in a filing with the SEC. We believe that the use of flat pricing provides useful information about our reserves, as the specified prices reflect what we believe to be reasonable assumptions as to average future commodity prices over the productive lives of our properties. However, we caution you that the pricing used in preparing the reserve report is not a projection of future oil and natural gas prices, and should be carefully considered in addition to, and not as a substitute for, SEC prices, when considering our oil, natural gas and NGL reserves. In addition, 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. In this presentation, we use certain broader terms such as “recoverable resources” that the SEC’s guidelines strictly prohibit from inclusion in filings with the SEC. These types of estimates do not represent, and are not intended to represent, any category of reserves based on SEC definitions, are by their nature more speculative than estimates of proved, probable and possible reserves and do not constitute “reserves” within the meaning of the SEC’s rules. These estimates are subject to greater uncertainties, and accordingly, are subject to a substantially greater risk of actually being realized. Investors are urged to consider closely the disclosures and risk factors in the reports we file with the SEC.

Estimates for our future production volumes are based on assumptions of capital expenditure levels and the assumption that market demand and prices for oil and gas will continue at levels that allow for economic production of these products. The production, transportation and marketing of oil and gas are subject to disruption due to transportation and processing availability, mechanical failure, human error, hurricanes, global political and macroeconomic events and numerous other factors. Our estimates are based on certain other assumptions, such as well performance, which may vary significantly from those assumed. Therefore, we can give no assurance that our future production volumes will be as estimated.

Use of Non-GAAP Financial Measures

This presentation includes the use of certain measures that have not been calculated in accordance with U.S. generally acceptable accounting principles (GAAP), including EBITDA, Net Debt, Free Cash Flow and PV-10. 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. This presentation also includes PV-10, which is a non-GAAP financial measure used by management, investors and analysts to estimate the present value, discounted at 10% per annum, of the estimated future cash flows of our estimated proved reserves before income tax and derivatives. Management believes that PV-10 provides useful information to investors because it is widely used by professional analysts and sophisticated investors in evaluating oil and natural gas companies. Because there are many unique factors that can impact an individual company when estimating the amount of future income taxes to be paid, we believe the use of a pre-tax measure is valuable for evaluating us. PV-10 should not be considered as an alternative to the standardized measure of discounted future net cash flows as computed under GAAP.

Use of Projections

This presentation contains projections, including production volumes and capital expenditures. 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.

Building the Energy Company of the Future



GROWTH IN UPSTREAM

Providing responsible
conventional energy
resources for today and
tomorrow



ADVANCEMENT OF CCS

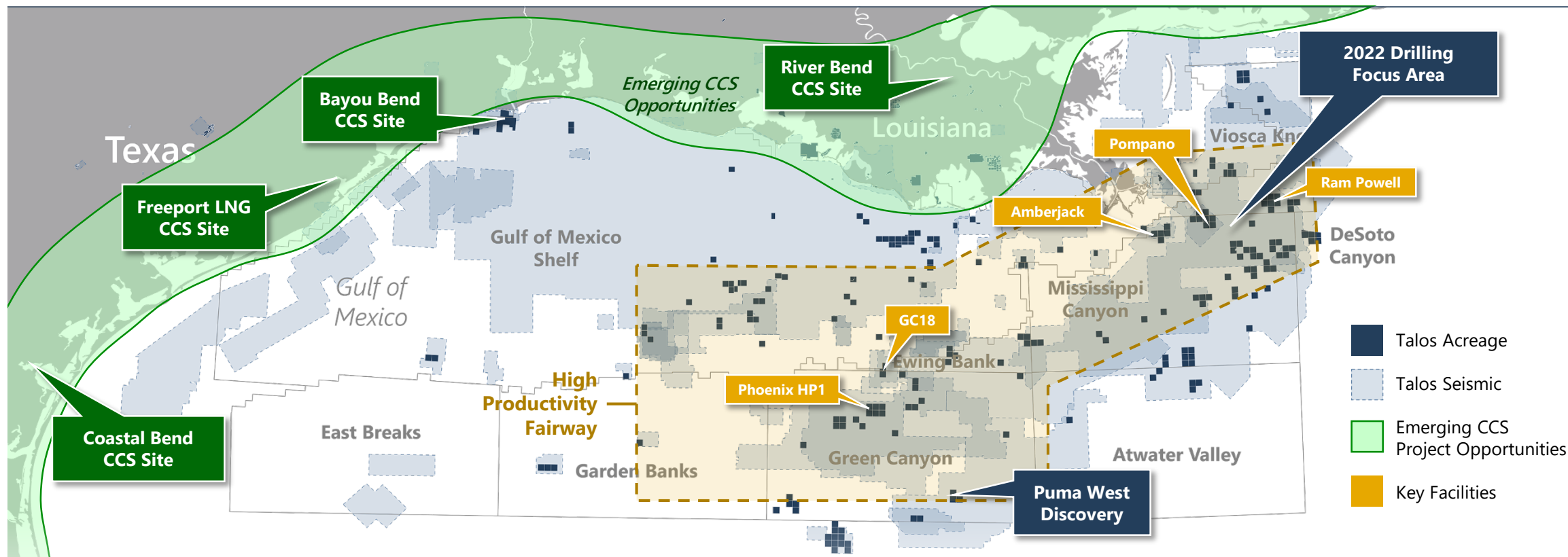
Executing large-scale
decarbonization solutions
to reduce industrial
emissions



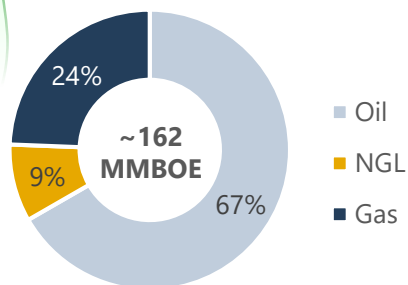
A COMPLETE ENERGY SOLUTION

A responsible energy
company positioned
to improve lives
and the planet

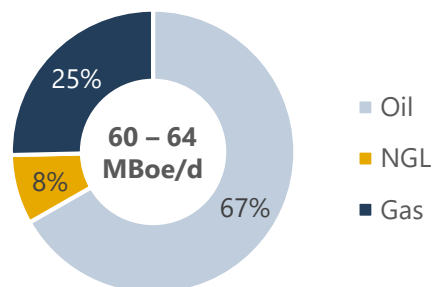
Expansive Operational and Geological Footprint



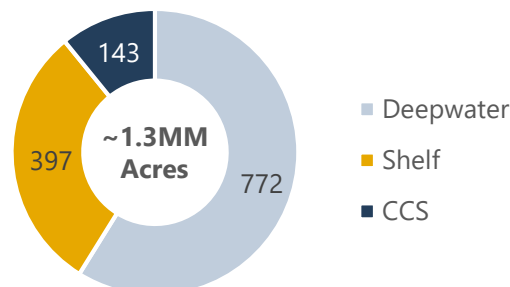
Proved Reserves by Product



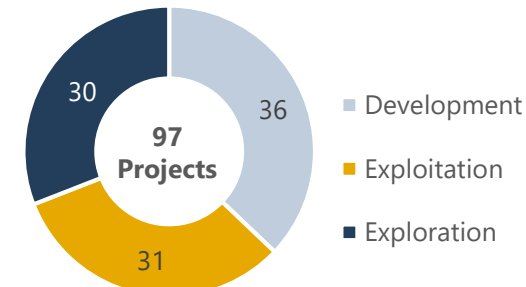
Production Mix (2022E)



Acreage Footprint (000's)



Project Inventory



Strategic Accomplishments of Last 18 Months



ACHIEVED RECORD PRODUCTION IN MULTIPLE QUARTERS



REDUCED NET DEBT BY ~\$350MM AND REDUCED LEVERAGE FROM 2.7X TO 1.0X



ACHIEVED COMPANY RECORD >\$700MM IN LIQUIDITY



HIGH-IMPACT EXPLORATION SUCCESS AT PUMA WEST



SUCCESSFULLY LAUNCHED CARBON CAPTURE & SEQUESTRATION BUSINESS



ESTABLISHED AND INCREASED 2025 EMISSIONS REDUCTIONS TARGETS



2Q 2022 Highlights

Highest EBITDA, highest liquidity and lowest leverage in company history

Key Statistics

>65 MBoe/D
Production

>\$130MM
Free Cash Flow

>\$700MM
Liquidity

1.0x
Leverage

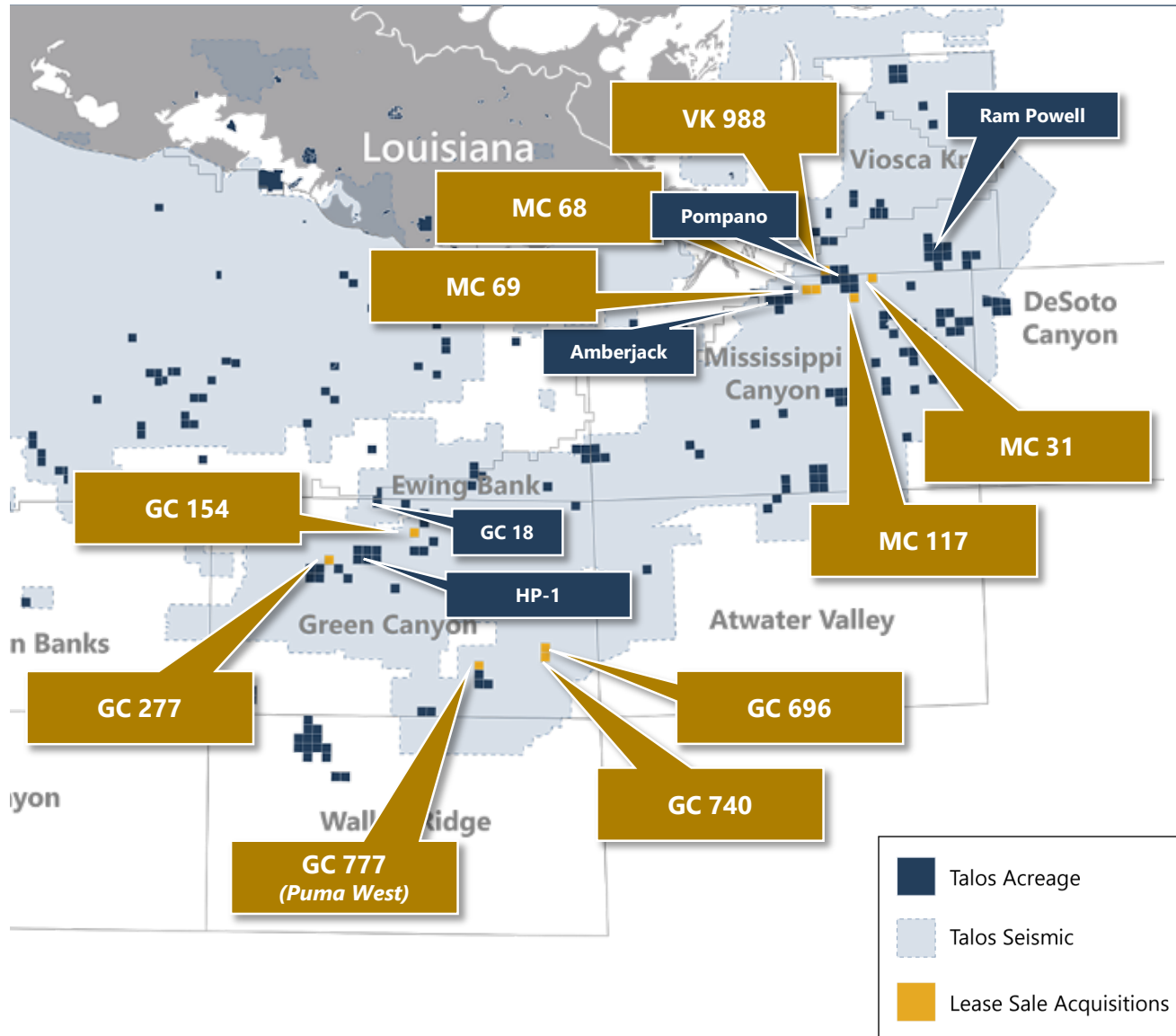
Operational & Financial Highlights

- Expanded Bayou Bend CCS JV with Chevron transaction
- Repaid ~\$150 million in debt (including ~40% of RBL)
 - ~\$4.20/share of net debt reduction of last 15 months
- Currently initiating 2H 2022 open water drilling program

“Now, more than ever, we are excited about the momentum and direction of the company as we move into the second half of the year.”

- Tim Duncan, CEO

Inflation Reduction Act of 2022



Offshore Lease Sale Implications

- **Reinstates winning bids** from Lease Sale 257
 - Talos was one of most active bidders (high bidder on 10 blocks totaling 57k gross acres)
- Requires holding previously cancelled Gulf of Mexico lease sales (259, 261)
- Granting of future offshore wind leases tied to holding oil and gas lease sales
- Deepwater royalties capped at current rate for 10 years

Carbon Capture Implications

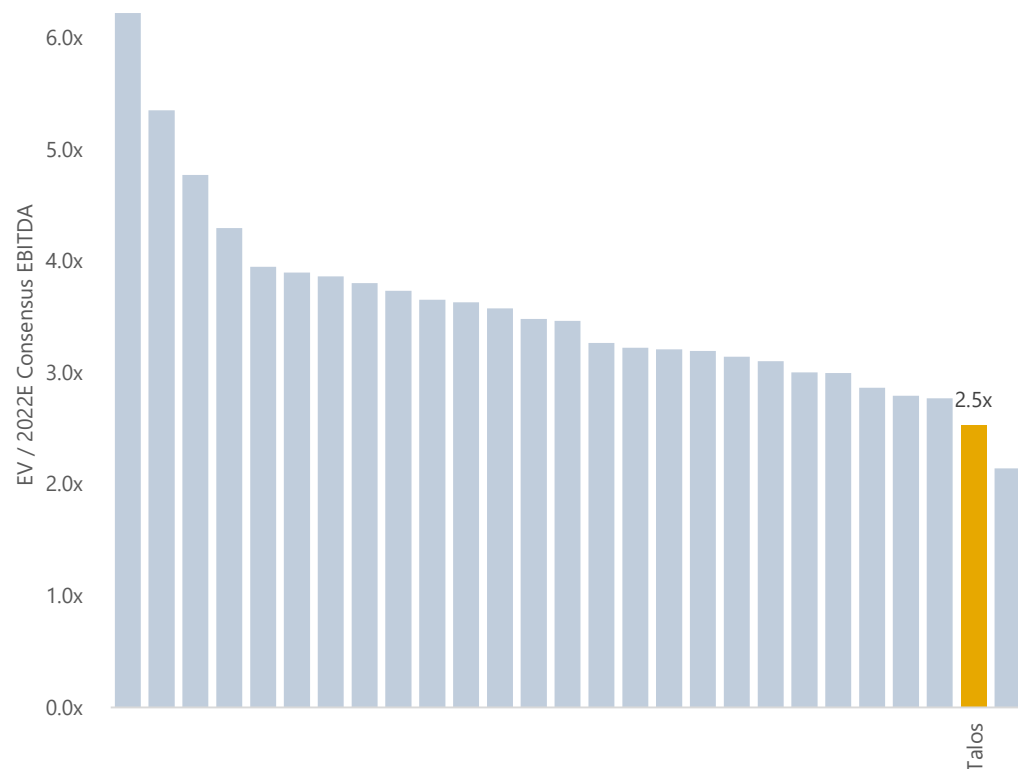
- **Increases 45Q credit** for permanent CO₂ sequestration
 - Current \$50/ton increasing to \$85/ton⁽¹⁾
- Adds a **direct pay** component to the current federal income tax credit structure
- Extends eligible project start date through 2032

Compelling Investment Opportunity

Talos trades at a significant discount to peers despite consistently solid performance

Relative Valuation

(All U.S. E&Ps with 2022E EBITDA \$500M to \$5,000MM)



Key Takeaways

- **LTM FCF Yield: 25%** after hedges, **60%** before hedges
- **Record liquidity** and a **strong leverage position**, with no financial distress in recent downturns
- Numerous **drilling and CCS catalysts on the horizon**
- Talos is positioned to generate strong absolute and relative performance, yet trades at a discount to peers

Catalysts Driving Future Value Creation

Access to major catalysts is a unique differentiator for Talos and provides the basis for exceptional long-term value creation



Development & Exploration Pipeline



Unprecedented M&A Opportunity



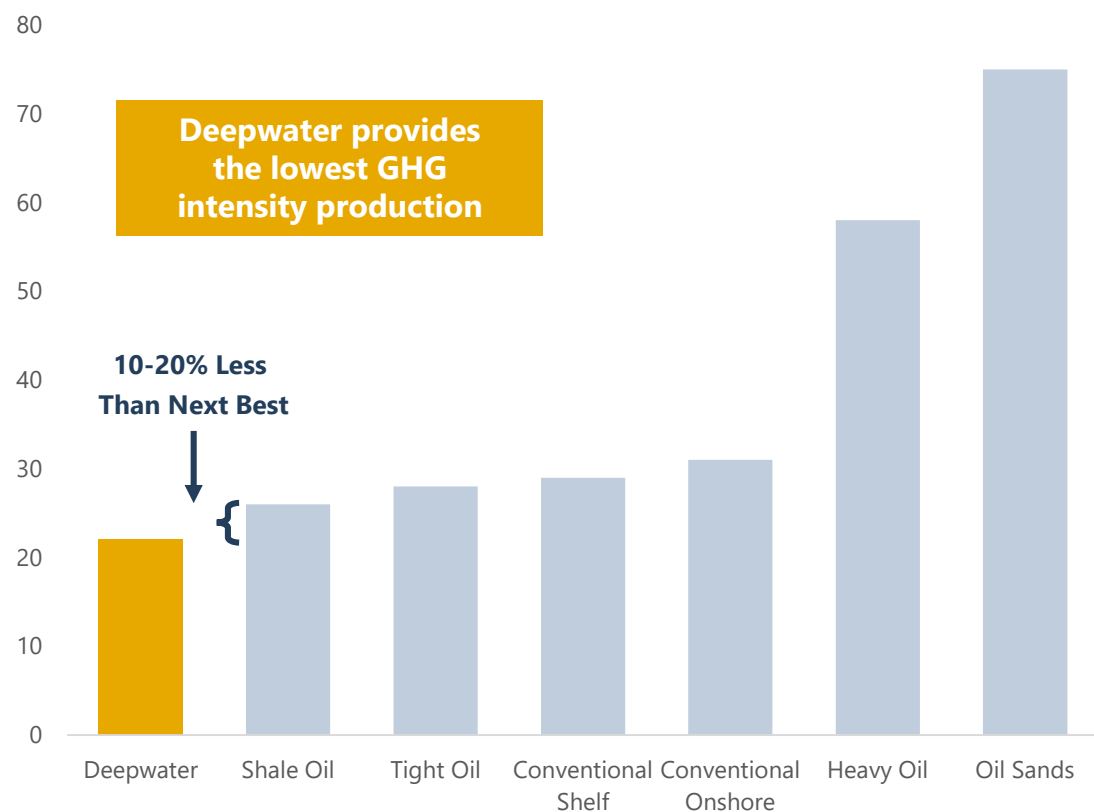
Low Carbon Initiatives



A Leading Environmental & Emissions Story

GOM Deepwater is the clear leader for cleaner, environmentally responsible energy supply

GHG Intensity by Global Resource Type (MT CO₂ Equivalent/MBoe)



Key Environmental Data Points

- 15% of U.S. oil production in 2019, but less than 3% of nationwide venting and flaring
- 99.998% of Federal GOM oil production with zero spills

“U.S. GHG emissions would be higher if BOEM were to have no lease sales...Emissions from substitutions are higher due to exploration, development, production and transportation of oil from international sources being more carbon intensive.”

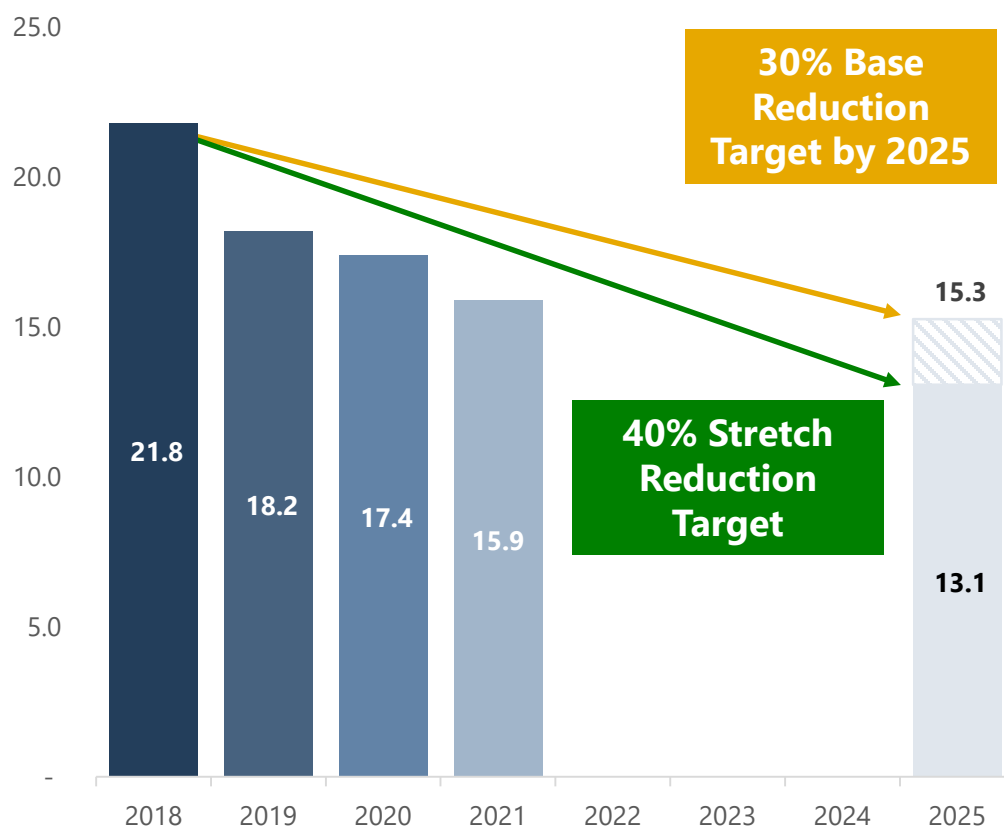
*Bureau of Ocean Energy Management (“BOEM”)
Obama Administration – November 2016*

**On Environmental reasons alone,
the GOM is the logical production
source vs. other basins**

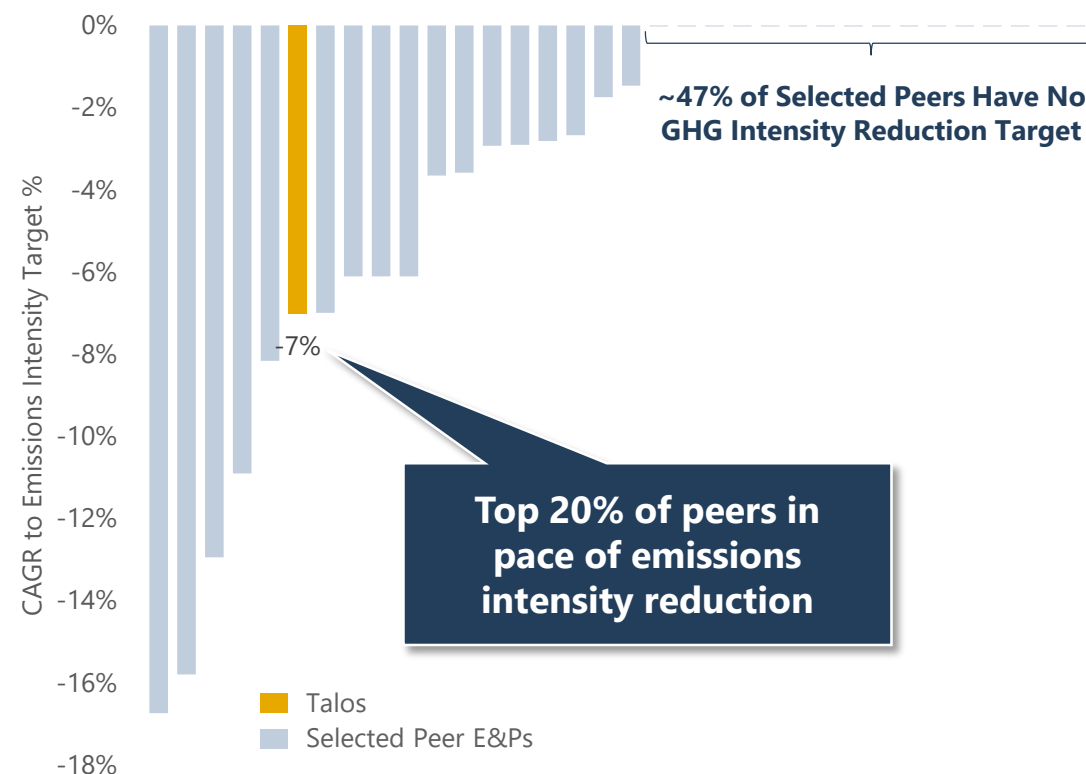
Talos's Environmental Stewardship

Talos is committed to lowering its emissions intensity and maintaining strong environmental standards

Driving Down Talos Scope 1 GHG Intensity (Gross Operated Production, MT CO₂ Equivalent/MBoe)



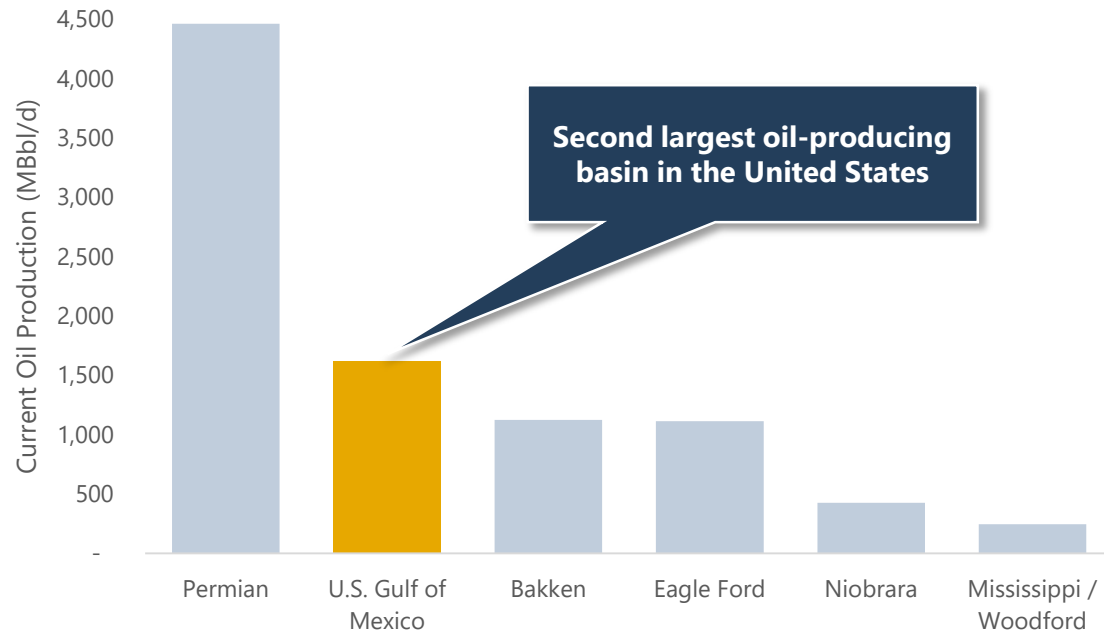
Benchmarking Pace of GHG Intensity Reductions (Annual reduction rate required to hit intensity target)



The Gulf of Mexico – A Significant National Resource

One of the largest, most diverse and most prolific basins on Earth

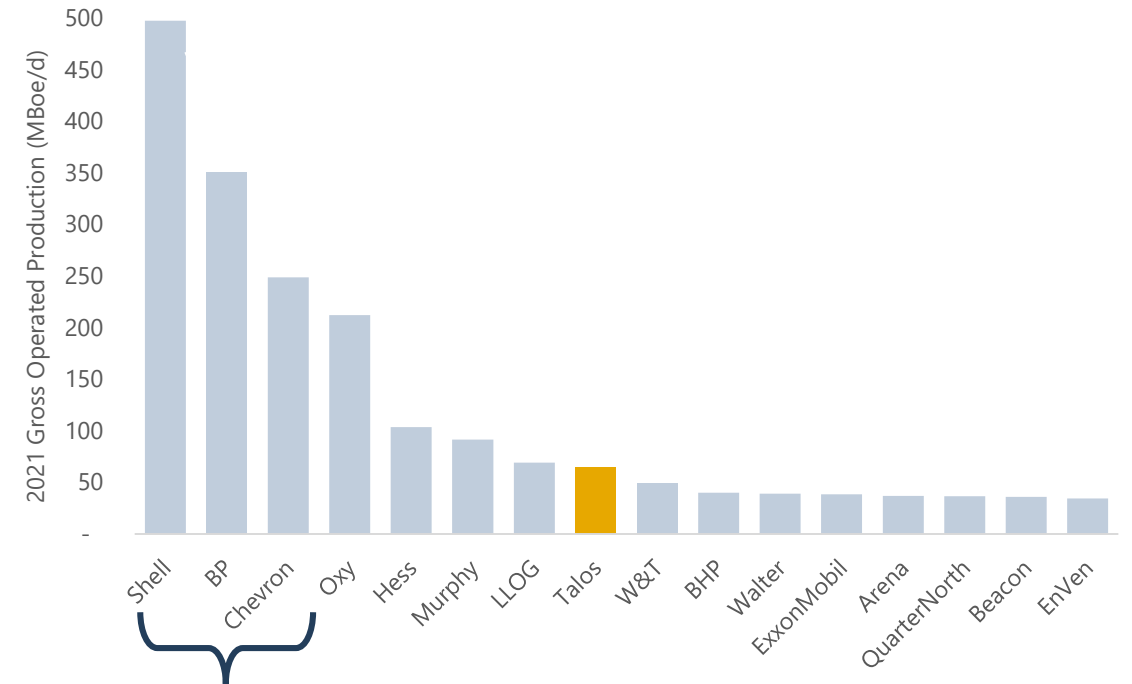
Top U.S. Basins by Daily Oil Production



~60
PLATFORMS
>1,000' DEPTH

~50%
OF U.S. REFINING CAPACITY
ALONG GULF COAST

Large-Scale Operations from Majors, Independents and Privates



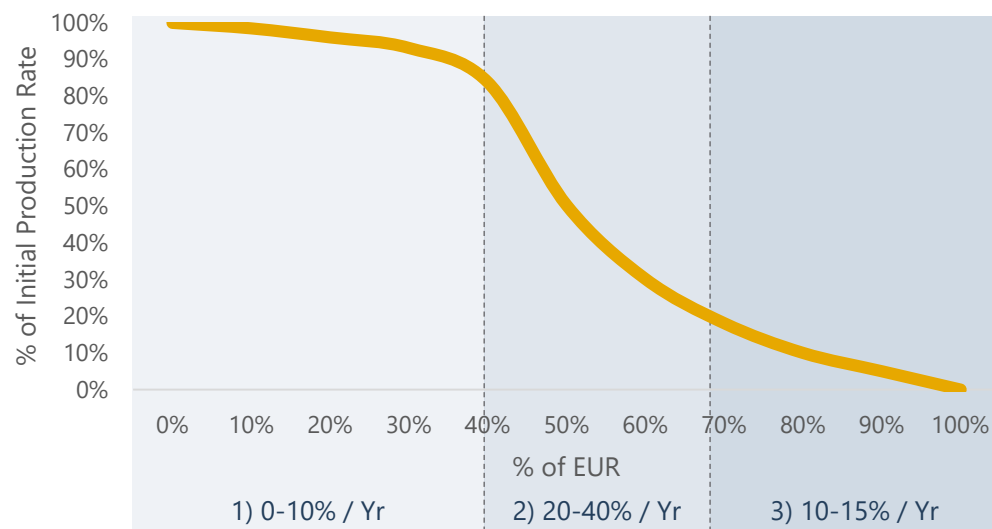
>50%
OF BASIN PRODUCTION
FROM TOP 3 COMPANIES

#8
TALOS IS A
TOP 10 PRODUCER

Conventional Offshore Well Profiles

Outstanding conventional rock properties allow for lower decline rates and extraordinary production rates

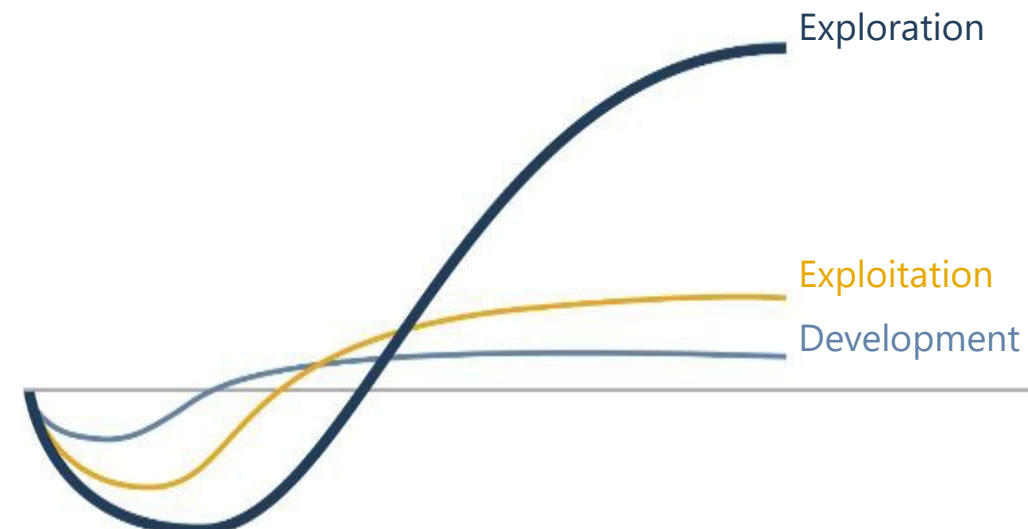
Illustrative Decline Profile



Differences from Unconventional (Shale) Onshore

- Every offshore reservoir is unique in geologic properties
- Difficult to generalize production forecasts into single “type curve”
 - Multiple types of drive mechanics (water support vs. depletion)
 - Completions methodologies
 - Infrastructure and equipment constraints

Illustrative Relative Cumulative Cash Flow Profiles



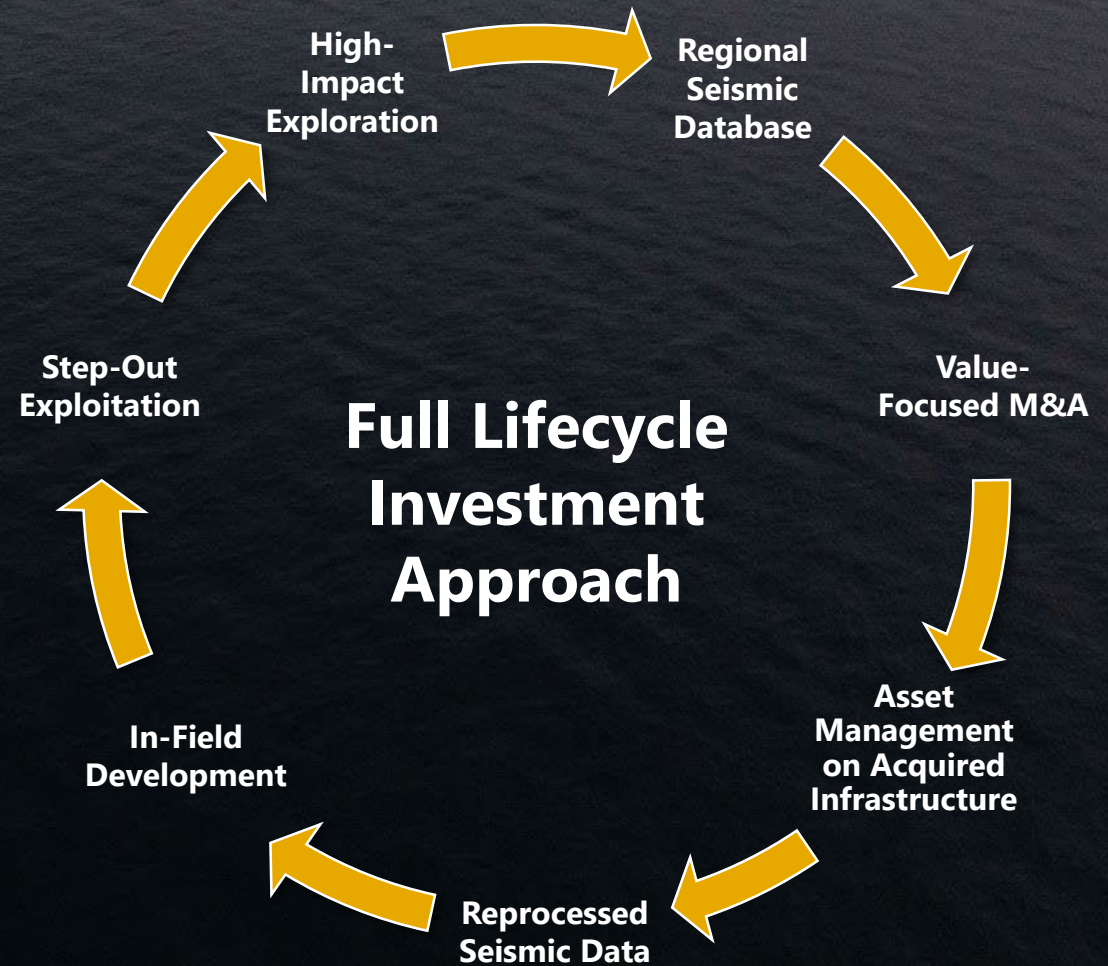
Benefits in the GOM

- ~80% of economics returned in low-decline period of well life
- Minimal decline for 40-60% of the reserve life
- Ability to deliver sustained > 15 MBbl/d from a single deepwater well
- Existing infrastructure further enhances compelling economics

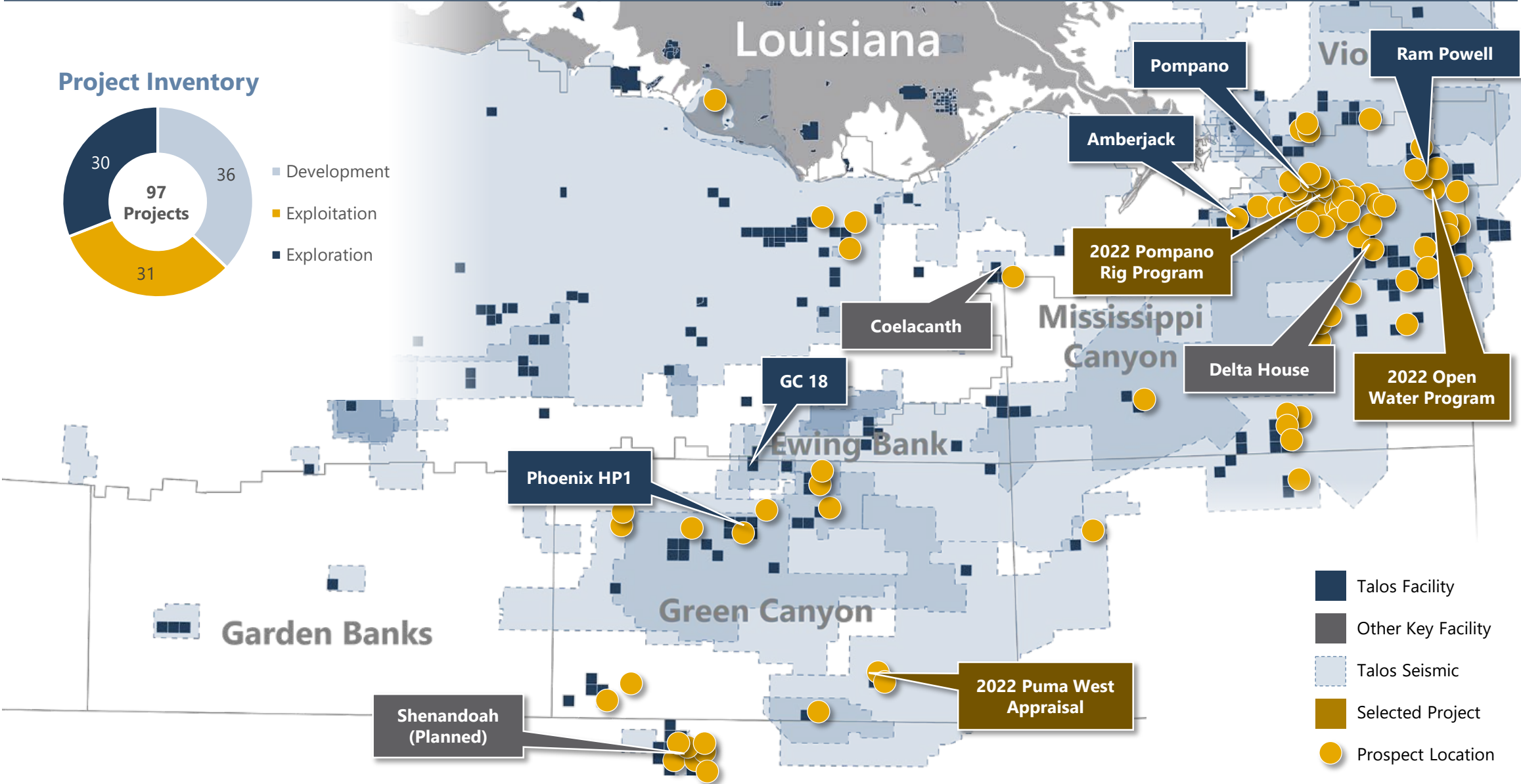
Talos Strategic Approach



Talos utilizes seismic technology and M&A to build value through drilling opportunities across the full asset lifecycle



Current Drilling Inventory Locations

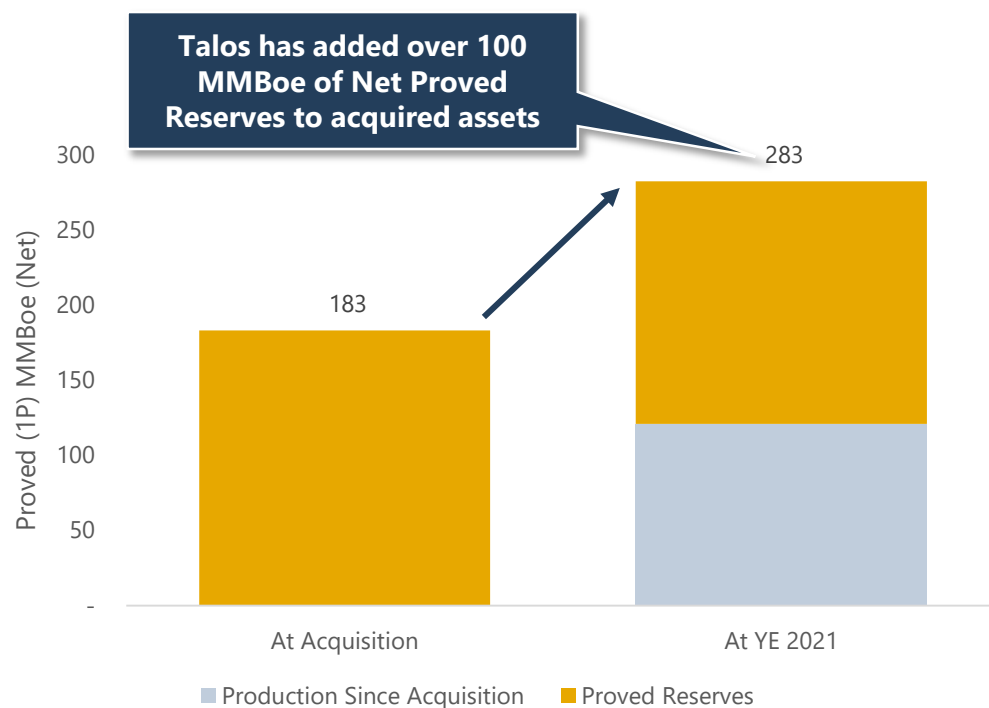


M&A Track Record and Opportunity Set

Talos has a solid history of successful acquisitions and is well-positioned to execute on future opportunities

Talos Track Record

- 12 acquisitions since inception
- Proven ability to add value through M&A
- Basin entry capability demonstrated by Zama



Current M&A Landscape

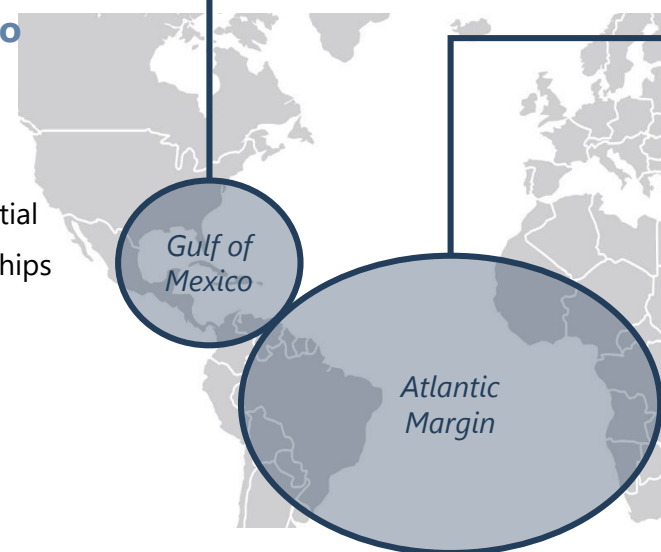
- >\$100 billion in divestments targeted by Super Majors alone by 2025
- Numerous private offshore E&Ps
- Few capable, positioned offshore consolidators

Gulf of Mexico

- Technical and commercial "Backyard"
- Synergy potential
- Deep relationships

International

- Consistent application of skill sets
- Compelling on risk-adjusted value basis
- Large-scale assets with huge potential



Talos Low Carbon Solutions



- CCS business has been organized under Talos Low Carbon Solutions ("TLCS")
- TLCS aims to mature and grow the Company's CCS efforts across the Gulf Coast
- TLCS will also evaluate additional decarbonization and energy transition opportunities that may be a fit for Talos

TLCS Vision

TLCS targets to be a recognized leader in domestic decarbonization focused on delivering responsible, reliable, and cost-effective solutions to create sustainable value for our stakeholders.

Strategic Pillars

Calculated Speed

Maintain first-mover advantage while scaling wisely

Partner of Choice

Meet stakeholder needs through bespoke decarbonization solutions

Operational Assurance

Eliminating customer and environmental risk through safe and reliable solutions

Investable Value

Build long-term value delivering a high-quality project portfolio

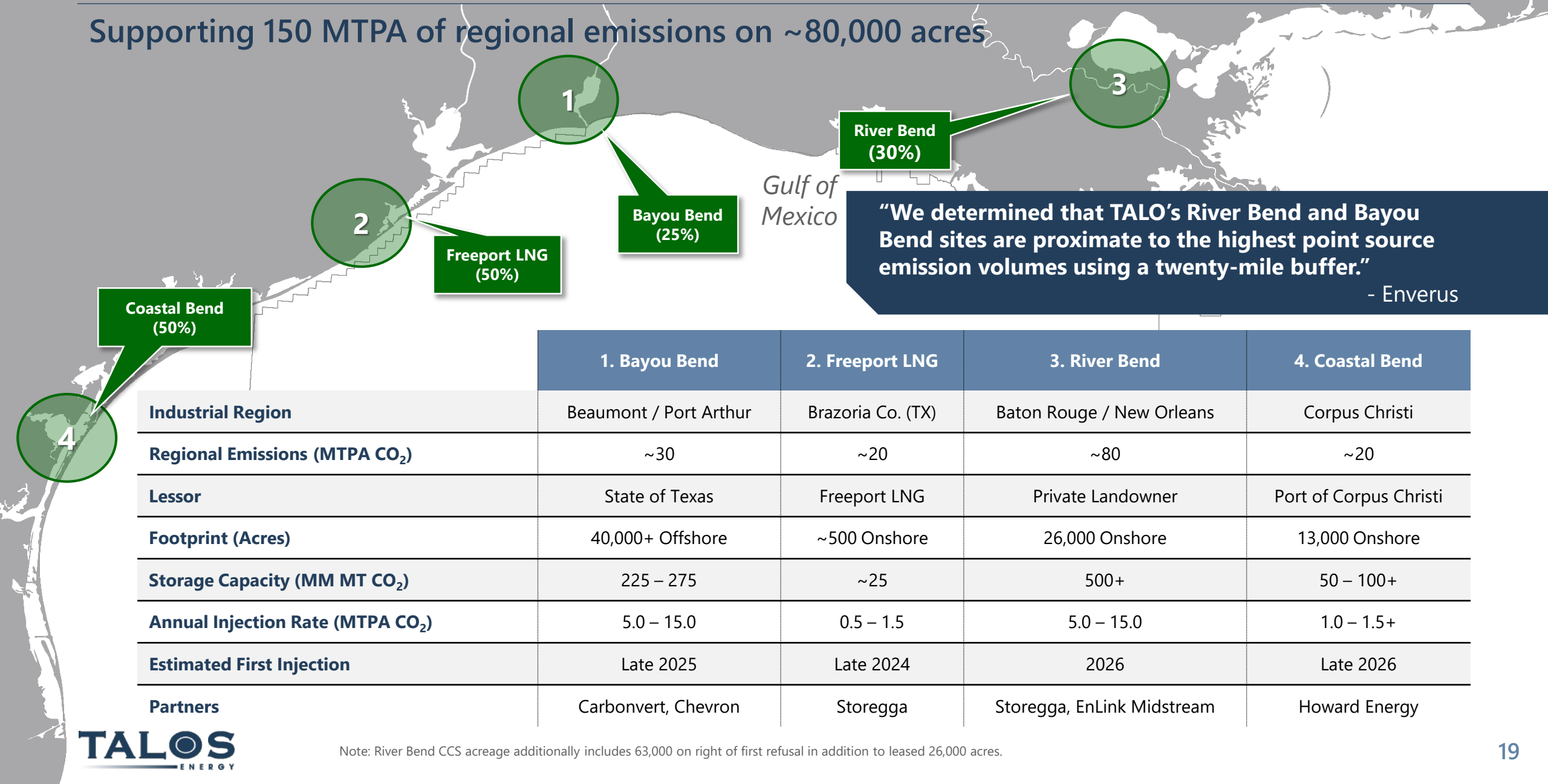
Applying Expertise Towards CCS

Complementary Skill Sets

	E&P	CCS
Conventional Reservoir Expertise, G&G Team	✓	✓
Significant Gulf Coast / GOM Presence	✓	✓
Vast Seismic Database	✓	✓
Established Operator & Project Mgmt. Capabilities	✓	✓
Strong HSE Track Record	✓	✓
Business Development and Commercially Driven	✓	✓

Talos CCS Project Portfolio: 800 Million MT CO₂ Storage

Supporting 150 MTPA of regional emissions on ~80,000 acres



"We determined that TALO's River Bend and Bayou Bend sites are proximate to the highest point source emission volumes using a twenty-mile buffer."

- Enverus

	1. Bayou Bend	2. Freeport LNG	3. River Bend	4. Coastal Bend
Industrial Region	Beaumont / Port Arthur	Brazoria Co. (TX)	Baton Rouge / New Orleans	Corpus Christi
Regional Emissions (MTPA CO₂)	~30	~20	~80	~20
Lessor	State of Texas	Freeport LNG	Private Landowner	Port of Corpus Christi
Footprint (Acres)	40,000+ Offshore	~500 Onshore	26,000 Onshore	13,000 Onshore
Storage Capacity (MM MT CO₂)	225 – 275	~25	500+	50 – 100+
Annual Injection Rate (MTPA CO₂)	5.0 – 15.0	0.5 – 1.5	5.0 – 15.0	1.0 – 1.5+
Estimated First Injection	Late 2025	Late 2024	2026	Late 2026
Partners	Carbonvert, Chevron	Storegga	Storegga, EnLink Midstream	Howard Energy

Note: River Bend CCS acreage additionally includes 63,000 on right of first refusal in addition to leased 26,000 acres.

Bayou Bend CCS Transaction with Chevron

Chevron brings significant expertise to the first and only major offshore CCS project

- Completed deal to add Chevron to Bayou Bend CCS joint venture
- Consideration of \$50 million gross for 50% stake, including \$30 million upfront cash and up to \$20 million capital cost carry through FID
- Pro forma equity interests of 25% Talos (operator), 25% Carbonvert and 50% Chevron

"Chevron brings significant expertise and experience to this project, and we are excited about what this partnership can deliver... We believe the addition of Chevron greatly enhances the execution of this hub-scale project and we hope this sends a clear signal to industrial partners in the Beaumont and Port Arthur region that we are focused on making Bayou Bend the premier CCS project in southeast Texas."

Tim Duncan, CEO of Talos Energy

"We view this morning's expanded Bayou Bend CCUS project announcement as positive. Adding Chevron as a JV partner enhances the credibility of a potentially large project... The agreement should help attract industrial partners looking to reduce their CO2 emissions in the region."

Michael Scialla, Stifel

"...the addition of CVX brings a significant source of capital and credibility to the project."

Leo Mariani, Keybank Capital Markets



Beyond Net Zero

Executing Decarbonization for Industrial Partners

- **At full scale, Talos CCS will permanently sequester >50x the annual emissions of its Upstream operations**
- Talos CCS plans to contribute to broad industrial decarbonization well beyond its own Upstream Scope 1 emissions
- Sequestration portfolio is diversified with large addressable markets and numerous potential customers
- CCS-as-a-Service model, partnering with midstream, provides turn-key emissions reduction solution

TALOS UPSTREAM
EMISSIONS (MMTPA)
0.4

PERMANENTLY
SEQUESTERED CO₂ (MMTPA)

20.0+

(WITH EXISTING CCS
PORTFOLIO ONLINE)

Financial Highlights

Key Takeaways

- Shareholder value creation through responsible deployment of capital
- Infrastructure-led model generates highly competitive EBITDA netbacks
- 10 years of successful growth with no financial distress
- >\$225 million of free cash flow in 1H22
- Strong FCF provides long-term optionality for deleveraging, reinvestment or return of capital

Key Statistics

>\$1.5 Billion

Free Cash Flow 2021-2025⁽¹⁾

>\$700 Million

Liquidity

1.0x

Leverage

~50%

D&C spending in high-impact projects

Current Capitalization & Balance Sheet Trends

Prioritizing financial health, stability and successful long-term value creation

★ - ILX and Venari Acquisitions

Capitalization Summary (\$MM)

Tranche	6/30/22	Maturity
RBL Facility (\$1,100 BB, \$806.3 Commitments)	\$200	Nov. 2024
12.00% 2L Note (5NC2, Jan. '23 First Call)	650	Jan. 2026
Finance Lease	27	---
Total Debt	877	---
Cash	108	---
Net Debt	\$769	---

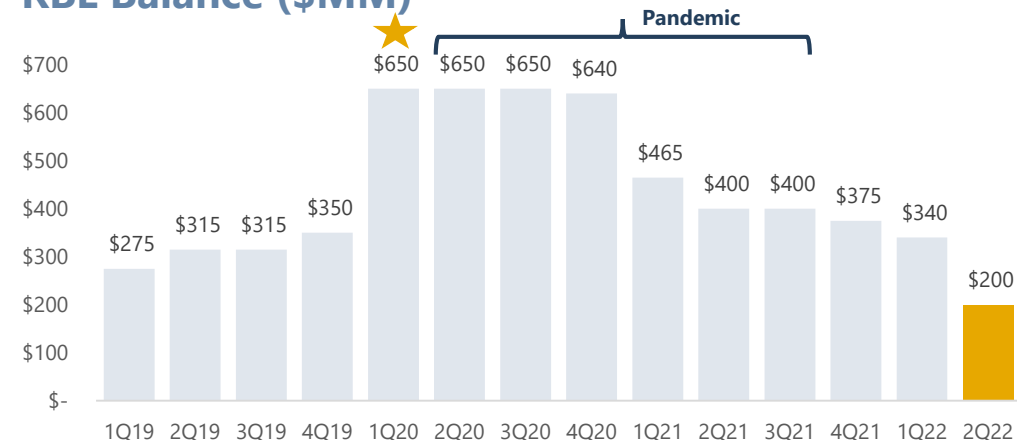
Liquidity (\$MM)



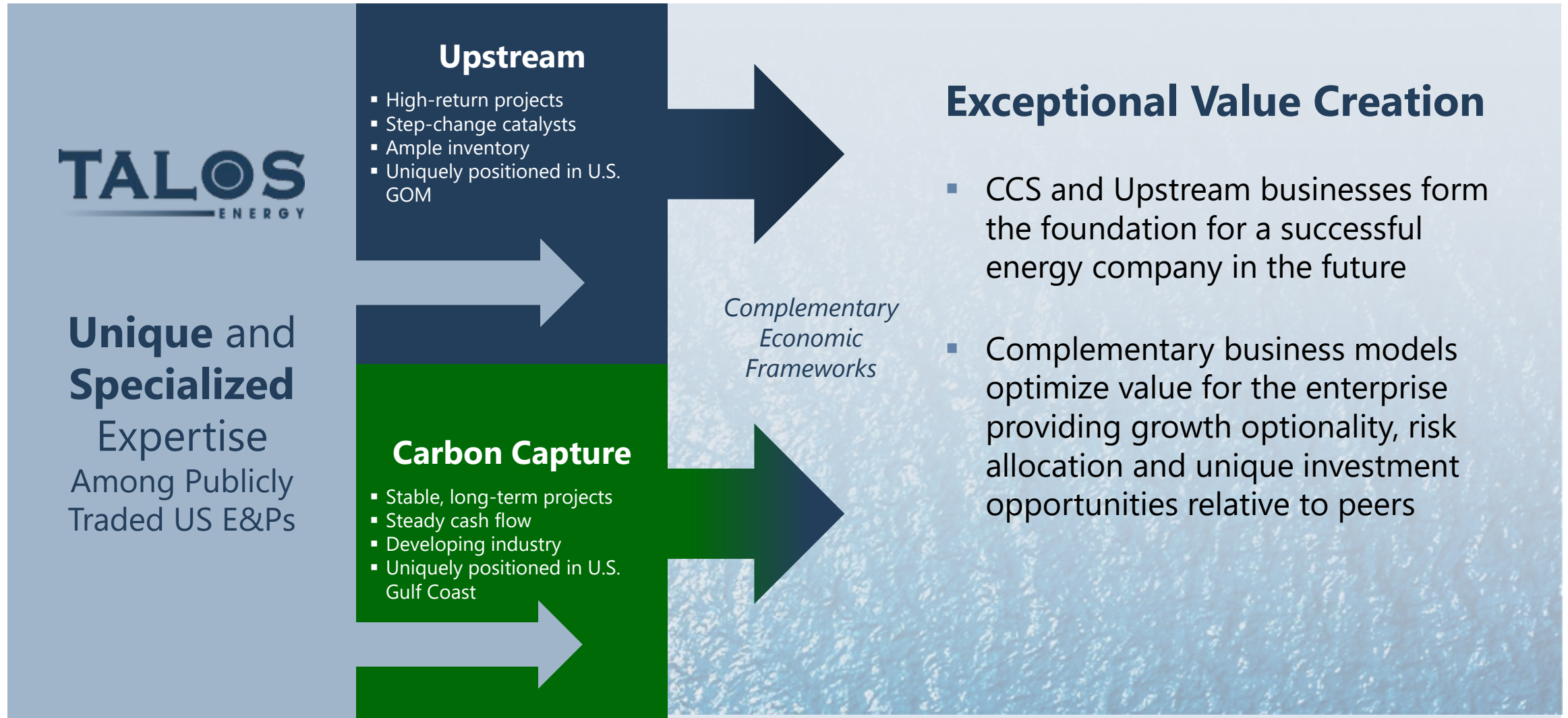
Net Debt / LTM Adjusted EBITDA



RBL Balance (\$MM)



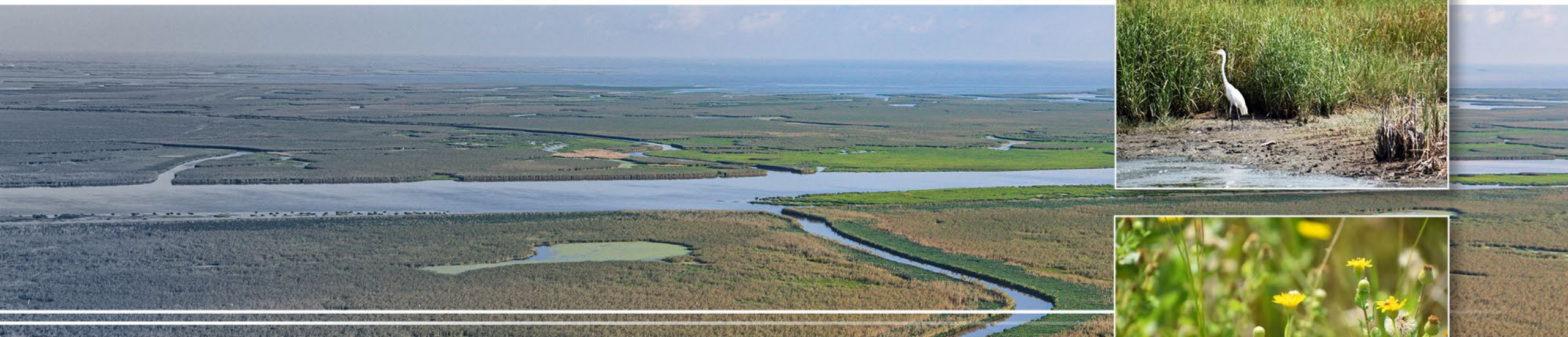
Complementary Businesses Increase Value Proposition



The image features a wide-angle view of a calm ocean under a dramatic sunset sky. The sun is low on the horizon to the left, casting a golden glow across the water and sky. The sky is filled with soft, wispy clouds. The Talos Energy logo is centered in the upper half of the image. The word 'TALOS' is in a large, white, serif font. Below it, the word 'ENERGY' is in a smaller, white, sans-serif font, preceded by a horizontal line that starts under the 'T' and ends under the 'Y'.

TALOS

ENERGY

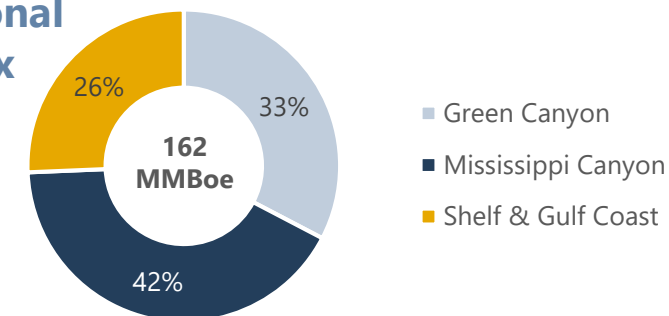


APPENDIX

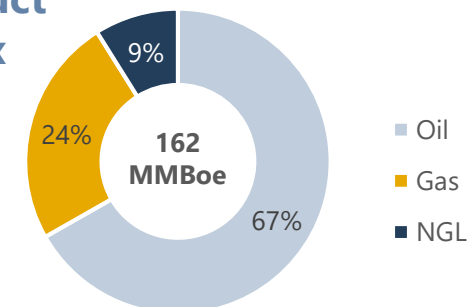
Reserve Summary – Year-End 2021

		SEC \$66.55/\$3.60		\$80.00/\$3.50	
Total by Category	YE 21 SEC Reserves (MMBoe)	PV-10 (\$MM)	PV-10 (\$MM)	PV-10 (\$MM)	PV-10 (\$MM)
PDP	96	\$3,073	\$3,798		
PDNP	41	599	794		
PUD	25	254	356		
Total Proved (1P)	162	\$3,926	\$4,949		
Probable	60	\$1,370	\$1,639		

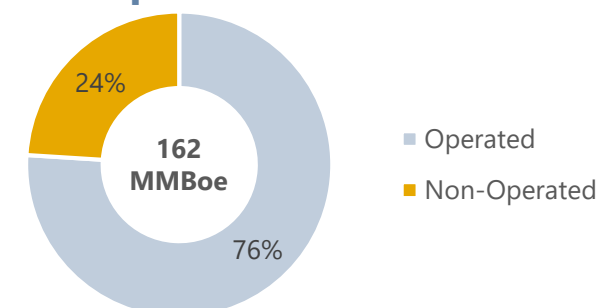
Regional Mix



Product Mix

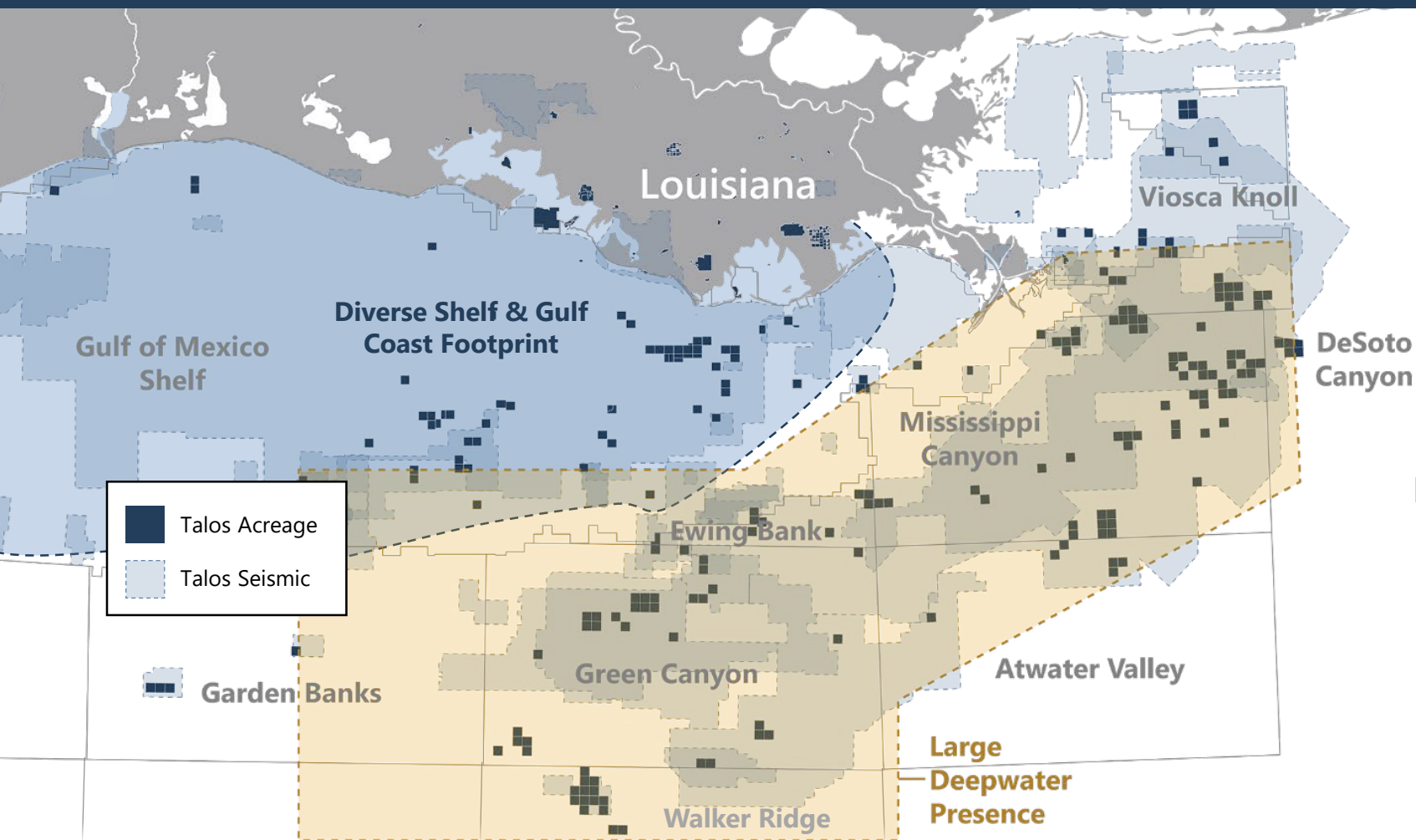


Operatorship

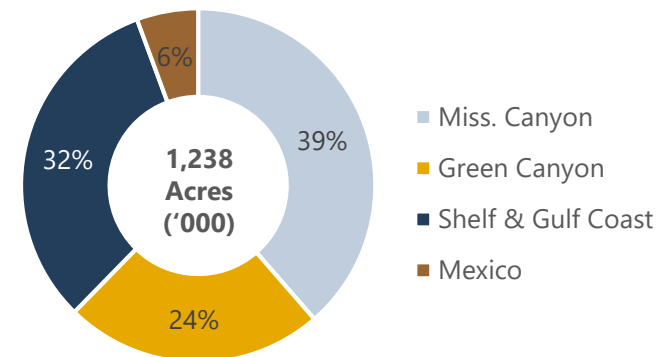


Talos's Substantial Acreage Position

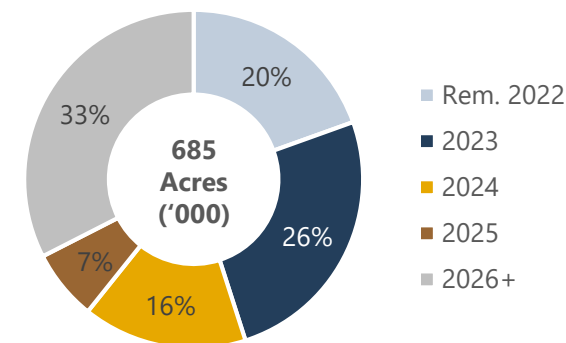
Large, diverse acreage position provides low-risk, short-cycle projects and material exploration opportunities



Regional Mix

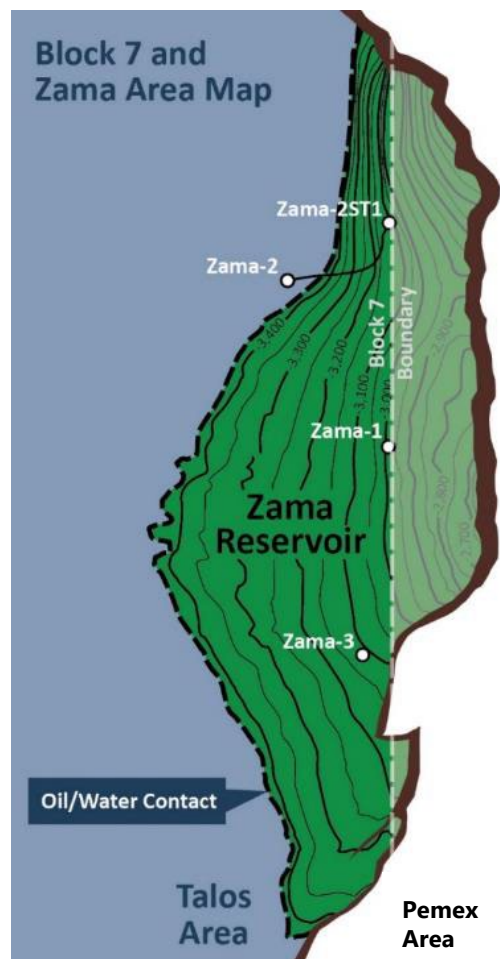


Primary Term Expiration Mix



Zama Update

World-class Exploration discovery with increasing line of sight to FID



Mexico Accomplishments

- First and only successful entrant in initial 2015 bid round
- 4 successful exploration wells and **>700 MMBoe** gross resources discovered (Block 7)
- Zama is largest shallow water oil discovery on the planet in past ~20 years; 2017 WoodMac Global Discovery of the Year
- Talos-led Zama appraisal performed on time, under budget with zero safety incidents

Economic Recap

- ~\$111 MM net invested in Block 7 since inception
- Minimal ongoing expenses until Talos approves FID

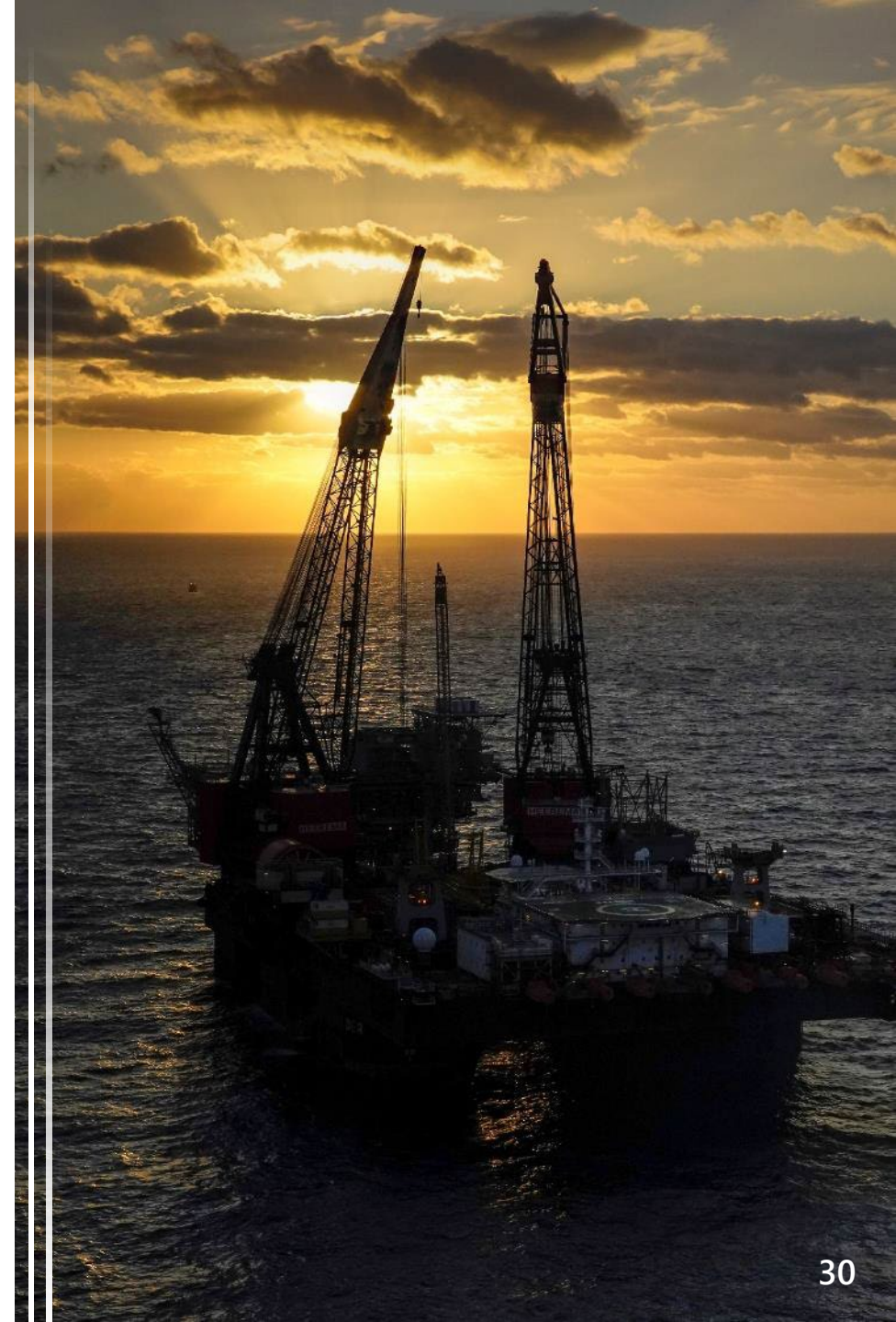
Unitization Updates

- A Zama development plan is the main gating item to FID
- On September 3, 2021, Talos filed Notices of Dispute to the Government of Mexico under USMCA and BLEU-BIT trade treaties in attempt to advance negotiations regarding operatorship
- In late March 2022, Talos received Unitization Resolution naming Pemex operator of the Zama unit
 - Talos will maintain a 17.35% non-op working interest
- **Working to finalize Field Development Plan by March 2023, a critical step before the parties can make an FID in 2023**
- **Partners discussing formation of Integrated Project Team**

Zama's expected value is multiples of invested capital to date and Talos has broad strategic optionality to ultimately realize that value

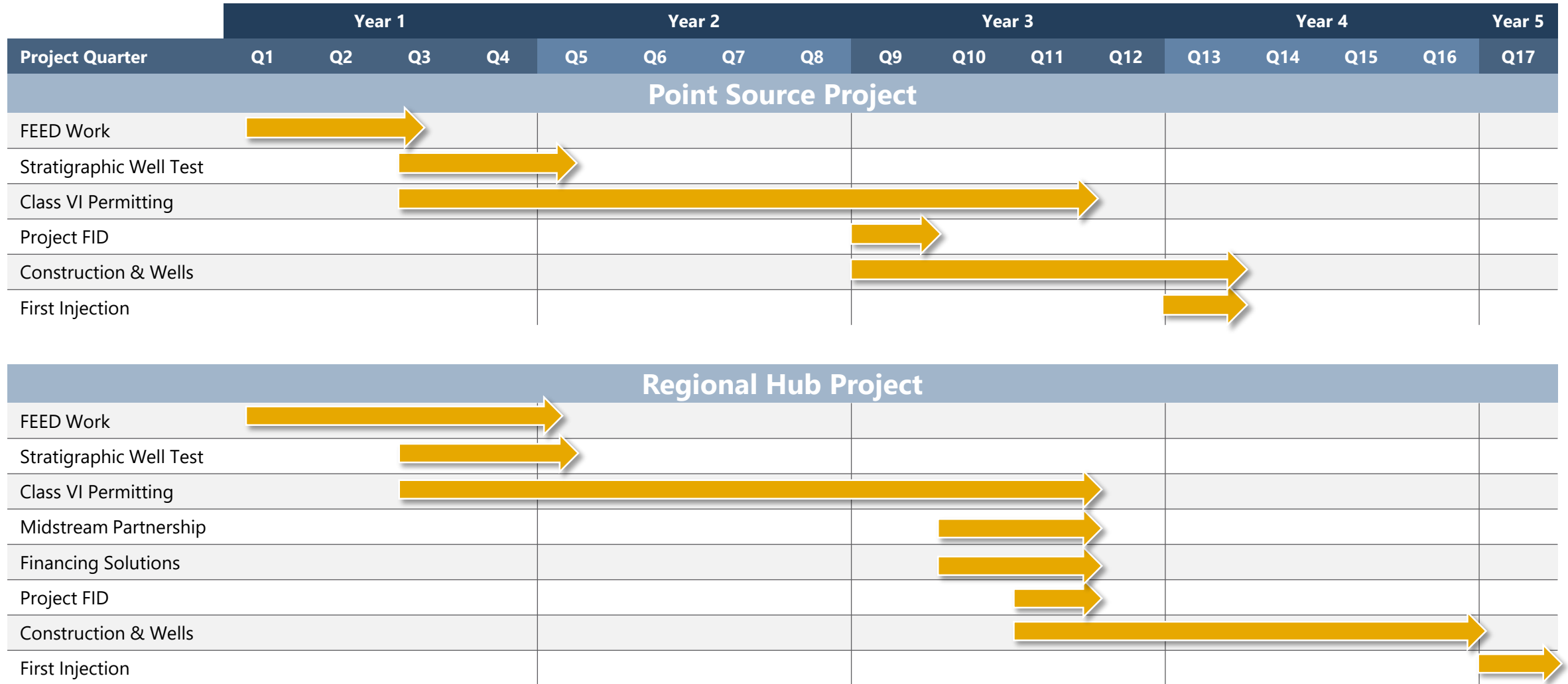
Maturing Two CCS Project Types

	Regional Hub	Point Source
Source	Clustered Industrial Base	Single facility / Plant
Talos Role / Offering	Operator / Project Mgr.	Turnkey Operator / Project Mgr.
Midstream Provider	Third Parties and / or Partners	Talos
Land / Site	Large, regional lease	Already secured; nearby
Size, MTPA	5 – 10+	0.3 – 1.5
First Injection Timeline	~4+ Years	~3 Years



Advancing Short and Medium-Cycle Project Types

Illustrative schedule for CCS projects



Illustrative CCS Commercial & Economic Considerations

Large-scale projects and contracted cash flows with high visibility

Incentives

- Federal tax credits
- State Programs
- DOE Funding
- Voluntary Carbon Markets

Customers

- Major industrial partner(s) will underwrite project
- Incremental emissions leverage existing infrastructure

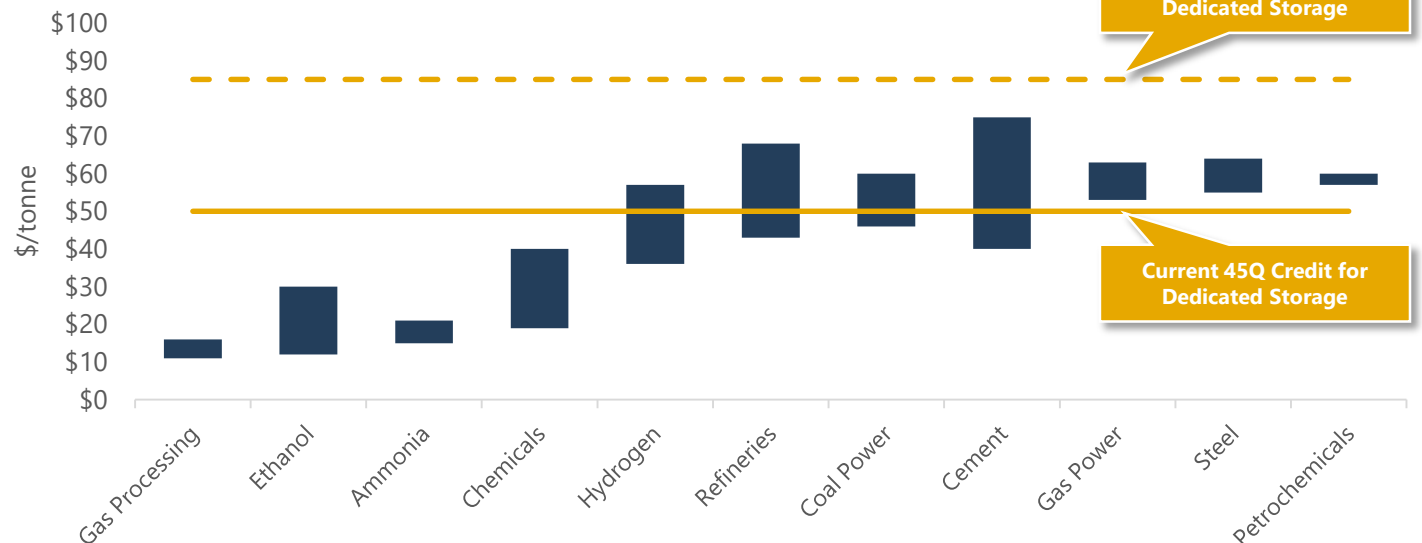
Commercial Structure

- Long-term tolling agreements with strong credit counterparties
- CCS-as-a-Service: Talos JVs to provide bespoke customer solutions
 - Striving for value chain to hold equity stakes
 - Aligns financial interest
 - Mitigates regulatory and performance

Carbon Tax/Credit Value (US\$/tonne CO₂)

		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Canada	All Emissions	31	38	50	62	73	85	96	108	119	131
	Dedicated Geological Storage	35	38	41	44	47	50				
U.S.	Storage via EOR	23	25	28	30	33	35	Inflation-adjusted			
	Other Qualified Use	23	25	28	30	33	35				

Estimated Capture Cost by Industry (\$/tonnes)



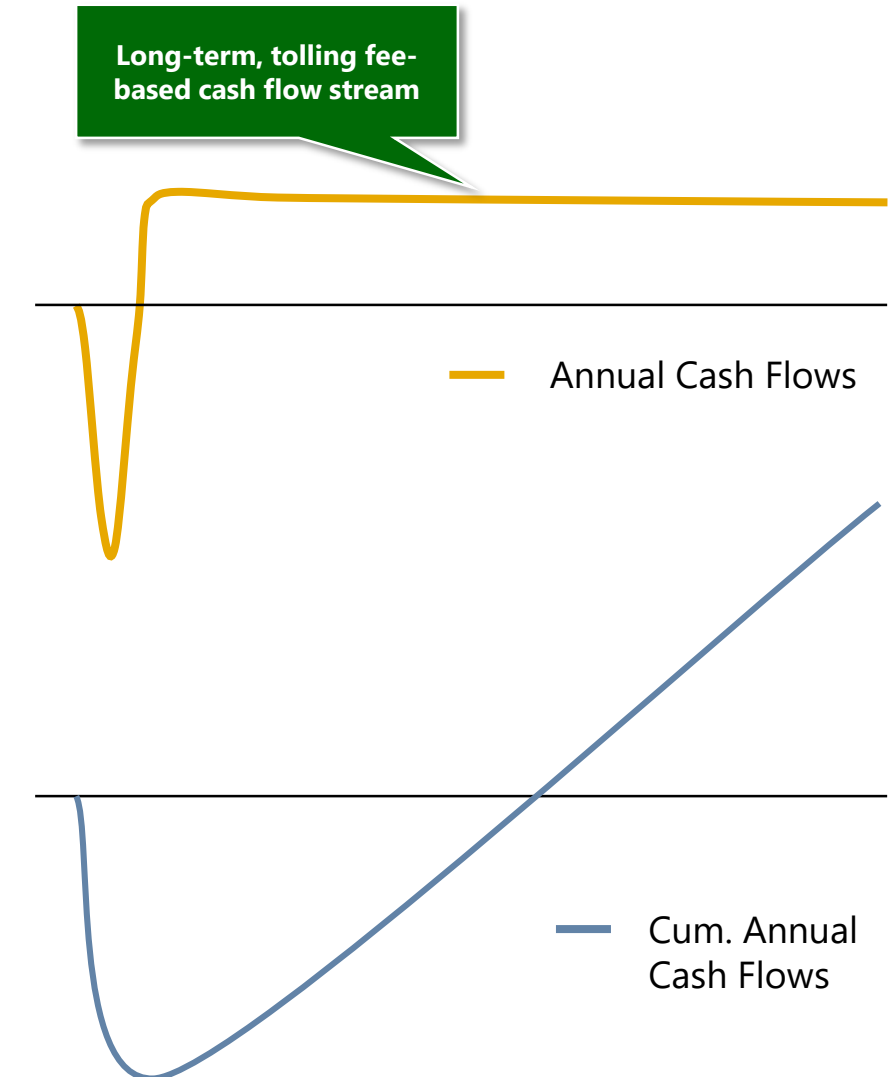
Illustrative CCS Commercial & Economic Considerations

Key Economic Factors

- **Critical Model Variables:**
 - Tolling fee per tonne
 - Total Volume
 - Capital Expenditures
- **Financing:** Modelling projects on an unlevered basis; financing and structuring options will enhance economics
- **Risk Reduction:** Expect emitters to guarantee emissions stream regardless of regulatory environment
- **Scale:** Fully-scaled CCS business benefits from growth and cost synergies

**Talos expects
mid-teens unlevered
project returns over
10-30 year terms**

Illustrative Annual Cash Flows



Non-GAAP Reconciliations

	Three Months Ended			
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
(\$ thousands, except per Boe)				
Reconciliation of net income (loss) to Adjusted EBITDA:				
Net Income (loss)	\$ 195,141	\$ (66,441)	\$ 81,012	\$ (16,691)
Interest expense	30,776	31,490	33,102	32,390
Income tax expense (benefit)	2,607	(472)	(2,353)	(364)
Depreciation, depletion and amortization	104,511	98,340	105,900	88,596
Accretion expense	14,844	14,377	14,019	13,668
EBITDA	347,879	77,294	231,680	117,599
Write-down of oil and natural gas properties	—	—	18,123	—
Transaction and other (income) expenses ⁽¹⁾⁽³⁾⁽⁴⁾	(5,010)	(26,532)	19,710	1,370
Derivative fair value loss ⁽²⁾	64,094	281,219	13,473	81,479
Net cash payments on settled derivative instruments ⁽²⁾	(160,235)	(127,086)	(100,912)	(71,634)
Non-cash write-down of other well equipment inventory	—	—	5,606	—
Non-cash equity-based compensation expense	4,049	3,318	2,698	2,613
Adjusted EBITDA	250,777	208,213	190,378	131,427
Add: Net cash payments on settled derivative instruments ⁽²⁾	160,235	127,086	100,912	71,634
Adjusted EBITDA excluding hedges	\$ 411,012	\$ 335,299	\$ 291,290	\$ 203,061

(1) Includes transaction related expenses, restructuring expenses, cost saving initiatives and other miscellaneous income and expenses.

(2) 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 an unrealized basis during the period the derivatives settled.

(3) Includes \$27.5 million gain as a result of the settlement agreement to resolve previously pending litigation that was filed in October 2017 for the three months ended March 31, 2022.

(4) Includes a \$13.9 million gain on partial sale of our investment in Bayou Bend for the three months ended June 30, 2022.

Note: No reconciliation between projected free cash flow and net cash provided by operating activities is included in this release, however, because we are unable to quantify certain amounts that would be required to be included in the GAAP measure without unreasonable efforts, and we believe such reconciliation would imply a degree of precision that would be confusing or misleading to investors. In particular, reconciliation of projected free cash flow to net cash provided by operating activities is not available without unreasonable efforts due to the high variability, complexity and low visibility with respect to the charges excluded from these non-GAAP measures such as the measures and effects of stock-based compensation expense specific to equity compensation awards that are directly impacted by unpredictable fluctuations in our stock price and other non-recurring or unusual items such as impairment charges, transaction-related costs and gains or losses on sales of assets.

Non-GAAP Reconciliations

(\$ thousands, except per share amounts)

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Reconciliation of Adjusted EBITDA to Free Cash Flow (before changes in working capital)				
Adjusted EBITDA	\$ 250,777	\$ 208,213	\$ 190,378	\$ 131,427
Less: Capital Expenditures and Plugging & Abandonment	(85,927)	(84,706)	(64,272)	(86,190)
Less: Interest Expense	(30,776)	(31,490)	(33,102)	(32,390)
Free Cash Flow (before changes in working capital)	<u>\$ 134,074</u>	<u>\$ 92,017</u>	<u>\$ 93,004</u>	<u>\$ 12,847</u>

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Reconciliation of Net Debt (\$ thousands)				
12.00% Second-Priority Senior Secured Notes – due January 2026	\$ 650,000	\$ 650,000	\$ 650,000	\$ 650,000
7.50% Senior Notes – due May 2022	---	6,060	6,060	6,060
Bank Credit Facility – matures November 2024	200,000	340,000	375,000	400,000
Finance lease	27,386	33,965	40,221	46,101
Total Debt	877,386	1,030,025	1,071,281	1,102,161
Less: Cash and cash equivalents	(108,481)	(78,348)	(69,852)	(59,427)
Net Debt	<u>\$ 768,905</u>	<u>\$ 951,677</u>	<u>\$ 1,001,429</u>	<u>\$ 1,042,734</u>

Calculation of LTM EBITDA:

Adjusted EBITDA for three months period ended June 30, 2021	\$ 131,427
Adjusted EBITDA for three months period ended September 30, 2021	190,378
Adjusted EBITDA for three months period ended December 31, 2021	208,213
Adjusted EBITDA for three months period ended March 31, 2022	250,777
LTM Adjusted EBITDA	<u>\$ 780,795</u>

Reconciliation of Net Debt to LTM Adjusted EBITDA:

Net Debt as of June 30, 2022 / LTM Adjusted EBITDA	1.0x
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