



Tapstone Energy Investor Presentation

May 2019

TAPSTONEENERGY.COM



Forward-Looking Statements

This presentation contains forward-looking statements. All statements, other than statements of historical fact, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, projected production, prospects, plans and objectives of management are forward-looking statements.

These forward-looking statements are based on management's current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events.

When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements set forth under the heading "Risk Factors" and the other information included in our Offering Memorandum, filed with the SEC on May 12, 2017.

Tapstone Asset Overview

NW Stack Asset

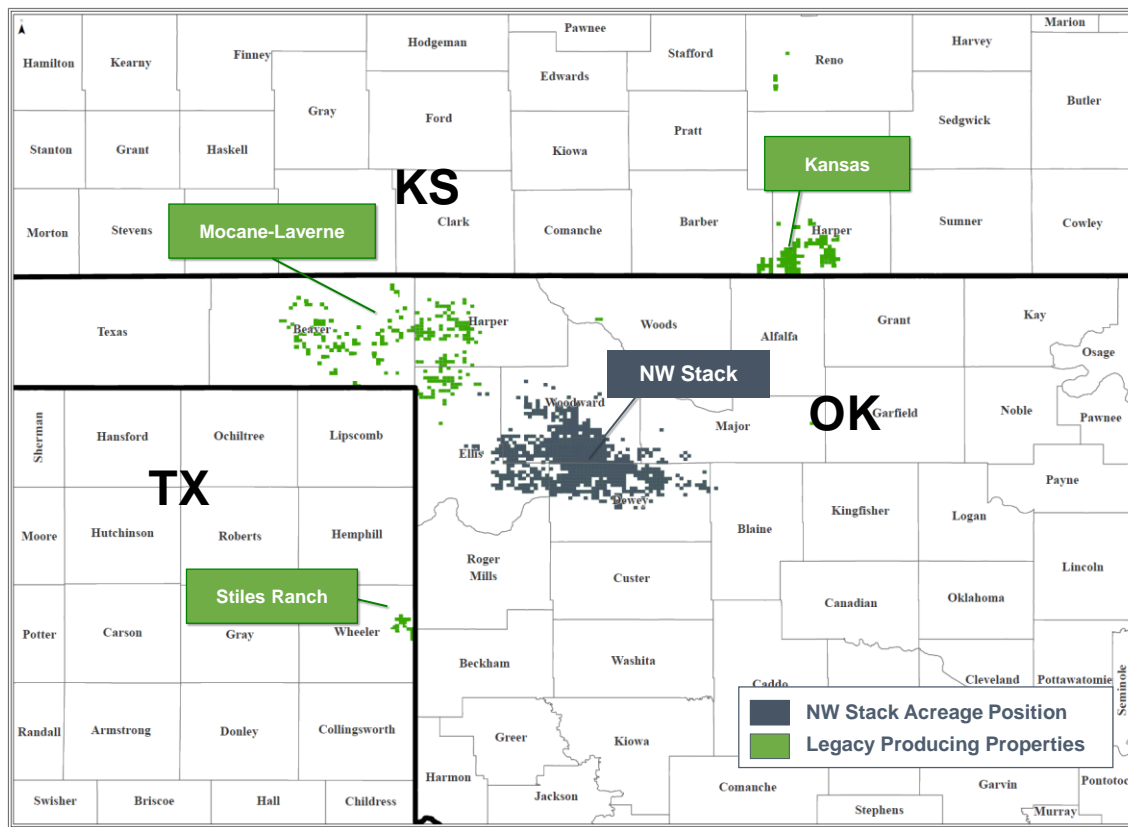
Growth Platform for the company

- ~154,000 net acres
- 1Q'19 production of 22.6 Mboe/d
 - 24% oil, 56% liquids
- Closed on multiple de-leveraging acquisitions of bolt-on NW Stack assets during 2018
- More than 115 drilled and operated wells
- Two Tapstone rigs currently operating
- Eight industry rigs operating in the play

Legacy Assets

Cash Flow Generating

- 1Q'19 production of 9.9 Mboe/d
 - 12% oil, 53% liquids
- One Tapstone rig currently drilling two Stiles Ranch wells
- Fee based cash flow generated from the Wheeler Midstream system in Stiles Ranch
- Sold entire Verden Field assets during 2Q'18
 - Net proceeds of ~\$60 MM



Total Company

Net Acres ⁽¹⁾	~294,000
Operated Rigs	3
1Q 2019 Production (MBoe/d) ⁽²⁾	32.5
% Liquids	55%
YE 2018 Total Proved Reserves (MMBoe) ⁽²⁾	166
YE 2018 Total Proved PV10 (\$MM) ⁽²⁾	\$960

(1) Amounts exclude the economic benefit of the wholly owned Wheeler Midstream system

(2) 4Q18 SEC pricing remains flat for reserve life at \$65.56 per Bbl and \$3.10 per MMBtu

NW STACK and Tapstone Evolution

Asset Accumulation (2014 – 2016)

- Founded with an initial equity commitment from GSO Capital Partners
- Acquired mature producing properties from Shell and Apache
- Pursued organic leasing strategy in the NW STACK

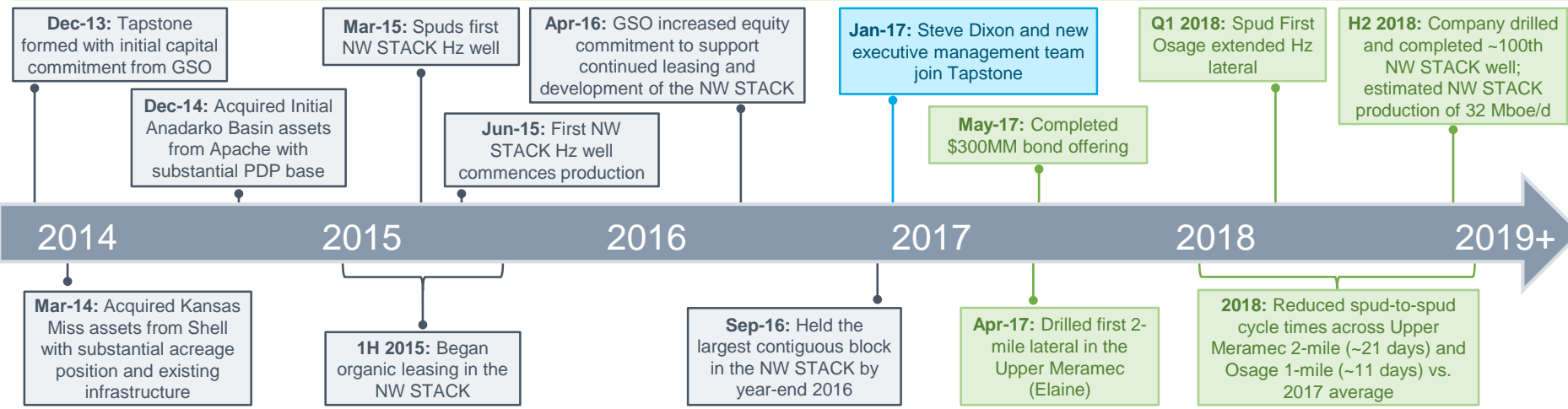
New Management Regime

Delineation (2017)

- Drilled first ten 2-mile laterals in the Upper Meramec in the NW STACK
- Tested various completion designs
- Incorporated two 3D seismic shoots into geologic model
- Expanded technical team

Execution (2018+)

- Capitalize on findings from testing initiatives in 2017 and early 2018
- Optimize drilling and completion design to drive greater returns
- Leaders in technical analysis in the NW STACK
- Lowered capital costs by ~\$1.5MM per well



Tapstone Accomplishments

- Tapstone has capitalized on extensive science and testing initiatives from 2017 to optimize drilling and completion design in order to drive greater returns
 - › More than 115 horizontal wells drilled and completed
 - › 750 square miles of 3-D seismic data
 - › 625 square miles of 3-D geocellular modeling
 - › 1,200 vertical wells logs
- 2019 program generating strong year to date results
 - › Slim hole design resulting in shorter cycle times
 - › Pad completion minimizing initial and infill well impact
 - › Improved completion design maximizing recovery and reducing interference
- Per well D&C costs have been reduced by 30% since 2017
 - › Line-of-sight to additional \$1 million per well D&C reduction during 2019
- Track record of successful M&A
 - › Multiple, credit-enhancing, PDP bolt-on in the NW Stack which have expanded our core development area
 - › Successfully divested Verden asset at 6.0x cash flow multiple for ~\$60 million
 - › Secured \$50 million of additional equity from GSO less than 6 months ago

1Q 2019 Results

- 1Q 2019 production of 32,500 boe/d; an increase of 1% QoQ and 17% YoY
- QoQ Component Growth:
 - › Oil: 13%; Natural Gas: -1%; NGL: - 2%
 - › Oil production mix 21%
- 1Q 2019 net oil production of 6,600 bbls/d; an increase of 13% QoQ and 22% YoY
 - › 1Q 2019 NW Stack net oil production of 5,500 bbls/d; an increase of 20% QoQ and 43% YoY
- 11 wells reached first production
 - › 7 Upper Meramec and 4 Osage wells
 - › Average IP30 rate of 766 boe/d for NW Stack first quarter well set
 - Average oil mix percentage of 48% compared to 32% in fourth quarter well set
- 1Q 2019 adjusted EBITDA of \$42.3 million, up 2% QoQ and 10% YoY
- 1Q 2019 D&C capex of \$54.8 million, down \$9.6MM, or -15% QoQ
- 1Q 2019 LQA leverage ration of 3.35x and LTM leverage ratio of 3.57x, based on net debt of \$570 million
- Active hedging program in place to protect future cash flow and mitigate downside risk in commodities market

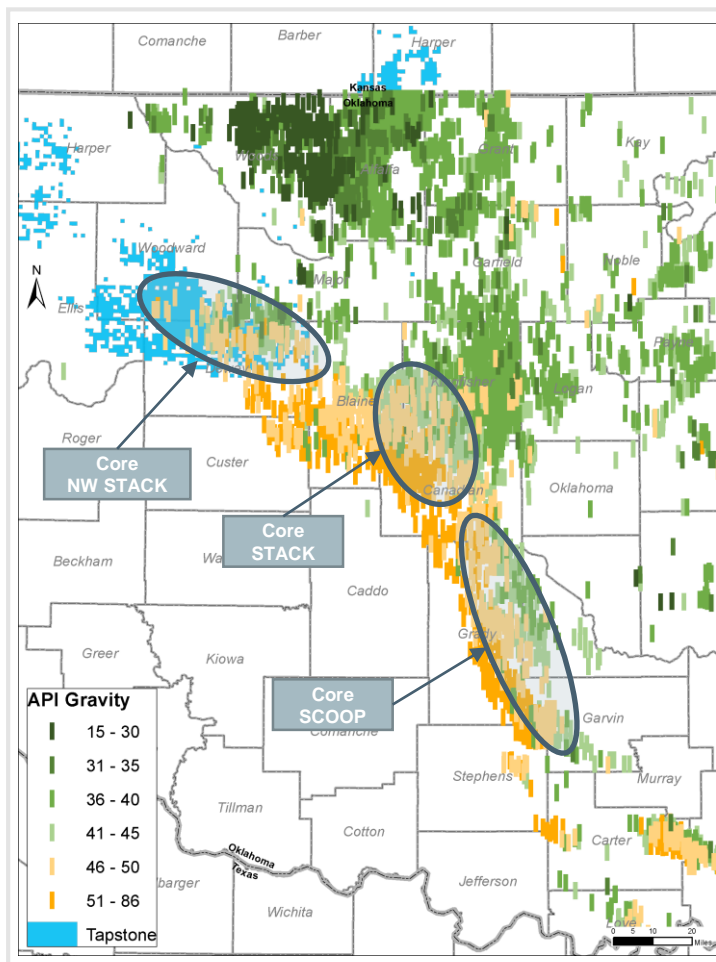
Continuation of the Prolific Fairway in the Anadarko Basin

Optimally positioned to exploit the right hydrocarbon window (volatile oil, condensate and wet gas) over multiple zones

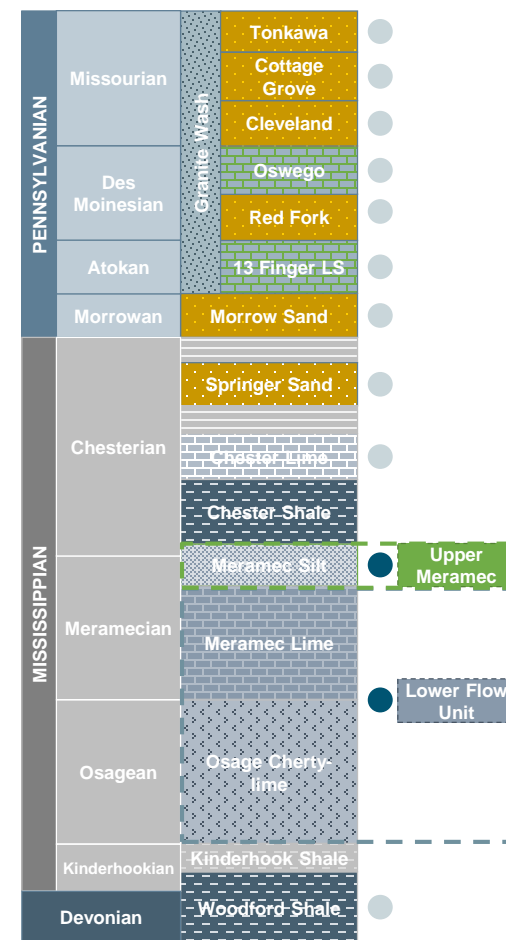
NW STACK Development

- Primary development target zones are in the over-pressured, liquids-rich fairway
- Thick Mississippian zones in primary targets offer large initial hydrocarbons in place to support full field development
- Two Target Zones:
 - Lower Flow Unit (“LFU”)
 - Upper Meramec

Anadarko Basin Phase Transition Boundary



STACK Stratigraphy Column



Note: Map represents API Gravities as reported on 1002A reports filed with the Oklahoma Corporation Commission for Woodford and Mississippian horizontal wells

● Primary Target ● Secondary Target

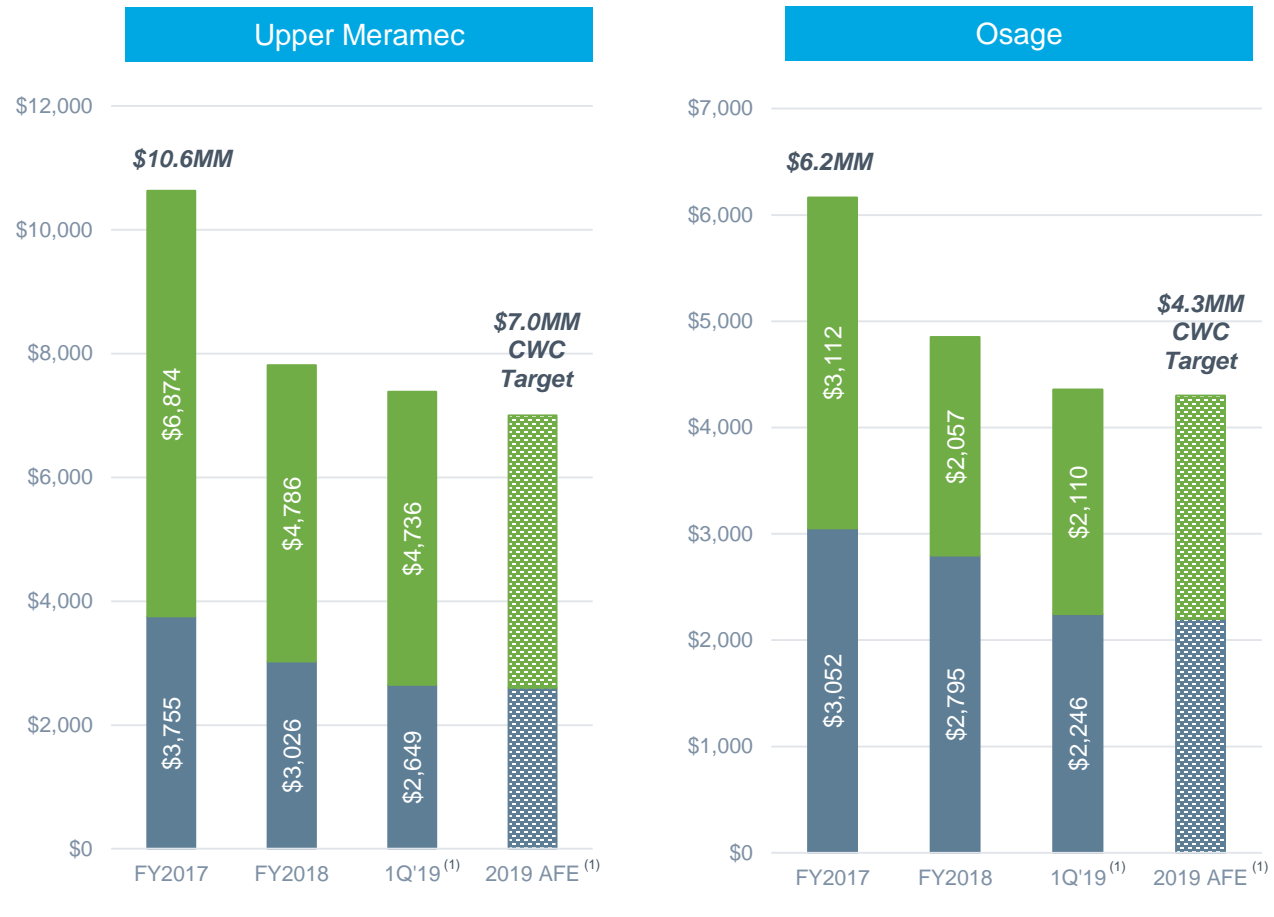
Operational Execution to Drive Down Well Costs

Operational expertise and reduced cycle times drive peer leading well costs and consequently, consistently improving well economics

Key Operational Highlights

- Targeting and slimhole designs continue to result in faster drilling
- Transitioned fleet to lighter, faster-moving rigs with no loss in performance
- Doing more with less – cycle time improvement enabled company to drop a rig in mid-2018 while maintaining planned well count
- Optimized completion designs are more capital efficient
- Implemented new tools and techniques to achieve 2-mi coiled tubing drill-outs
- AFEs for 2019 reflect reduced completion cost with recently contracted stimulation pricing
- Line-of-sight to an additional \$1 MM per well cost reduction during 2019 drilling improvements, pad drilling and regional sand

NW STACK Well Costs (\$m)

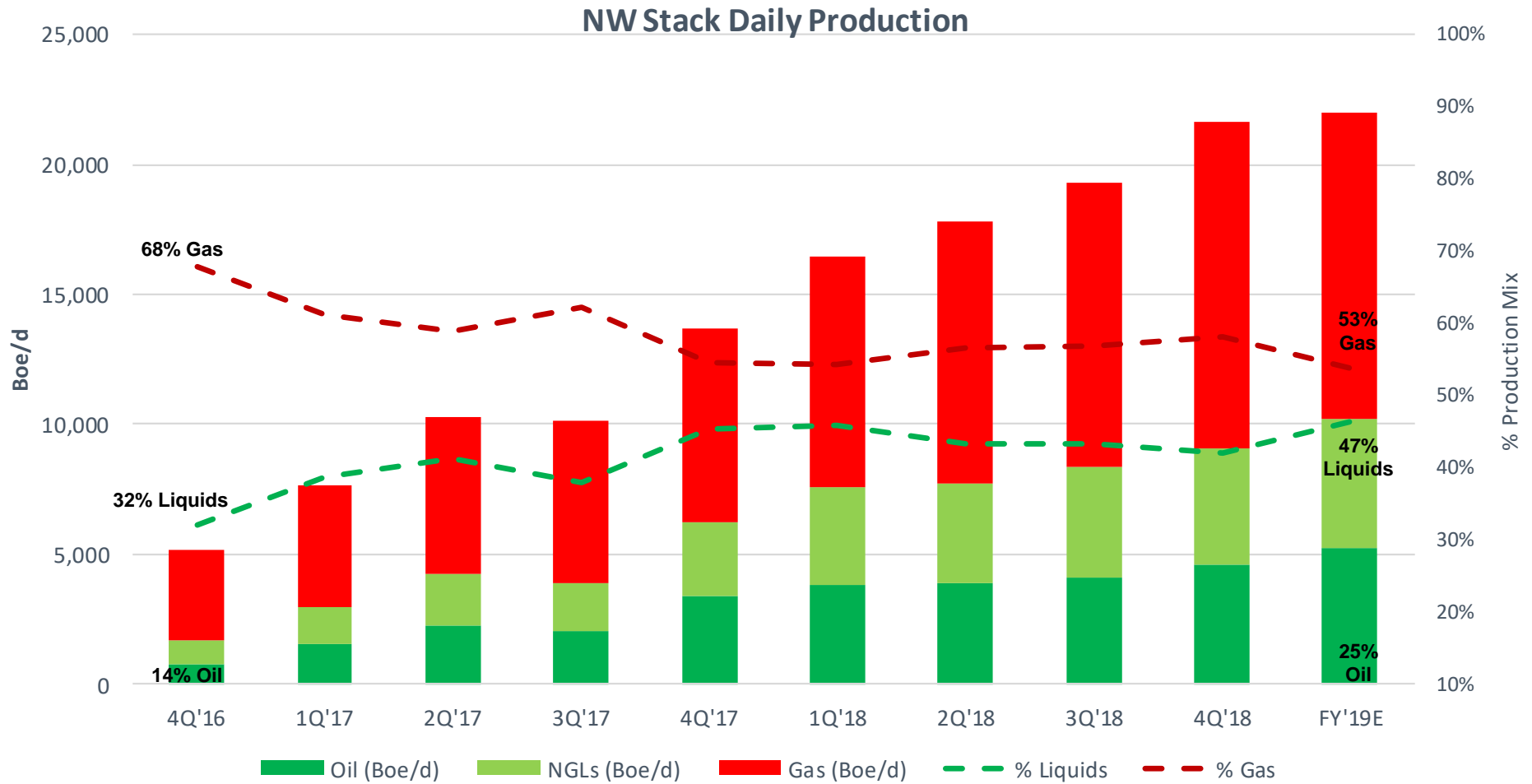


**26% YOY reduction
from '17 to '18**

**21% YOY reduction
from '17 to '18**

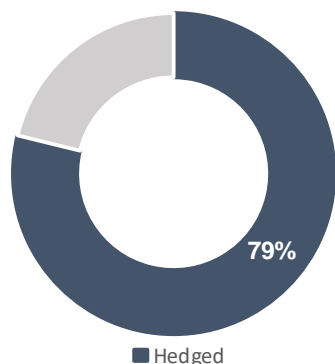
(1) 2019 well set based on current AFE estimates

NW Stack Delivering Sustainable Growth

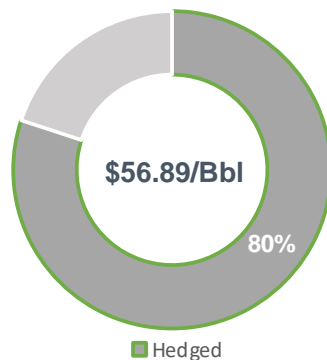


Hedge Position

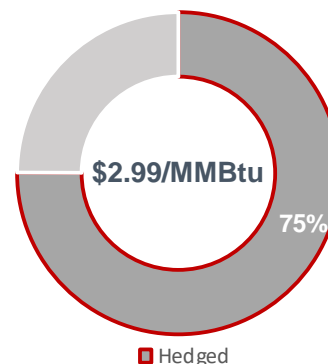
2019 Total Revenues Hedged



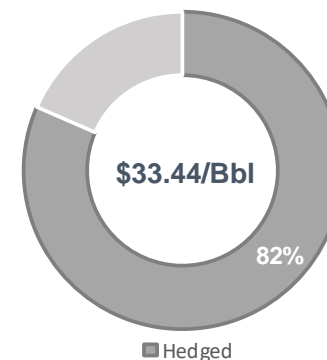
2019 Oil Revenues Hedged



2019 Gas Revenues Hedged



2019 NGL Revenues Hedged

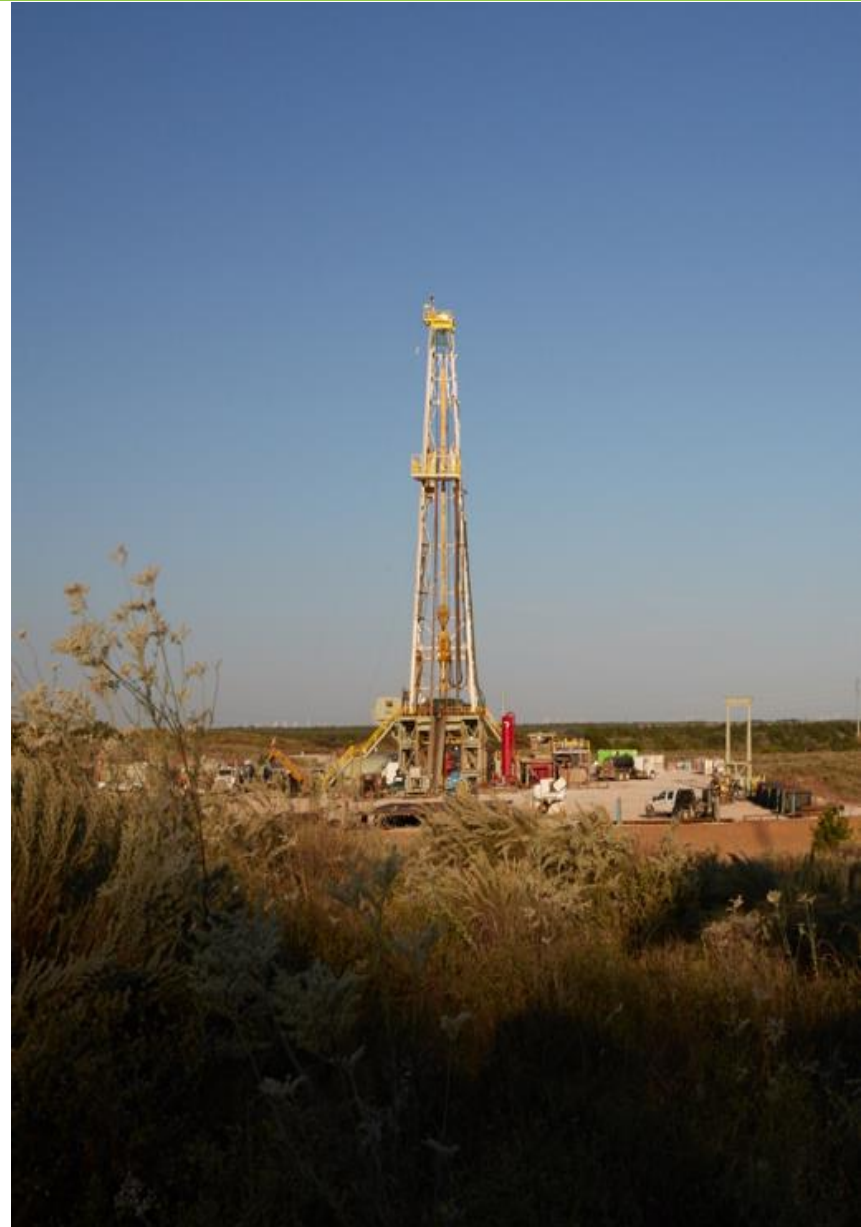


	Q2-2019	Q3-2019	Q4-2019	FY-2019	FY-2020	FY-2021
Oil Swaps						
Hedge Volumes (Bbls/d)	5,225	5,475	5,475	5,351	3,299	496
Weighted Average Price (\$/Bbl)	\$56.78	\$56.99	\$56.99	\$56.89	\$58.15	\$57.05
Gas Swaps						
Hedge Volumes (MMBtu/d)	59,500	59,500	59,500	66,068	51,486	4,932
Weighted Average Price (\$/MMBtu)	\$2.89	\$2.89	\$2.89	\$2.99	\$2.75	\$2.89
NGL Swaps						
Hedge Volumes (Bbls/d)	5,705	5,705	5,705	5,705	4,300	NA
Weighted Average Price (\$/Bbl)	\$33.35	\$33.35	\$33.41	\$33.44	\$33.88	NA
Total Revenues % Hedged	74%	74%	80%	79%	57%	15%

Hedge position as of 4/30/2019

Tapstone's Focus Going Forward

- Manage debt and liquidity
 - › Controlling capex spend through measured development plan
 - › Cash flow neutrality reached in the 2H'19
 - › Currently marketing non-core assets for potential divestiture
- Maintain data-driven approach to full field development
 - › Allows for more efficient capital spend, improving operational efficiencies and mitigate production deferrals from frac interference
 - › Record oil % mix in the 1Q 2019 well set
- Evaluate and execute on strategic opportunities
 - › Management, operational and technical teams in place to properly analyze asset packages
 - › Capacity to operate additional assets



Seasoned Management Team & Supportive Sponsor

Tapstone Management Team



	<u>Years Experience</u>	
Steven C. Dixon <i>Chairman of the Board</i> <i>Chief Executive Officer</i>	38	<ul style="list-style-type: none"> Former CEO / COO for Chesapeake Energy Former Rice Energy board of directors member Member of the SPE, the AAPG and the Advisory Board to the University of Kansas
Chuck Duginski <i>Chief Operating Officer</i>	25	<ul style="list-style-type: none"> Former COO for Echo Energy Former VP of Production at Continental Resources in the STACK/SCOOP Former Business Unit VP for Chesapeake Energy
John J. Kilgallon <i>Chief Financial Officer</i>	20	<ul style="list-style-type: none"> Former Director of Private Equity Investment Management for Black Oak Partners Former Investor Relations Executive at Continental Resources, Chesapeake Energy & Kerr-McGee Advisory Board of Oklahoma State University, Genius Central Board of Directors member

Collectively have drilled > 10,000 horizontal wells across North America. Proven track record of developing emerging plays

Sponsor: GSO Capital Partners



- Global credit investment platform of Blackstone, with approximately \$138 billion of assets under management as of December 31, 2017
- Strong and established track record of investing in the energy sector since its inception in 2005; currently manages and / or sub-advises over \$10 billion of assets in the energy sector
- Supportive sponsor with invested equity in Tapstone of approximately \$700 million to date
- Continued support with equity fundings occurring in 2014, 2016, 2017 and 2018
- Currently owns ~95% of Tapstone equity

Active Tapstone Board Members

Robert Horn
GSO Co-Head of Energy

Jeremy Knop
GSO Vice President



Summary of Notes

Issuer	Tapstone Energy, LLC & Tapstone Finance Corp.
Rank	Senior Unsecured
Principal	\$300,000,000
Maturity Date	June 1, 2022
Coupon	9.75%
Call Protection	NC3; 2020: 104.875%; 2021+: 100.0%
Distribution	144A/Regulation S, without Reg Rights
Initial Rating	Moody's: Caa1; S&P: B-

Investor Contact Information

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