

INVESTOR UPDATE

NOVEMBER 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. 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 third quarter earnings release dated November 14, 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

- Promising results from Bone Springs test – **potential for multi-zone development**
- Superior execution on one-rig program – **8 wells put online YTD through October**
- Generating substantial growth in Adjusted EBITDA – **~34% increase over 2Q22**

Improving Financial Strength

- **Stronger realized pricing** – new volumes offering exposure to high commodity prices
- **Improving hedge book** – dramatic increase in average crude oil strike prices in 2023
- **Focused on deleveraging** – targeting ~1.0x net leverage by YE 2023

Operational Efficiency

- Mitigating inflation through capital efficiency – **record drilling and pump times**
- **Improving flow assurance** with additional takeaway optionality and flexibility
- Reducing execution risk through **proactive management of supply chain**

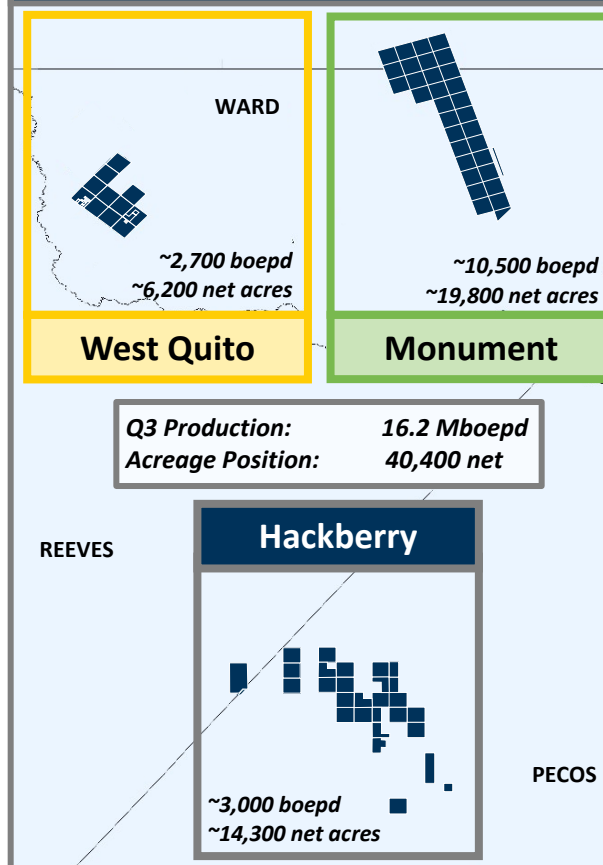
ESG Initiatives

- Construction of acid gas treating facility on track – **AGI facility in-service in 1Q23**
- AGI facility will further bolster **industry leading H2S management capability**
- Hosted charity golf tournament in October – **all proceeds benefiting non-profits**

Market Snapshot

NYSE American Symbol: BATL
Market Cap: \$221 million¹
Net Debt: \$188 million²
Enterprise Value: \$409 million
Share Count: 16.3 million

Asset Overview



(1) Based on 11.11.2022 closing share price

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

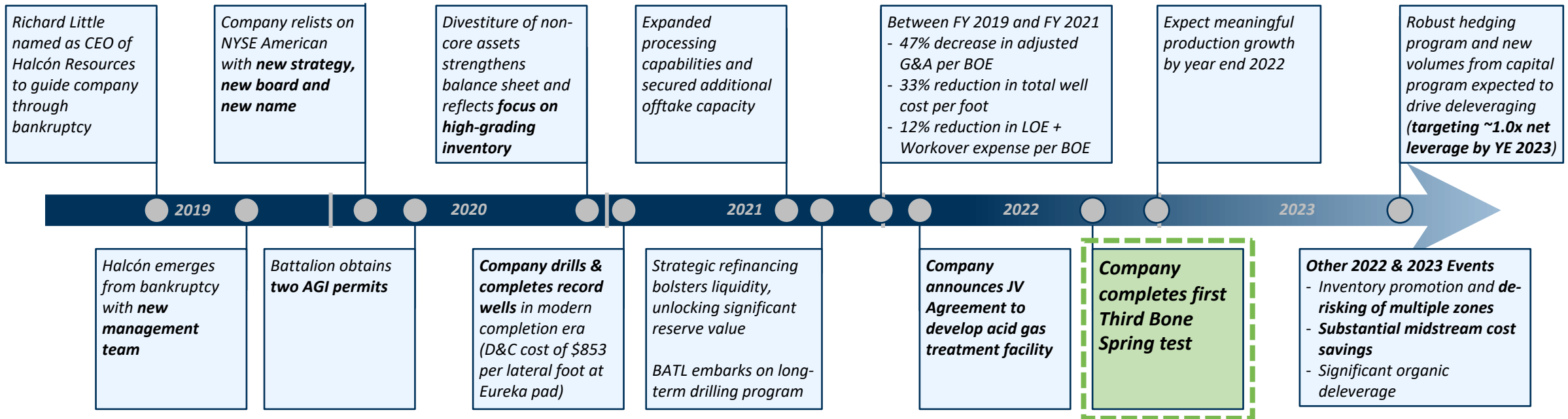
Battalion Strategy

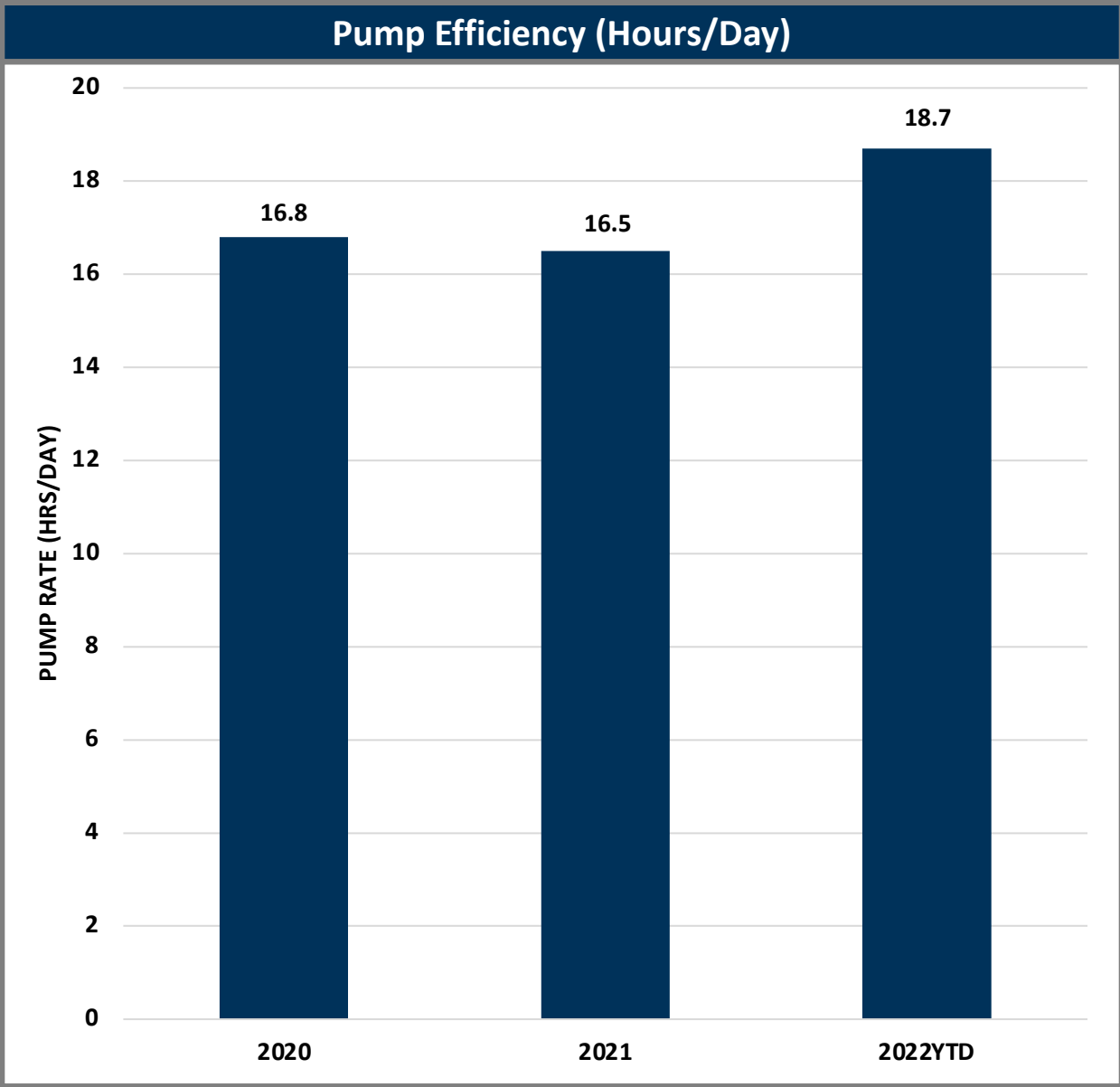
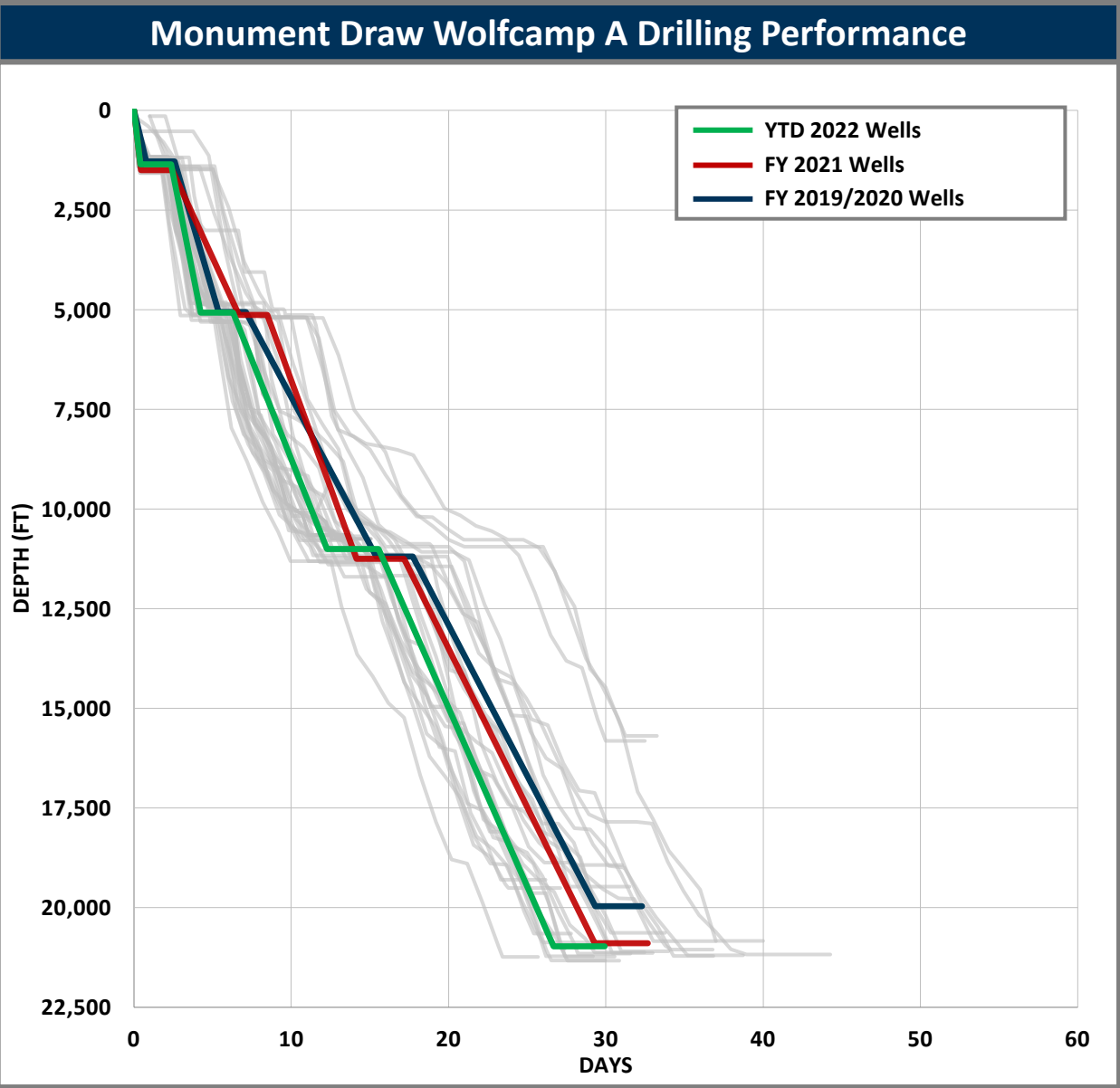
Develop our liquids-rich acreage positions to grow production and reserves efficiently

Enhance returns through continued improvements in operational and cost efficiencies

Maintain financial flexibility

Attain growth through strategic business combinations





(1) Reflects drilling and completion performance on wells drilled and completed since October 2019

Q3 2022 Key Financial Highlights



Production Growth Driving Increased Adjusted EBITDA

- >30% increase in Adjusted EBITDA over 2Q22
- Increasing daily production (~8% growth over 2Q22) provides access to unhedged prices



Improving Realized Pricing

- 11% increase in realized crude oil price in 3Q22 despite decrease in benchmark prices over 2Q22



Continued Improvement of Hedge Book

- Mark-to-market value of hedge book methodically decreasing as below market 2022 hedges continue to roll off



Expect Further Production Growth in Fourth Quarter

- Three wells put online, including Bone Spring test, in October
- Anticipate two additional wells put online during 4Q22



Construction of Acid Gas Treating Facility on Track

- No capital required from Battalion for construction of facility
- Anticipate significant reduction to OpEx in 1Q23

Capitalization & Liquidity Summary

\$0,000	09/30/22
Term Loan Borrowings & Other Indebtedness	\$ 220,122
Plus: Outstanding Letters of Credit	1,286
Less: Cash & Cash Equivalents	(33,499)
Total Indebtedness, Net	\$ 187,908
Cash & Cash Equivalents	\$ 33,499
Plus: Undrawn Capacity ¹	15,000
Total Liquidity, Net	\$ 48,499

Adjusted EBITDA, LTM	\$ 74,635
Net Leverage, LTM	2.52x

(1) \$15.0 million remaining Delayed Draw Term Loan Borrowings available subject to satisfaction of certain conditions

Environment



Committed to sustainability through reduced flaring, spills and emissions

- ***AGI will be able to fully capture and sequester >50,000 tons of H2S and CO2 annually***
- Minimal flaring overall with LTM average flare intensity well below industry standard of 0.10 mcf gas flared/bbls oil produced
- Zero recordable incidents over last twelve months
- Membership in Environment Partnership (API) for study on methane emissions

Social



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

- Hosted inaugural BATL For The Kids Charity Golf tournament with proceeds benefiting non-profits
- 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



AGI: A COMPREHENSIVE GAS TREATING SOLUTION

Acid Gas Injection – A Comprehensive Solution

In May 2022, we and Caracara Services announced a joint venture to construct and operate a strategic acid gas treatment facility

Deal Summary

Partner	Caracara Services LLC (“Caracara”)
Joint Venture	Brazos Amine Treater, LLC (“BAT LLC”)
Facility	One permitted acid gas injection (“AGI”) well with associated amine treater
Battalion Contributed Assets ¹	<ul style="list-style-type: none">One permitted AGI well (Hutchings-Sealy #4)²Surface land for the amine treater facility with road access rights
Sources of Funds	USDA Loan Cash contribution from Caracara
Ownership Percentage	95% Caracara 5% Battalion
Term	20 years
Initial Phase 1 Capacity	30 MMcfd firm capacity (~100% of initial capacity) up to 10% acid gas
Additional Capacity	Battalion retains right of first refusal on all future capacity
Minimum Volume Commitment	20 MMcfd firm for 5 years with certain rollover rights and startup flexibility
Treating Fees	Tiered based on average daily volume

- ✓ ***Comprehensive solution for current and future acid gas treating needs***
- ✓ ***Considerable reduction to OpEx (>50% decrease in treating fees)***
- ✓ ***Enhances single well returns at Monument Draw***
- ✓ ***Initial capacity to capture and sequester >50,000 tons of H₂S and CO₂ annually***
- ✓ ***Utilizes existing well, minimizing capital requirements***
- ✓ ***Potential to unlock significant reserves***
- ✓ ***Firm capacity with right of first refusal on future volumes***
- ✓ ***Plentiful expansion opportunities (including second permitted AGI well³)***

(1) Assets contributed by certain of Battalion's affiliates or subsidiaries

(3) Second permitted AGI well has also been previously drilled and completed

(2) Hutching-Sealy #4 was previously drilled and completed to a depth of 18,250'; workover of well expected to be completed in 2H22 by Battalion

Joint Venture Overview

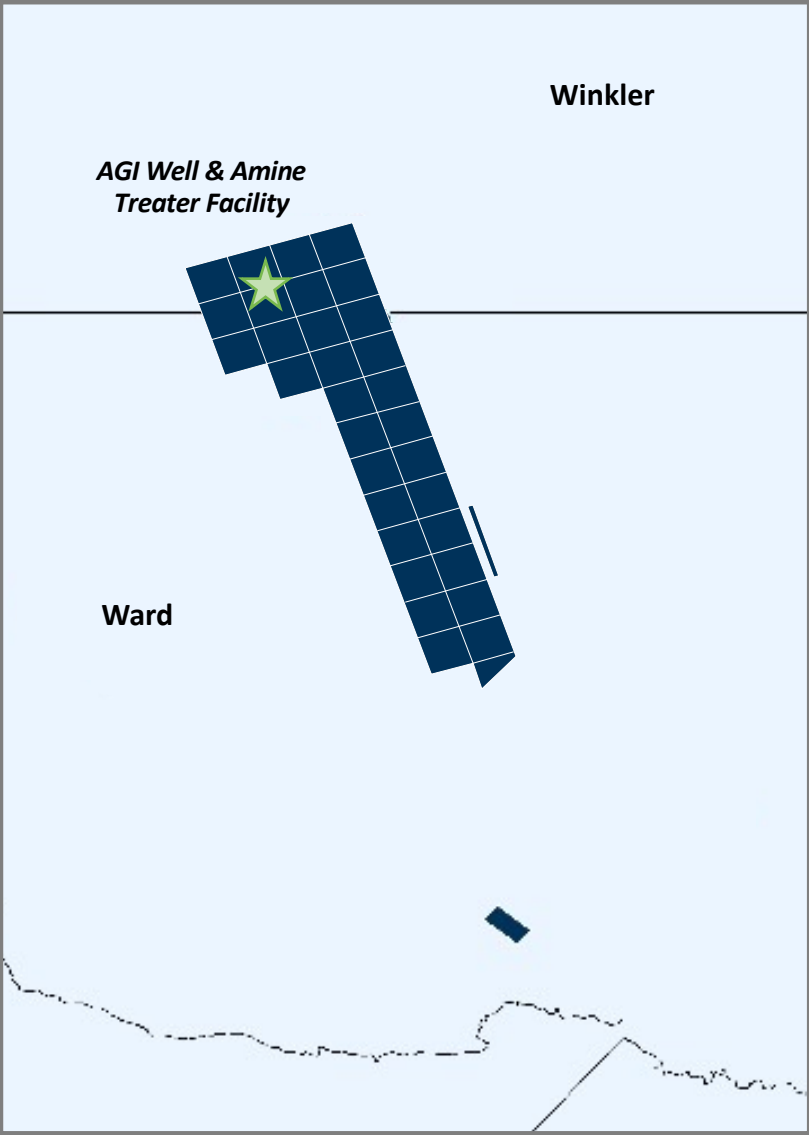
Under the JV Agreement:

- Facility will include an amine treater and one permitted AGI well supported by Battalion-owned sour gas compression and gas gathering pipelines with downstream pipeline interconnects
 - Initial Phase 1 facility capacity of 30 MMcfd (at 10% acid gas)
 - Expansion of Facility in Phase 2 could increase capacity up to 50 MMcfd
 - Additional expansion opportunities through a second permitted AGI well¹
- Facility funding composed of a USDA loan and a cash investment from Caracara
- Battalion will retain 5% interest in the joint venture and have a seat on the Board of Directors

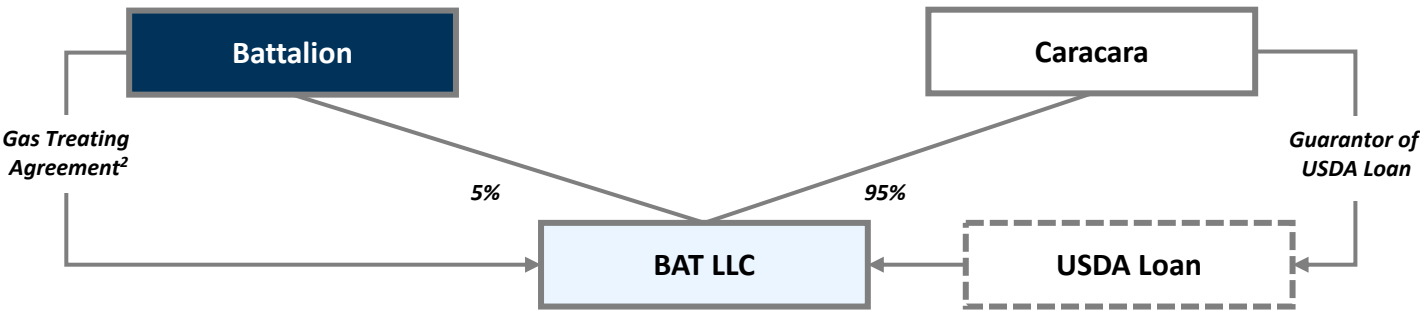
In connection with the JV Agreement, Battalion and BAT LLC entered into a Gas Treating Agreement²

- Provides Battalion with 30 MMcfd firm capacity (i.e. 100% of initial capacity)
 - Battalion retains right of first refusal on all future capacity
- Tiered-rate structure expected to drive >50% reduction in treating fees

Facility Location



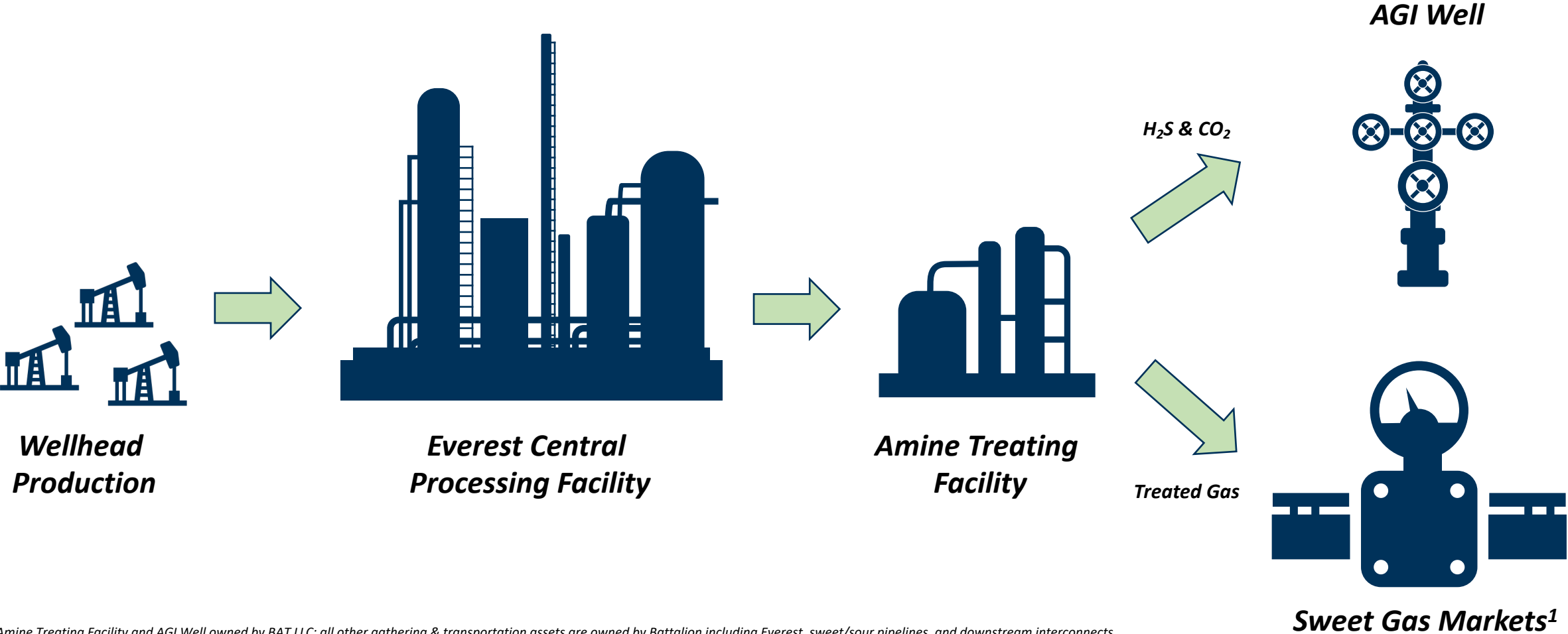
Simplified Structure²



(1) The second permitted AGI well is controlled by Battalion through a wholly owned subsidiary

(2) The Gas Treating Agreement was entered into by certain wholly-owned subsidiaries of Battalion

The Facility design is based on decades-old proven technology with leading edge enhancements to safely treat and inject high concentrations of H₂S and CO₂



Note: Amine Treating Facility and AGI Well owned by BAT LLC; all other gathering & transportation assets are owned by Battalion including Everest, sweet/sour pipelines, and downstream interconnects

(1) Gas volumes at Monument Draw are under a long-term dedication to Salt Creek Midstream

Significant progress has been made on the AGI and amine treater facility

Gas Treating Agreement Executed

Surveys & Site Work Complete

Drafting & Design Complete

Facility Under Construction

Workover of AGI Well Underway

Select Milestones	
Milestone	Timing
Gas Treating Agreement	Executed
Facility Drafting and Planning	Completed & Executing Plan
Long Lead Equipment	Under Construction
Site Work	In Progress
AGI Well Workover	In Progress
Facility Construction	On Track
Facility In-Service	1Q23



APPENDIX

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)		4Q2022	2023	2024	2025	2026
Crude Oil						
Swaps – WTI	Avg. Volume	6,863	6,906	4,952	3,211	1,950
	Wavg. Price	\$54.64	\$69.62	\$63.75	\$60.88	\$64.19
Swaps – Roll	Avg. Volume	6,765	6,906	4,737	3,211	1,950
	Wavg. Price	\$0.15	\$0.58	\$0.30	\$0.13	\$0.18
Swaps – Basis	Avg. Volume	6,765	7,086	4,946	3,211	1,950
	Wavg. Price	\$0.44	\$0.40	\$0.27	\$0.16	\$0.09
Natural Gas						
Swaps - Henry Hub	Avg. Volume	4,262	13,760	11,085	9,457	5,013
	Wavg. Price	\$3.89	\$3.70	\$3.51	\$3.33	\$4.03
Collars - Henry Hub	Avg. Volume	17,497	6,354	5,548	2,883	2,454
	Wavg. Floor/Ceiling	\$4.06 - \$4.84	\$4.39 - \$5.94	\$3.66 - \$5.06	\$3.72 - \$5.05	\$4.03 - \$4.86
Swaps - Basis	Avg. Volume	20,812	20,106	16,633	12,266	7,467
	Wavg. Price	(\$0.60)	(\$0.81)	(\$0.82)	(\$0.64)	(\$0.75)

Selected Operating Data



	Three Months Ended September 30,	
	2022	2021
Production volumes:		
Crude oil (MBbls)	753	872
Natural gas (MMcf)	2,352	2,589
Natural gas liquids (MBbls)	348	327
Total (MBoe)	1,493	1,631
Average daily production (Boe/d)	16,228	17,728
Average prices:		
Crude oil (per Bbl)	\$ 93.50	\$ 68.83
Natural gas (per Mcf)	6.66	3.64
Natural gas liquids (per Bbl)	36.33	33.78
Total per Boe	66.11	49.36
Cash effect of derivative contracts:		
Crude oil (per Bbl)	\$ (36.07)	\$ (24.19)
Natural gas (per Mcf)	(3.11)	(0.50)
Natural gas liquids (per Bbl)	—	—
Total per Boe	(23.09)	(13.73)
Average prices computed after cash effect of settlement of derivative contracts:		
Crude oil (per Bbl)	\$ 57.43	\$ 44.64
Natural gas (per Mcf)	3.55	3.14
Natural gas liquids (per Bbl)	36.33	33.78
Total per Boe	43.02	35.63

Selected Operating Data (\$/Boe)



	Three Months Ended September 30	
	2022	2021
Average cost per Boe:		
Production:		
Lease operating	\$ 8.22	\$ 7.34
Workover and other	1.71	0.61
Taxes other than income	3.76	1.89
Gathering and other	11.16	9.77
General and administrative, as adjusted ⁽¹⁾	2.11	2.11
Depletion	8.97	6.57
<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	\$ 3.02	\$ 2.75
Stock-based compensation:		
Non-cash	(0.46)	(0.29)
Non-recurring charges and other:		
Cash	(0.45)	(0.35)
General and administrative, as adjusted ⁽²⁾	<u>\$ 2.11</u>	<u>\$ 2.11</u>
Total operating costs, as reported	\$ 27.87	\$ 22.36
Total adjusting items	(0.91)	(0.64)
Total operating costs, as adjusted ⁽³⁾	<u>\$ 26.96</u>	<u>\$ 21.72</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 September 30, 2022	Three Months Ended June 30, 2022	Three Months Ended March 31, 2022	Three Months Ended December 31, 2021
Net income (loss), as reported	\$ 105,888	\$ 13,047	\$ (92,744)	\$ 25,935
<i>Impact of adjusting items:</i>				
Interest expense	6,232	5,394	4,721	3,215
Depletion, depreciation and accretion	13,615	12,601	10,220	12,679
Stock-based compensation	683	473	384	450
Interest income	(141)	(1)	—	(1)
Loss (gain) on extinguishment of debt	—	—	—	122
Unrealized loss (gain) on derivatives contracts	(102,112)	(12,837)	91,038	(21,332)
Change in fair value of Change of Control Call Option	(449)	(562)	(2,032)	—
Non-recurring charges (credits) and other	597	53	217	(718)
Adjusted EBITDA ⁽¹⁾	<u>\$ 24,313</u>	<u>\$ 18,168</u>	<u>\$ 11,804</u>	<u>\$ 20,350</u>
Adjusted LTM EBITDA ⁽¹⁾	<u>\$ 74,635</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>



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