

INVESTOR UPDATE

MAY 2022



Disclaimer: Forward Looking Statements



This presentation contains forward-looking statements that are intended to be covered by the safe harbor within the meaning of the Private Securities Litigation Reform Act of 1995 as stated in 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"). Statements that are not strictly historical statements constitute forward-looking statements and may often, but not always, be identified by the use of such words such as "expects," "believes," "intends," "anticipates," "plans," "estimates," "guidance," "target," "potential," "possible," or "probable" or statements that certain actions, events or results "may," "will," "should," or "could" be taken, occur or be achieved. The forward-looking statements include statements about the expected future reserves, production, financial position, business strategy, revenues, earnings, costs, capital expenditures, liquidity and debt levels of the Company, and plans and objectives of management for future operations. Forward-looking statements are based on current expectations and assumptions and analyses made by Battalion and its management in light of experience and perception of historical trends, current conditions and expected future developments, as well as other factors appropriate under the circumstances. However, whether actual results and developments will conform to statements regarding oil, natural gas liquids or gas reserves is subject to a number of material risks and uncertainties, including but not limited to: further and substantial declines in oil, natural gas liquids or natural gas prices; risks relating to any unforeseen liabilities; the level of success in exploration, development and production activities; adverse weather conditions that may negatively impact development or production activities; the timing of exploration and development expenditures; inaccuracies of reserve estimates or assumptions underlying them; revisions to reserve estimates as a result of changes in commodity prices; impacts to financial statements as a result of impairment write-downs; risks related to levels of indebtedness and periodic redeterminations of the borrowing base under the Company's credit agreement; Battalion's ability to generate sufficient cash flows from operations to meet the internally funded portion of its capital expenditures budget; Battalion's ability to obtain external capital to finance exploration and development operations and acquisitions; the ability to successfully complete any potential acquisitions for value and the risks related thereto; the impacts of hedging on results of operations; uninsured or underinsured losses resulting from oil and natural gas operations; Battalion's ability to replace oil and natural gas reserves; and any loss of senior management or key technical personnel. Battalion's 2021 Annual Report on Form 10-K and subsequent, quarterly reports on Form 10-Q and current reports on Form 8-K, and other Securities and Exchange Commission ("SEC") filings discuss some of the important risk factors identified that may affect Battalion's business, results of operations, and financial condition. Battalion undertakes no obligation to revise or update publicly any forward-looking statements except as required by law.

This presentation includes references to certain non-GAAP financial information such as adjusted G&A per BOE. These measures are presented based on management's belief that they will enable a user of the financial information to understand the impact of these items on reported results. Additionally, this presentation provides a beneficial comparison to similarly adjusted measurements of prior periods. These financial measures are not measures of financial performance under GAAP and should not be considered as an alternative to GAAP. These financial measures may not be comparable to similarly named non-GAAP financial measures that other companies may use and may not be useful in comparing the performance of those companies to Battalion's performance. Refer to Battalion's first quarter earnings release dated May 9, 2022 for a reconciliation of the non-GAAP financial information to the most directly comparable GAAP measure. The earnings release may be found on Battalion's website at: <https://battalionoil.com/investors/>.

This presentation has been prepared by Battalion and includes market data and other statistical information from third-party sources, including independent industry publications, government publications or other published independent sources. Although Battalion believes these third-party sources are reliable as of their respective dates, Battalion has not independently verified the accuracy or completeness of this information. Some data are based on Battalion's good faith estimates, which are derived from its review of internal sources as well as the 3rd-party sources described above.

Management's use of the term estimated ultimate recovery ("EUR") in this presentation describes estimates of potentially recoverable hydrocarbons that the SEC rules prohibit from being included in filings with the SEC. These are more speculative than estimates of proved, probable and possible reserves and accordingly are subject to substantially greater risk of being actually realized, particularly in areas or zones where there has been limited or no drilling history. We include EUR to demonstrate what we believe to be the potential for future drilling and production by Battalion.

Actual quantities that may be ultimately recovered may differ substantially from estimates. Factors affecting ultimate recovery include the scope of the operators' ongoing drilling programs, which will be directly affected by the availability of capital, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, transportation constraints, regulatory approvals and other factors, and actual drilling results, including geological and mechanical factors affecting recovery rates. Estimates of potential resources may also change significantly as the development of the properties underlying Battalion's mineral interests provides additional data. This presentation also contains Battalion's internal estimates of its potential drilling locations, which may prove to be incorrect in a number of material ways and may. Actual results may be substantially different than estimates.

Battalion Oil Corporation: Delaware Pure-Play



Pure Play E&P

- **Pure Play** Delaware Basin Operator (~40,400 net acres)
- Well performance competes with **best in the basin** (~1,100 Mboe per well EUR)
- Deep inventory of **high rate of return locations**

Organic Growth

- **51% year-over-year increase** in 1P Reserves (1P reserves: 95.9 MMMBoe, \$1.1 Bn)¹
- Targeting **double-digit growth** in daily oil production by YE 2022
- Growing production and reserves efficiently - **keeping a rig running in 2022**

Strengthening Balance Sheet

- **Rapid deleveraging** (targeting <1.0x net leverage by YE2023)
- **Ample liquidity** to execute on 2022 capital program
- **Improving hedge book** in robust commodity price environment

Operational Efficiency

- Mitigating inflation through capital efficiency – **record drilling times on Wilson pad**
- Improved offtake capacity provides **reliability and optionality**
- Focused R&M **optimizes run-time** – 16% improvement in Q1 vs 2021 average²

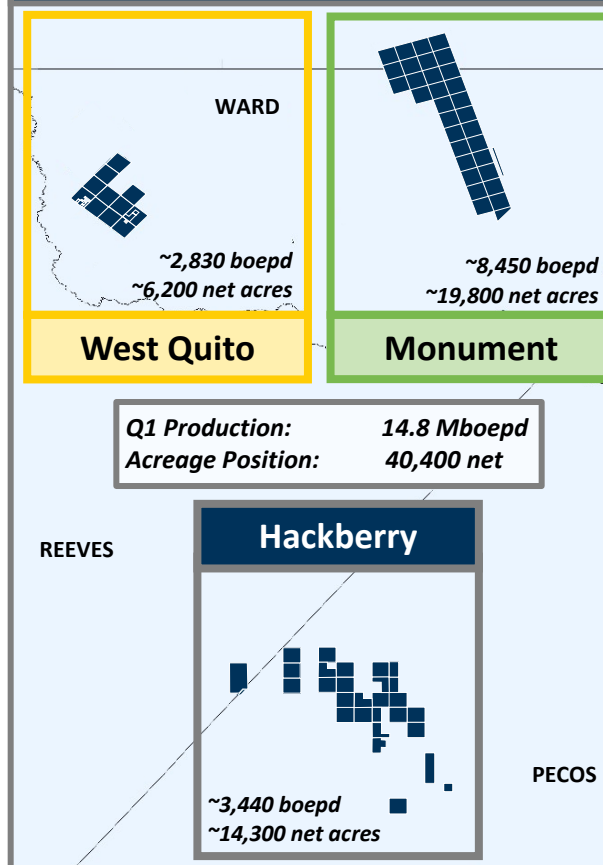
ESG Initiatives

- Continuing discussions on a **comprehensive H2S & CO2 solution (AGI)**
- **Active in our local communities**, supporting youth programs and first responders
- **Participating in Environmental Partnership**, an API initiative

Market Snapshot

NYSE American Symbol: BATL
Market Cap: \$311 million³
Net Debt: \$158 million⁴
Enterprise Value: \$469 million
Share Count: 16.3 million

Asset Overview



(1) PV-10 based on SEC Pricing; reflects year-over-year increase between FY20 and FY21 reserves (3) Based on 5.6.2022 closing share price

(2) R&M: Repairs & maintenance

(4) Long-term debt plus outstanding letters of credit less unrestricted cash

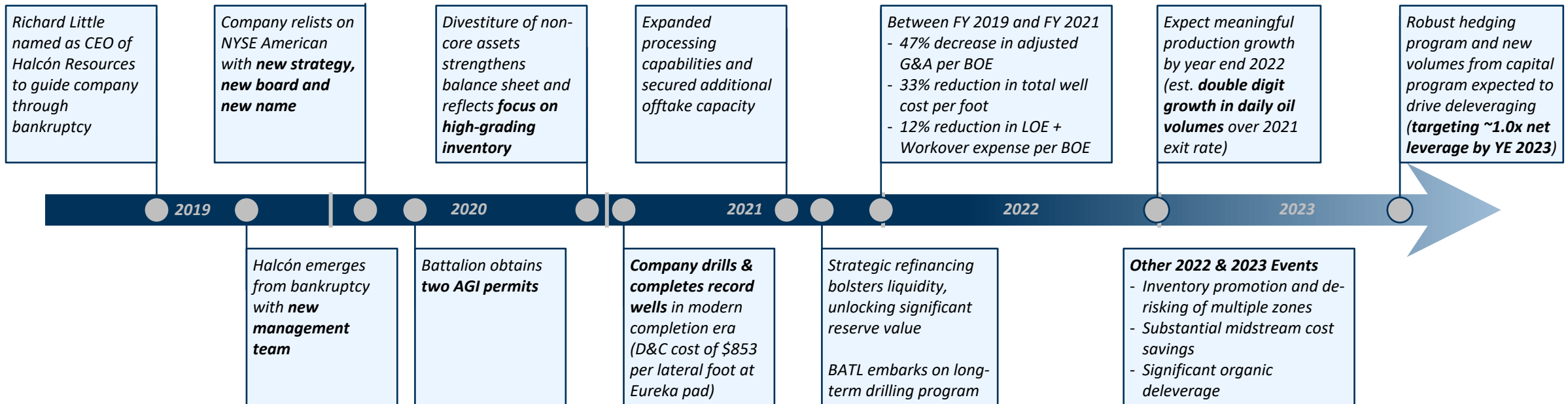
Battalion Strategy

Develop our liquids-rich acreage positions to grow production and reserves efficiently

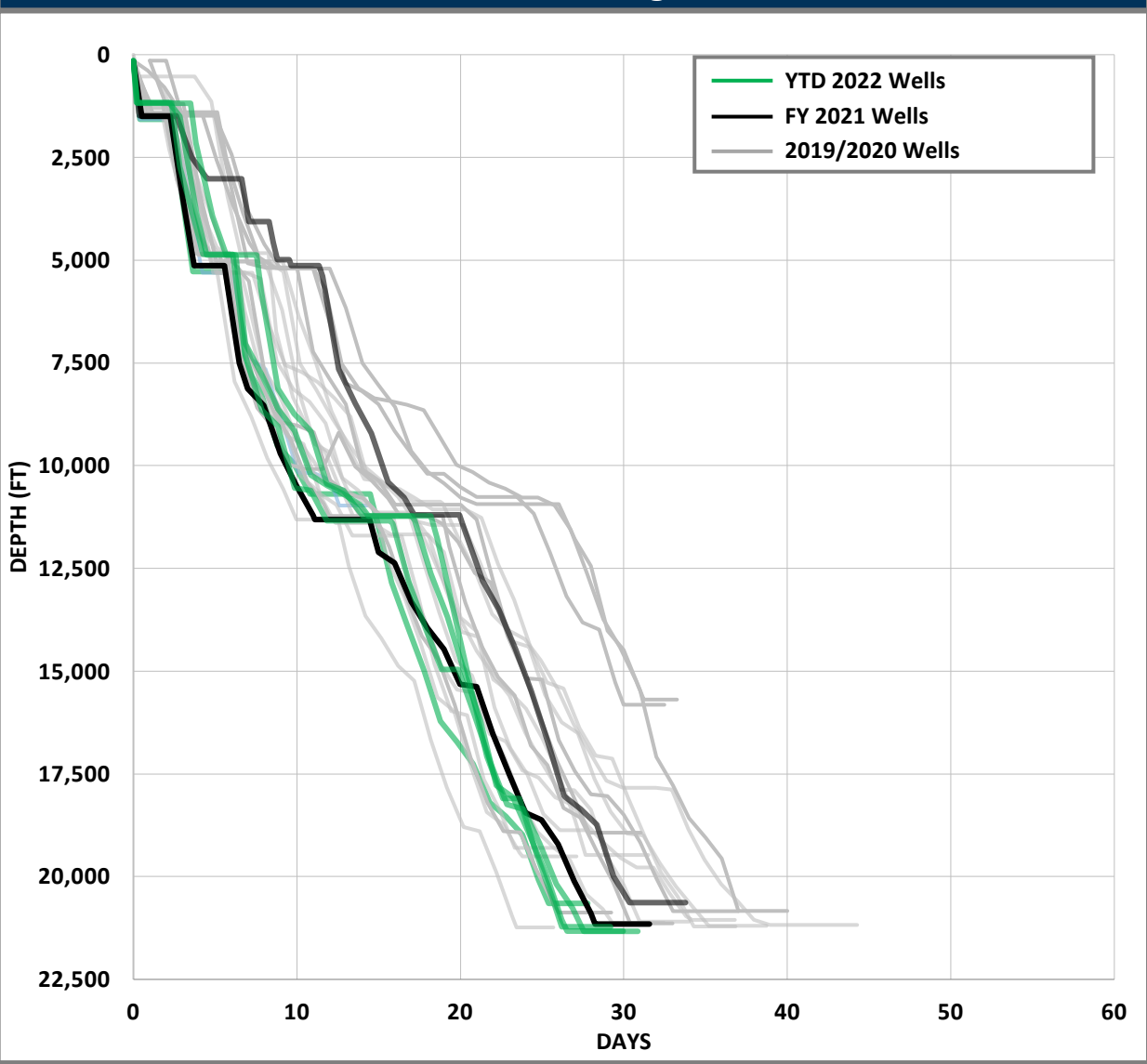
Enhance returns through continued improvements in operational and cost efficiencies

Maintain financial flexibility

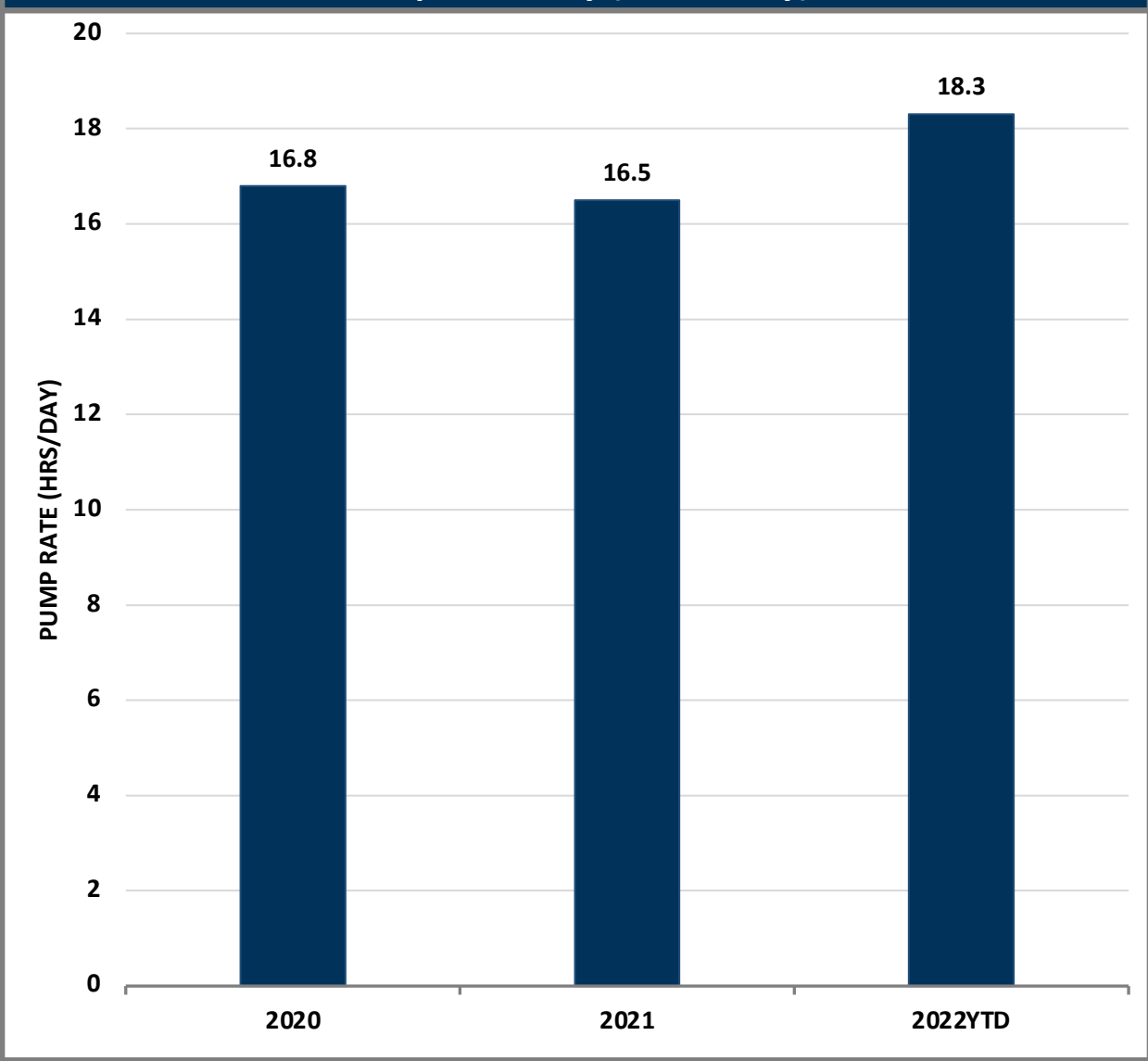
Attain growth through strategic business combinations



Monument Draw Drilling Performance



Pump Efficiency (Hours/Day)



(1) Reflects drilling and completion performance on wells drilled and completed since emerging from bankruptcy

Q1 2022 Key Financial Highlights



Robust Commodity Pricing

- Continued strength in gas and NGL pricing driving increased revenue expectations for 2022



Operational Efficiency Mitigating Inflation

- Record drilling performance on Wilson pad driving cost savings in Q1



Improving Hedge Book

- Production from new wells offering opportunity to layer on new hedge volumes at attractive prices



Substantial Liquidity

- \$78.5 million total liquidity as of March 31, 2022
- \$20.0 million term loan borrowings drawn in April 2022



Significant Organic Deleveraging

- Reduced net leverage from 3.1x since 2Q21
- Targeting net leverage of ~1.0x by YE 2023

Capitalization & Liquidity Summary

\$0,000	03/31/22
Term Loan Borrowings	\$ 200,000
Plus: Outstanding Letters of Credit	1,586
Less: Cash & Cash Equivalents	(43,487)
Total Indebtedness, Net	\$ 158,099
Cash & Cash Equivalents	\$ 43,487
Plus: Undrawn Capacity ¹	35,000
Total Liquidity, Net	\$ 78,487

Adjusted EBITDA, LTM	\$ 69,249
Net Leverage, LTM	2.28x

(1) Delayed Draw Term Loan Borrowings available subject to satisfaction of certain conditions; \$20.0 million drawn on April 29 with \$15.0 million remaining

Environment



Committed to sustainability through reduced flaring, spills and emissions

- Ongoing discussions on AGI solution
- Minimal flaring overall with Q1 average flare intensity of 0.05 Mcf gas flared/bbls oil produced (industry standard 0.10)
- Record low TRIR (0.41) in 2021
- Membership in Environment Partnership (API) for study on methane emissions

Social



Committed to a culture of safety and supporting communities where we operate

- Program in place to support employee giving of time and money to local communities and non-profit organizations
- Provided over 5,000 EHS training hours for employees and contractors
- Investing in employees through benefits/training
- Community efforts to liaison with first responders and local community – recent donations to Monahans Kidz Zone and local municipality

Governance



Committed to accountability, risk management and ethical behavior

- Independent Governance
 - Separated roles of Chairman and CEO
- Compensation structure aligned with operating results and ESG initiatives
- Enhanced Board oversight of 2022 ESG initiatives
- Code of Business Conduct and Ethics for Employees and Contractors



APPENDIX



Hedge Summary

As Battalion returns to development, the Company's hedge strategy is to heavily hedge base production and protect returns on future wells by hedging expected production as capital is committed

Consolidated Crude Oil (Bbl/d) & Natural Gas Hedges (MMBtu/d)						
		2022	2023	2024	2025	2026
Crude Oil						
Swaps – WTI	Avg. Volume	6,776	5,482	3,959	2,817	583
	Wavg. Price	\$51.50	\$65.75	\$60.91	\$59.69	\$59.83
Swaps – Roll	Avg. Volume	6,821	5,307	3,861	2,741	583
	Wavg. Price	\$0.04	\$0.50	\$0.28	\$0.10	\$0.27
Swaps – Basis	Avg. Volume	6,792	5,307	3,861	2,741	583
	Wavg. Price	\$0.45	\$0.25	\$0.23	\$0.17	\$0.19
Natural Gas						
Swaps - Henry Hub	Avg. Volume	7,872	10,843	7,264	6,652	-
	Wavg. Price	\$3.77	\$3.36	\$3.09	\$3.00	-
Collars - Henry Hub	Avg. Volume	10,426	4,444	3,891	1,522	1,792
	Wavg. Floor/Ceiling	\$2.87 - \$3.23	\$3.56 - \$5.23	\$3.19 - \$4.70	\$3.28 - \$4.24	\$4.00 - \$4.45
Swaps - Basis	Avg. Volume	18,298	15,289	11,159	8,175	1,792
	Wavg. Price	(\$0.43)	(\$0.62)	(\$0.64)	(\$0.56)	(\$0.96)

Selected Operating Data

	Three Months Ended March 31,	
	2022	2021
Production volumes:		
Crude oil (MBbls)	670	719
Natural gas (MMcf)	2,315	2,133
Natural gas liquids (MBbls)	273	215
Total (MBoe)	1,329	1,290
Average daily production (Boe/d)	14,767	14,333
Average prices:		
Crude oil (per Bbl)	\$ 93.32	\$ 57.40
Natural gas (per Mcf)	3.84	4.26
Natural gas liquids (per Bbl)	36.64	22.83
Total per Boe	61.26	42.84
Cash effect of derivative contracts:		
Crude oil (per Bbl)	\$ (46.64)	\$ (13.17)
Natural gas (per Mcf)	(0.68)	(0.09)
Natural gas liquids (per Bbl)	—	—
Total per Boe	(24.70)	(7.49)
Average prices computed after cash effect of settlement of derivative contracts:		
Crude oil (per Bbl)	\$ 46.68	\$ 44.23
Natural gas (per Mcf)	3.16	4.17
Natural gas liquids (per Bbl)	36.64	22.83
Total per Boe	36.56	35.35

Selected Operating Data (\$/Boe)



	Three Months Ended March 31,	
	2022	2021
Average cost per Boe:		
Production:		
Lease operating	\$ 8.67	\$ 7.34
Workover and other	0.65	0.43
Taxes other than income	3.73	2.47
Gathering and other	11.48	10.21
General and administrative, as adjusted ⁽¹⁾	3.30	3.24
Depletion	7.57	8.02
<i>(1) Represents general and administrative costs per Boe, adjusted for items noted in the reconciliation below:</i>		
General and administrative:		
General and administrative, as reported	\$ 3.75	\$ 3.74
Stock-based compensation:		
Non-cash	(0.29)	(0.46)
Non-recurring charges and other:		
Cash	(0.16)	(0.04)
General and administrative, as adjusted ⁽²⁾	<u>\$ 3.30</u>	<u>\$ 3.24</u>
Total operating costs, as reported	\$ 28.28	\$ 24.19
Total adjusting items	(0.45)	(0.50)
Total operating costs, as adjusted ⁽³⁾	<u>\$ 27.83</u>	<u>\$ 23.69</u>

2) General and administrative, as adjusted, is a non-GAAP measure that excludes non-cash stock-based compensation charges relating to equity awards under our incentive stock plan, as well as other cash charges associated with non-recurring charges and other. The Company believes that it is useful to understand the effects that these charges have on general and administrative expenses and total operating costs and that exclusion of such charges is useful for comparison to prior periods.

3) Represents lease operating expense, workover and other expense, taxes other than income, gathering and other expense and general and administrative costs per Boe, adjusted for items noted in the reconciliation above.

Adjusted EBITDA Reconciliation (in thousands)



	Three Months Ended March 31, 2022	Three Months Ended December 31, 2021	Three Months Ended September 30, 2021	Three Months Ended June 30, 2021
Net income (loss), as reported	\$ (92,744)	\$ 25,935	\$ 13,052	\$ (33,929)
<i>Impact of adjusting items:</i>				
Interest expense	4,721	3,215	1,904	1,838
Depletion, depreciation and accretion	10,220	12,679	10,885	11,249
Stock-based compensation	384	450	481	485
Interest income	—	(1)	(3)	(84)
Loss (gain) on extinguishment of debt	—	122	(2,068)	—
Unrealized loss (gain) on derivatives contracts	91,038	(21,332)	(1,816)	34,817
Change in fair value of Change of Control Call Option	(2,032)	—	—	—
Non-recurring charges (credits) and other	217	(718)	559	(275)
Adjusted EBITDA ⁽¹⁾	<u>\$ 11,804</u>	<u>\$ 20,350</u>	<u>\$ 22,994</u>	<u>\$ 14,101</u>
Adjusted LTM EBITDA ⁽¹⁾	<u>\$ 69,249</u>			

1) Adjusted EBITDA is a non-GAAP measure, which is presented based on management's belief that it will enable a user of the financial information to understand the impact of these items on reported results. This financial measure is not a measure of financial performance under GAAP and should not be considered as an alternative to GAAP measures, including net income (loss). This financial measure may not be comparable to similarly named non-GAAP financial measures that other companies may use and may not be useful in comparing the performance of those companies to Battalion's performance.

PV-10 is a non-GAAP financial measure and represents the present value of estimated future cash inflows from proved oil and gas reserves, less future development and production costs, discounted at 10% per annum to reflect the timing of future cash flows. The calculation of PV-10 does not give effect to derivative contracts. 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, management believes that the use of a pre-tax measure is valuable for evaluating Battalion. PV-10 should not be considered as an alternative to the standardized measure of discounted future net cash flows as computed under GAAP.

The following table provides a reconciliation of the reported standardized measure of discounted future net cash flows to the PV-10 value of reserves using SEC pricing at December 31, 2021 (in thousands):

Standardized measure of discounted future net cash flows, as reported	\$ 1,075,655
Plus: Present value of future income taxes discounted at 10%	119
PV-10	<u>\$ 1,075,774</u>



Contact:
Chris Lang
(832) 538-0551

