



Corporate Overview

March 2018

IMPORTANT DISCLOSURES

Forward-Looking Statements

The slides contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Except for historical information, statements made in the slide presentation, including those relating to the Company’s strategies, estimated and anticipated production, expenditures, infrastructure, estimated costs, number of wells to be drilled, estimated reserves, reserve potential, recoverable reserves, and financial position are forward-looking statements as defined by the Securities and Exchange Commission. These statements are based on assumptions and estimates that management believes are reasonable based on currently available information; however, management’s assumptions and the Company’s future performance are subject to a wide range of business risks and uncertainties and there is no assurance that these goals and projections can or will be met. Any number of factors could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to, the volatility of oil and gas prices, the costs and results of drilling and operations, the timing of production, mechanical and other inherent risks associated with oil and gas production, weather, the availability of drilling equipment, changes in interest rates, litigation, uncertainties about reserve estimates, and environmental risk. We caution you not place undue reliance on these forward-looking statements, which speak only as of the date reflected in the slide presentation, and we undertake no obligation to publicly update or revise any forward-looking statements. Further information on risks and uncertainties is available in the Company’s filings with the Securities and Exchange Commission, which are incorporated by reference.

Actual quantities of oil and gas that may be ultimately recovered from Carbon’s interests will differ substantially from our estimates. Factors affecting ultimate recovery include the scope of Carbon’s drilling program, which will be directly affected by the availability of capital, drilling and production costs, commodity prices, availability of drilling services and equipment, drilling results, lease expirations, transportation constraints, regulatory approvals, field spacing rules, recovery of gas in place, length of horizontal laterals, actual drilling results, and geological and mechanical factors affecting recovery rates and other factors. Estimates of resource potential may change significantly as development of our resource plays provides additional data. Investors are urged to consider closely the disclosure in our filings with the SEC available upon request to: Corporate Secretary, Carbon Natural Gas Company, 1700 Broadway, Suite 1170, Denver, Colorado 80290; tel: (720) 407-7043. You can also obtain our public filings from the SEC’s website, <http://www.sec.gov>.

Non-GAAP Measures

The slide presentation contains certain references to EBITDA and Adjusted EBITDA value, which are non-GAAP financial measures, as defined under Regulation G of the rules and regulations of the SEC.

EBITDA and Adjusted EBITDA

“EBITDA” and “Adjusted EBITDA” are non-GAAP financial measures. We define EBITDA as net income or loss before interest expense, taxes, depreciation, depletion and amortization. We define Adjusted EBITDA as EBITDA prior to accretion of asset retirement obligations, ceiling test write downs of oil and gas properties, non-cash stock-based compensation expense and the gain or loss on sold investments or properties. EBITDA and Adjusted EBITDA is consolidated including non-controlling interests and as used and defined by us, may not be comparable to similarly titled measures employed by other companies and are not measures of performance calculated in accordance with GAAP. EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by or used in operating, investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP. EBITDA and Adjusted EBITDA provide no information regarding a company’s capital structure, borrowings, interest costs, capital expenditures, and working capital movement or tax position. EBITDA and Adjusted EBITDA do not represent funds available for discretionary use because those funds are required for debt service, capital expenditures, working capital, income taxes, franchise taxes, exploration and development expenses, and other commitments and obligations. However, our management believes EBITDA and Adjusted EBITDA are useful to an investor in evaluating our operating performance because these measures are widely used by investors in the oil and natural gas industry to measure a company’s operating performance without regard to items excluded from the calculation of such term, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired, among other factors; and help investors to more meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our capital structure from our operating structure; and are used by our management for various purposes, including as a measure of operating performance, in presentations to our board of directors, as a basis for strategic planning and forecasting and by our lenders pursuant to a covenant under our credit facility.

There are significant limitations to using EBITDA and Adjusted EBITDA as a measure of performance, including the inability to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss, the lack of comparability of results of operations of different companies and the different methods of calculating EBITDA and Adjusted EBITDA reported by different companies.

Carbon Strategy

- **Emphasize Health and Safety and Environmental best practices and compliance**
- **Acquire oil and gas producing assets with development potential**
 - **Appalachian Basin**
 - **Ventura Basin**
- **Increase scale of operations through use of outside capital to acquire and develop Appalachian and California oil and gas production**
- **Build value from acquired assets through**
 - **Lease operating expense reductions**
 - **Gathering and compression optimization**
 - **Return to production projects**
 - **Recompletions**
 - **Operational synergies**
- **Utilize best-in-class science and technology to develop assets with highest rate of return on capital invested**
- **Develop assets through drilling as commodity prices warrant**
- **Maintain favorable debt metrics and financial flexibility**
- **Management team has long-term successful track record of creating value for its shareholders and partners**
- **Strong technical team with acquisition, production and drilling expertise**

Carbon Growth Strategy

Appalachian Basin

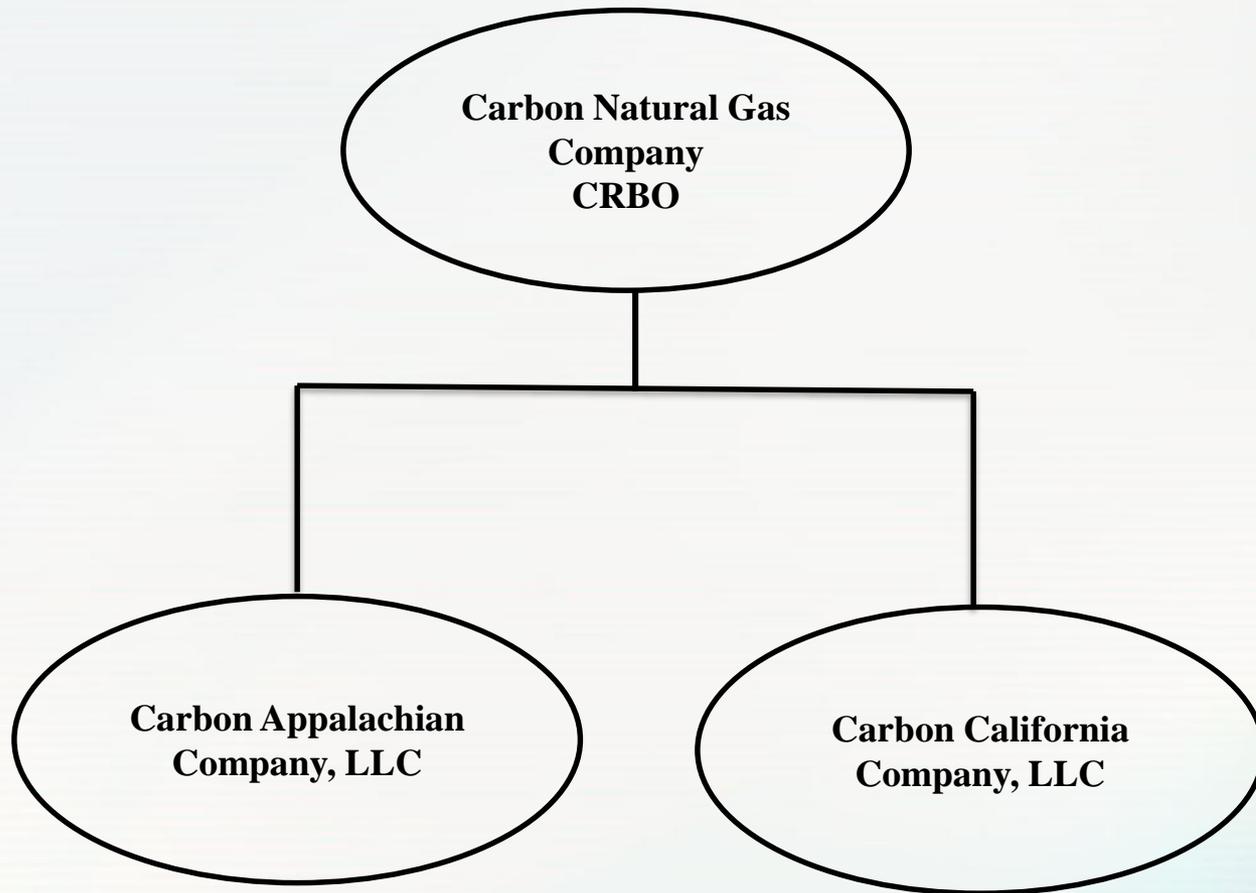
- **Legacy Appalachian producers are divesting southern Appalachia production and midstream assets.**
- **This creates opportunity for Carbon to acquire producing and midstream assets, build on existing operations, and consolidate a southern Appalachian position.**

Ventura Basin, California

- **Legacy producers are divesting Ventura Basin production and midstream assets.**
- **This creates an opportunity to establish a portfolio of light oil, low operating cost producing properties and expand on existing operations.**



Joint Venture Partnerships



Appalachian Basin

- **Approximately 60,000 MCFE net daily production, 90% operated**
- **Proved reserves of 405 bcfe at December 31, 2017**
- **Interest in 8,300 wells**
- **Approximately 1,700,000 net acres of oil, gas and/or coalbed methane rights**
 - **>85% HBP**
 - **80% of remainder expires later than 5 years**
- **Multiple Horizontal Resource Play opportunities**
 - **Berea Sandstone Oil**
 - **Devonian Lower Huron Shale**
 - **Devonian Chattanooga Shale**
 - **Cambrian Rogersville Shale**
- **Low lease operating expenses**
- **High BTU natural gas in close proximity to market**

California

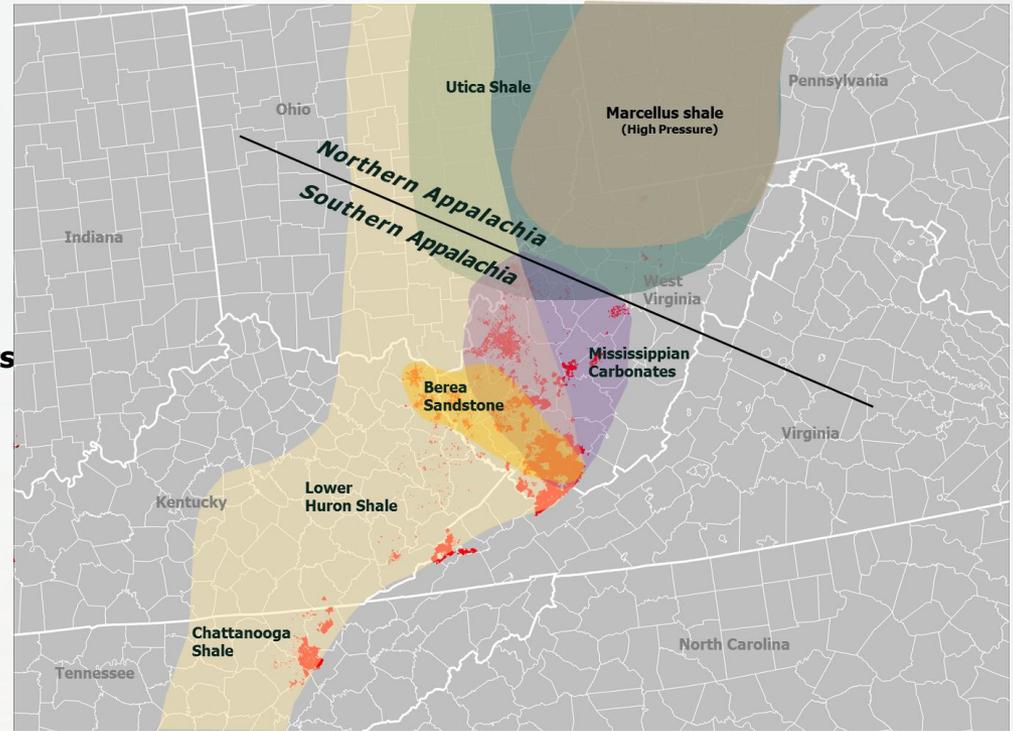
- **630 BOPD and 1,900 MCFD net daily production , 98% operated**
- **Proved reserves of 13 million boe at December 31, 2017**
- **Interest in 230 wells**
- **Approximately 11,000 net acres of oil, gas rights**
 - **100% HBP**
 - **7,400 mineral fee acres**
- **Multiple Play opportunities**
- **Low lease operating expenses**
- **Strong product margins (Brent oil price)**
- **Inventory of Return to Production and Behind Pipe Recompletion**
- **Facility consolidation and projects operating cost improvements**

Southern Appalachian Basin Investment Strategy

Northern and Southern Appalachia are both major historical producing regions.

Both have same geologic history and similar producing formations

- ***Marcellus and Utica Shales in North***
 - ✓ Very high land, drilling and completion costs
 - ✓ Low gas price netback
 - ✓ Highly competitive
- ***Huron/Chattanooga Shale in the South***
 - ✓ Reasonable costs
 - ✓ Attractive gas price netback
 - ✓ Lack of competition

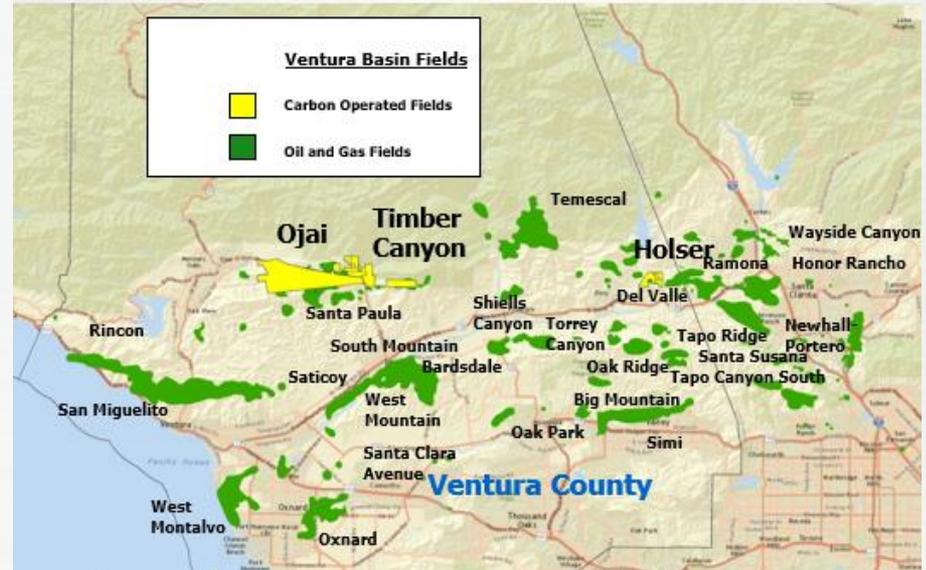


Exploration and Production companies are divesting legacy production in Southern Appalachia to focus on the Marcellus and Utica Shales in the north.

This creates opportunity for Carbon to acquire producing assets in the south, build on existing operations, and to consolidate an industry leading Southern Appalachian position.

Ventura Basin Investment Strategy

- Carbon has identified the Ventura Basin of California as an area which presents an excellent opportunity to establish a portfolio of light oil, low operating cost producing properties
- Carbon has acquired Ojai Field, Timber Canyon Field and Holser Field assets, and is currently implementing production optimization programs
- Carbon has established a safe, environmentally responsible venture through integration and in-depth technical analysis of acquired oil fields
- Carbon will grow the California business unit through low-risk exploitation and development of the properties



➤ California Acquisition Criteria

- Shallow decline, long life reserves with low capital maintenance requirements
- Legacy oil properties with high original oil in place
- Opportunity to apply technological innovation to enhance oil recovery
- Multipay “conventional” hydrocarbon assets
- No thermal / steam flood operations
- Light crude oil (18 – 36 °API)
- Low water cut & shallow decline rates
- Shallow depth (2,000’ to 6,500’ TVD)
- Permitted water management systems
- Favorable land and regulatory environment

Management Team - Denver

Patrick McDonald
*Chief Executive Officer
and Director*

- Patrick McDonald is an energy and natural resources industry Chief Executive Officer and Board Director with over 30 years of executive management and boardroom experience in the United States, Europe, Africa and Asia.
- In leadership roles as Chief Executive Office and Director, Mr. McDonald has founded, financed and managed publicly held and private equity sponsored energy and natural resource companies.
- Mr. McDonald has since 2003 been Chief Executive Officer and Director of Carbon Natural Gas Company (OTCQB:CRBO), a company which he founded and which is involved in oil and natural gas exploration and production operations in the Appalachian Basin and California regions of the United States.
- From 2004 to 2014, Mr. McDonald was Chief Executive Officer (2012-2014) and Director of Forest Oil Corporation (NYSE:FST). From 1998 to 2003, Mr. McDonald was Chief Executive Officer of Carbon Energy Corporation (AMEX:CRB), a company which he founded and which was involved in oil and gas exploration and production operations in the United States and Canada. From 1987 to 1997 Mr. McDonald was Chief Executive Officer of Interenergy Corporation, a company which he founded and which was involved in the natural gas gathering, processing and marketing business in the United States and Canada. Prior to that he worked as an exploration geologist with Texaco International Exploration Company where he was responsible for oil and gas exploration efforts in the Middle East and Far East.
- Mr. McDonald is Chairman of the Board of Directors of Prairie Provident Resources (TSX:PPR), an exploration and production company which operates in Canada.
- Mr. McDonald is a Certified Petroleum Geologist and is a member of the American Association of the Petroleum Geologists and of the Canadian Society of Petroleum Geologists. He is a member of the Board of Trustees of the Buffalo Bill Center of the West, Cody, Wyoming and of the Adirondack North Country Association.
- Mr. McDonald received a Bachelor's degree from Ohio Wesleyan University with majors in both Geology and Economics and a Master's degree in Business Administration (Finance) from New York University.

Kevin Struzeski
*Chief Financial Officer,
Secretary, and Treasurer*

- Kevin D. Struzeski serves as Chief Financial Officer, Secretary and Treasurer and has been with Carbon since 2004.
- Mr. Struzeski holds a B.A. in Business Administration from Colorado State University and an M.S. in Accounting from the University of Colorado. He is a Certified Public Accountant.

Appalachian Operations

Mark Pierce
President

- Mark Pierce serves as President and has been with Carbon since 2001.
- Prior to Carbon, Mr. Pierce held various roles at Ashland Exploration, from Staff Engineer to VP Eastern Region of Ashland Exploration.
- Mr. Pierce has a B.S. in Civil Engineering from Rose-Hulman Institute of Technology and attended Harvard University's Graduate School of Business Advanced Management Program.
- He is a registered Petroleum Engineer in Kentucky, West Virginia and Ohio and a member of the Society of Petroleum Engineers.

Steven Ferris
Vice President of Exploration

- Steven Ferris, Vice President of Exploration, has been with the company since 2000.
- Mr. Ferris has 30 years technical and managerial experience with Conoco and other exploration and production companies.
- Mr. Ferris holds a B.S. Mineralogy from Miami University, an M.S. Geology from the University of Cincinnati and an MBA from Xavier University.
- He is a Registered Professional Geologist and a member of AAPG, SPE, and SEG.

Richard Finucane
Vice President of Engineering

- Richard Finucane, Vice President of Engineering, has been with Carbon since 1998.
- From 1982 to 1997 he was a petroleum engineer with Texaco, Inc and Ashland Exploration Inc.
- Mr. Finucane holds a B.S. in Civil Engineering from the University of Tennessee.

Lloyd Hall
Vice President of Operations

- Lloyd Hall, Vice President of Operations, has been with the company since 2011.
- Mr. Hall was previously Vice President Compression and Pipeline Operations for EQT Midstream/Equitable Gathering.

Michael Potter
Vice President of Land

- Michael Potter, Vice President of Land, has been with the company since 2011.
- Prior to that he has been Land Manager with Interstate Natural Gas and Chief Engineer with Corbin Mining Co.
- Mr. Potter is a graduate of Eastern Kentucky University and is a Registered Professional Land Surveyor and a Certified Engineer in Kentucky.

California Operations

Scott Price

Operations Manager

- Scott Price founded Mirada Petroleum, Inc. in 1995 and has been an operator in Kern and Ventura Counties for the past 20 years. He joined the Company in July 2017
- He has expertise in facilities, reservoir and production engineering, as well as drilling and completion operations
- He has a B.S. in Petroleum Engineering from the University of Southern California

Kelly Brown

Operations Supervisor

- Kelly Brown joined the Company in October 2017.
- He has over 25 years experience in well service operations. Prior to joining Carbon, he was the Rig Superintendent for ThompCo Inc and Rig Supervisor for Excalibur Well Services
- Mr. Brown is experienced in repairing damaged casing, sidetracking, deepening of well bores, pulling & replacing inner liners, plugging & abandonments, cement squeeze jobs, logging & perforating, supervised all aspects of production, lease operator, lease maintenance and general planning within the oil industry.

Todd Habliston

Manager of A&D

- Todd Habliston has over 30 years of oil and gas experience with ARCO, Oxy, Venoco, and Forest Oil, and served as an Adjunct Professor at the Colorado School of Mines. Todd started consulting for the Company in April 2015, and joined the Company in October 2016 as Manager of Acquisitions & Divestitures.
- Mr. Habliston earned a B.S. in Chemical and Petroleum Refining Engineering from the Colorado School of Mines and a MBA from Purdue University
- He is a Registered Professional Engineer and is a member of SPE, SPEE, AAPG, API and IPAA

Curtis Fernandes

*Landman &
Regulatory Assistant*

- Curtis Fernandes specializes in landowner relations and lease analysis. He joined the Company in August 2017 to assist in managing land and regulatory matters for the Company
- He started his oil and gas career in 2002 with Greka Energy located in Santa Maria, California. In 2009, he joined Amrich Energy, Inc. in San Luis Obispo as Business Development Director
- Mr. Fernandes attended California State Polytechnic University – Pomona where he majored in Accounting and Agriculture Business

California Asset Team

Sergey Piletski
Petroleum Engineer

- Sergey Piletski is a petroleum engineer specializing in production, completions and drilling engineering. He joined the Company in August 2017
- He started his career in 2011 with Occidental Petroleum (CRC) located in Long Beach, California.
- Mr. Piletski earned a B.S. in Petroleum Engineering from the Colorado School of Mines and a MBA from Pepperdine University
- He is a member of SPE

Per Kristiansen
Operations Engineer

- Per Kristiansen is a multi-functional well engineer with more than 38 years of experience. He joined the Company in December 2017
- He has project management and integrated team leadership skills from projects both domestic and international, including some high profile projects
- His operational background includes experience with most well and formation types encompassing onshore remote and urban drilling sites, offshore subsea and platform work, HTHP and horizontal wells
- Per received his mechanical engineering degree from the University of Stavanger in 1978

Kate Logsdon
Operations Geologist

- Kate Logsdon is a geologist with 10 years of oil and gas experience specializing in development geology. Her specialties include open-hole log interpretation, subsurface mapping and modeling, clastic, siliceous shale, and carbonate stratigraphy, borehole image interpretation, and structural geology. She joined the Company in December 2017.
- She has worked for Schlumberger, Lago Petroleum Consulting, Freeport McMoRan Oil&Gas, and Sentinel Peak Resources.
- Kate has a B.S. in Geology from California State University, Fullerton and a M.S. in Geology from Central Washington University.
- Kate is a member of CGS, AAPG and SPE.

Vaughn Thompson
Operations Geologist

- Vaughn G. Thompson joined the Company as a Geologist in December 2017. Vaughn has over 14 years of experience in the oil and gas industry with PASA, EGI, Oxy, and CRC. He is the Chair of the AAPG Ethics Committee, serves as the Editor for PSAAPG, and is on the Board of Directors for the California Well Sample Repository.
- Vaughn has worked in California since 2010, during which time he has contributed to several projects in structurally and stratigraphically complex fields. Vaughn has expertise in complex field development, production geology, basin studies, and tectonics.
- Mr. Thompson holds an M.S. in Geology from the University of Utah, is a DPA Professional Geologist, and is a member of AAPG, PSAAPG, SJGS, and the Coast Geological Society.



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