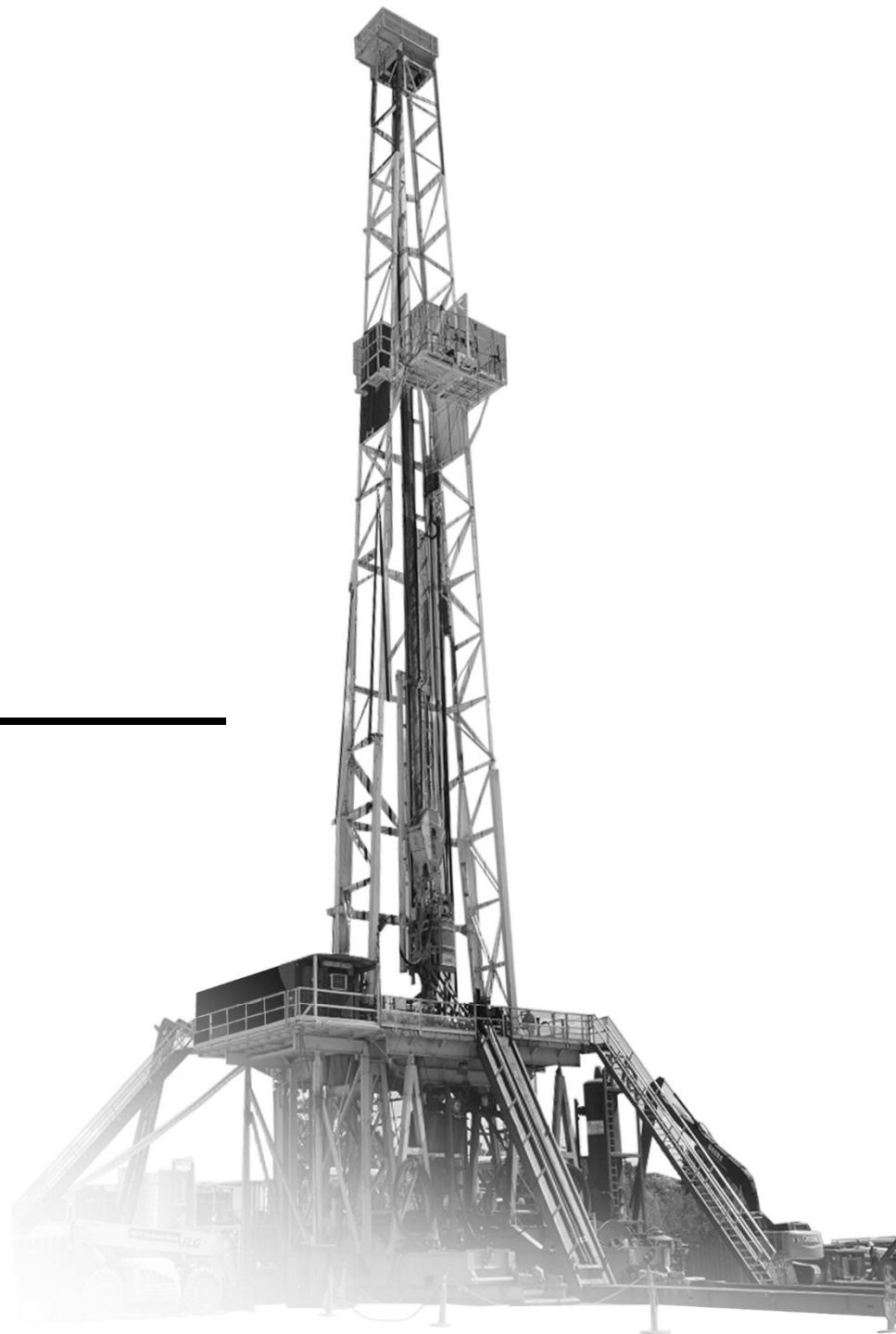




EARTHSTONE
Energy, Inc.

Investor Presentation

August 6, 2018



Disclaimer

Forward-Looking Statements

This presentation contains 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”). 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,” “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 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 Earthstone 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 expectations is subject to a number of material risks and uncertainties, including but not limited to: risks relating to any unforeseen liabilities; declines in oil, natural gas liquids or natural gas prices; 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 level of indebtedness and periodic redeterminations of the borrowing base under the Company’s credit agreement; Earthstone’s ability to generate sufficient cash flows from operations to meet the internally funded portion of its capital expenditures budget; Earthstone’s ability to obtain external capital to finance exploration and development operations and acquisitions; the ability to successfully complete any potential asset acquisitions and the risks related thereto; the impacts of hedging on results of operations; uninsured or underinsured losses resulting from oil and natural gas operations; Earthstone’s ability to replace oil and natural gas reserves; and any loss of senior management or key technical personnel. Earthstone’s 2017 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, recent current reports on Form 8-K and any amendments of such filings, and other Securities and Exchange Commission (“SEC”) filings discuss some of the important risk factors identified that may affect Earthstone’s business, results of operations, and financial condition. Earthstone undertakes no obligation to revise or update publicly any forward-looking statements except as required by law.

Industry and Market Data

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

Disclaimer

Oil and Gas Reserves

The SEC generally permits oil and gas companies, in filings made with the SEC, to disclose estimated proved reserves, which are estimates of reserve quantities that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, and certain probable and possible reserves that meet the SEC's definitions for such terms. Earthstone discloses only estimated proved reserves in its filings with the SEC. Earthstone's estimated proved reserves as of December 31, 2017 contained in this presentation were prepared by Cawley, Gillespie & Associates, Inc., an independent engineering firm ("CG&A"), and comply with definitions promulgated by the SEC. Additional information on Earthstone's estimated proved reserves is contained in Earthstone's filings with the SEC. This presentation also contains Earthstone's internal estimates of its potential drilling locations, which may prove to be incorrect in a number of material ways. The actual number of locations that may be drilled may differ substantially.

Certain estimates of proved reserves contained herein were independently prepared by CG&A utilizing NYMEX 5-year strip prices (future prices) for oil, natural gas and NGL's as of December 31, 2017. Management believes that utilizing an alternate pricing case better represents the value of the reserves and are better aligned with fair value of reserves. Management also believes the alternate pricing case is useful to investors because it uses future prices and not historical prices in its planning and strategic decision making. In addition to using NYMEX 5-year strip prices, future plugging and abandonment costs net of salvage value have been excluded from the NYMEX 5-year strip price reserves case.

Investment Highlights

Midland Basin Focused Company with Growing Inventory

- ✓ Actively growing in the Midland Basin
- ✓ Growth through drill bit, acquisitions and significant business combinations
- ✓ ~950 total gross drilling locations across core play in Midland Basin
- ✓ Upside from down-spacing and added benches

Prudently Managed Balance Sheet

- ✓ Liquidity of \$207 million⁽¹⁾, able to fund capital expenditures
- ✓ Conservative capital structure with low leverage
- ✓ Traditional reserve-based credit facility with standard covenants

Visible Production Growth & Drilling Program with Substantial Optionality

- ✓ Midland Basin and Eagle Ford wells-in-progress provide ability to ramp up production quickly
- ✓ Majority of acreage in key areas is HBP

Proven Management Team

- ✓ Four prior successful public entities
- ✓ Operational excellence
- ✓ Repeat institutional investors
- ✓ Market recognition from investors and sellside research analysts

(1) Liquidity estimated as of June 30, 2018 based on \$22.5mm drawn on revolving credit facility with a borrowing base of \$225mm and \$4.2mm of cash on hand.

Track Record

- **Management team has consistently created shareholder value**

- Repeated success with multiple entities over 25 years
- Results have created long-term and recurring shareholders
- Extensive industry and financial relationships
- Technical and operational excellence
 - Multi-basin experience
 - Resource & conventional expertise
 - Complex drilling & horizontal resource proficiency
 - Efficient and low-cost operator
 - Proven acquisition and exploitation results



2007 – 2012 GeoResources, Inc. (“GEOI”)
 Eagle Ford, Bakken / Three Forks, Gulf Coast
*Initial investors – **35% IRR***
*Initial investors – **4.8x return***

Initial Southern Bay investors achieved a combined 7.4x ROI upon the merger with GeoResources and subsequent sale in 2012

2005 – 2007 Southern Bay Energy, LLC (Private)

Gulf Coast, Permian Basin
*Initial investors – **40% IRR***

2001 – 2004 AROC, Inc. (Private)

Gulf Coast, Permian Basin, Mid-Con.
*Preferred investors – **17% IRR***
*Initial investors – **4x return***

1997 – 2001 Texoil, Inc. (“TXLI”)

Gulf Coast, Permian Basin
*Preferred investors – **2.5x return***
*Follow-on investors – **3x return***
*Initial investors – **10x return***

1992 – 1996 Hampton Resources Corp. (“HPTR”)

Gulf Coast
*Preferred investors – **30% IRR***
*Initial investors – **7x return***

Note: “Initial investors” refers to (i) in the case of private entities, investors that participated in the initial capitalization or recapitalization of the entity at the time a change in management occurred, or (ii) in the case of public entities, public shareholders existing at the date the transaction was announced to the public. Past performance is not necessarily indicative of future results.

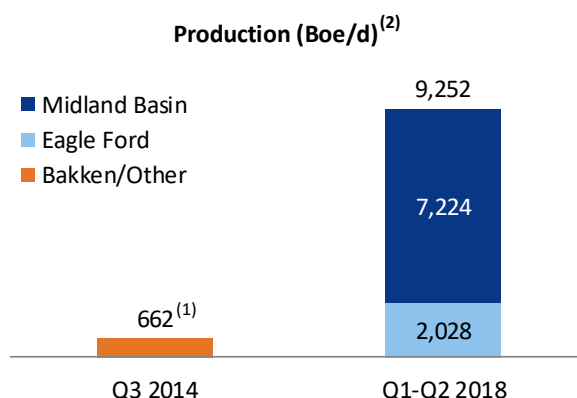
Management

- Strong management and technical team with demonstrated ability and prior success
- Equity ownership - interests are clearly aligned with shareholders

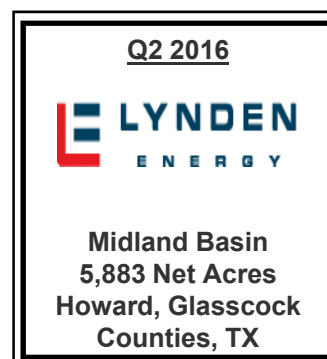
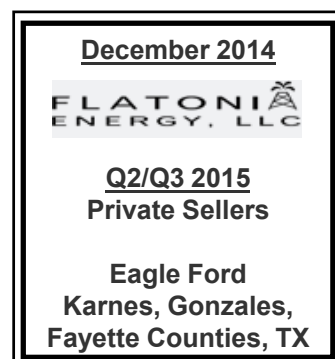
	Years of Experience	Years Working Together	Responsibility
Frank Lodzinski	46	30	CEO
Robert Anderson	30	15	President
Mark Lumpkin	20	1	CFO
Steve Collins	28	22	Operations
Tim Merrifield	37	19	Geology and Geophysics
Francis Mury	42	30	Drilling and Development
Tony Oviedo	37	1	Accounting and Administration
Lane McKinney	20	5	Land
Lenny Wood	16	1	Exploration and Development
Scott Thelander	11	1	Finance

Earthstone – A Platform for Steady Growth

- Since December 2014, Earthstone has evolved from a micro cap, non-op Bakken / Three Forks company to a small cap operator that is primarily focused in the Midland Basin



Resource Expansion



(1) Daily production for the three month period ended September 30, 2014.
(2) Represents reported sales volumes.

Company Overview

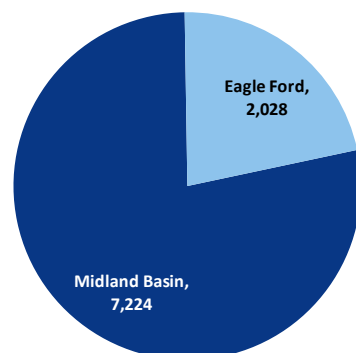
- The Woodlands, Texas based E&P company focused on development and production of oil and natural gas with current operations in the Midland Basin (~26,700 core net acres) and the Eagle Ford (~16,000 core net acres)
 - Closed sale of Bakken assets in December 2017
- Strategy of growing through the drill bit, organic leasing, and attractive asset acquisitions and business combinations
- Q1-Q2 2018 production of 9,252 Boe/d (63% oil, 81% liquids)⁽¹⁾
- On May 9, 2017, Earthstone closed a business combination with Bold Energy III LLC
 - 20,900 net acres⁽²⁾ predominantly in Reagan, Upton, and Midland Counties
 - 500+ gross locations; 99% operated; average 87% working interest⁽²⁾
- In May 2016, Earthstone closed its business combination with Lynden Energy Corp. and established its initial presence in the Midland Basin
 - 5,883⁽²⁾ net acres in Howard, Glasscock, Midland, and Martin Counties
 - 177 gross locations; average 40% working interest⁽²⁾

12/31/2017 Estimated Proved Reserves⁽³⁾

Category	Oil (MMBbls)	Gas (MMMcf)	NGL (MMBbls)	Total (MMBoe)	PV-10 (\$mm)
PDP	10.9	21.4	3.8	18.2	\$274
PNP	1.1	1.9	0.4	1.8	\$23
PUD	35.5	68.1	13.4	60.3	\$344
1P	47.5	91.4	17.5	80.3	\$641

Production Summary

Q1-Q2 2018 Net Production: 9,252 Boe/d



Market Statistics⁽⁴⁾

(\$mm, Except Share Price)

Class A Common Stock (mm)	28.2
Class B Common Stock (mm)	35.8
Total Common Stock Outstanding (mm)	64.0
Stock Price (8/1/18)	\$9.70
Market Capitalization	\$620.6
Plus: Total Debt	\$22.5
Less: Cash	(\$4.2)
Enterprise Value	\$638.9

- (1) Represents reported sales volumes.
 (2) Acreage, locations and working interests as of the transaction date.
 (3) Reserve quantities and values were independently estimated by CG&A utilizing NYMEX 5-year strip prices as of December 31, 2017 (Oil – \$59.55, \$56.19, \$53.76, \$52.29, \$51.67 / Gas - \$2.84, \$2.81, \$2.82, \$2.85, \$2.89). See “Non-GAAP Financial Measure – PV-10”.
 (4) Class A and Class B Common Stock outstanding as of July 30, 2018. Total debt and cash balances as of June 30, 2018.



Earthstone by the Numbers: Increased Size, Scale and Core Inventory



Operations	Midland Basin Net Acres	26,700
	Net Midland Basin Locations	500
	% Operated in Midland Basin	77%
	Q1-Q2 2018 Production (Mboe/d) ⁽¹⁾	9.3
	Q1-Q2 2018 Production (% Oil / % Liquids)	63% / 81%
Reserves	12/31/2017 Proved Reserves (MMboe) ⁽²⁾	80.3
	12/31/2017 PV-10 (\$mm) ⁽²⁾	\$641
	% Oil / % Liquids	59% / 81%
Q1-Q2 2018 Financial	Q1-Q2 2018 Revenue (\$mm)	\$78.0
	Q1-Q2 2018 Adjusted EBITDAX (\$mm) ⁽³⁾	\$45.8
	Q1-Q2 2018 LOE (\$/boe) ⁽⁴⁾	\$5.77
	Q1-Q2 2018 G&A (\$/boe) ⁽⁵⁾	\$5.88
	Borrowing Base (\$mm)	\$225

(1) Represents reported sales volumes.

(2) Reserve quantities and values were independently estimated by CG&A utilizing NYMEX 5-year strip prices as of December 31, 2017 (Oil – \$59.55, \$56.19, \$53.76, \$52.29, \$51.67 / Gas - \$2.84, \$2.81, \$2.82, \$2.85, \$2.89). See “Non-GAAP Financial Measure – PV-10”.

(3) See “Reconciliation of Non-GAAP Financial Measure – Adjusted EBITDAX”.

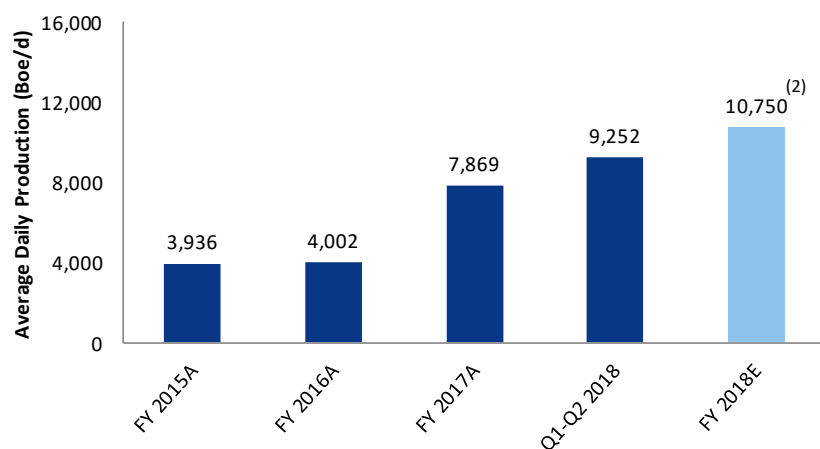
(4) Includes re-engineering, workovers and ad valorem taxes.

(5) Excludes non-cash stock-based compensation.

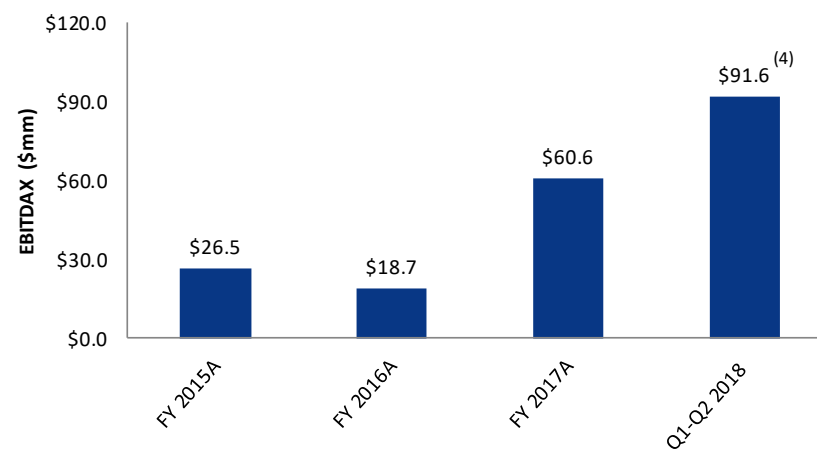


Robust Growth with a Focus on Operations and Balance Sheet

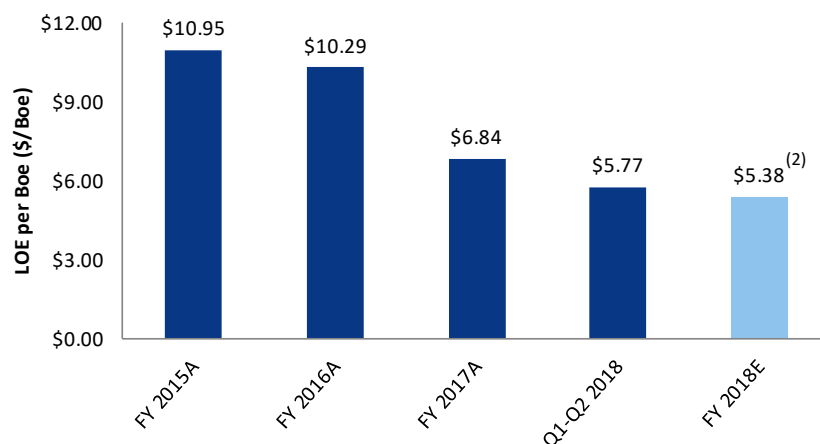
Average Daily Production (Boe/d)⁽¹⁾



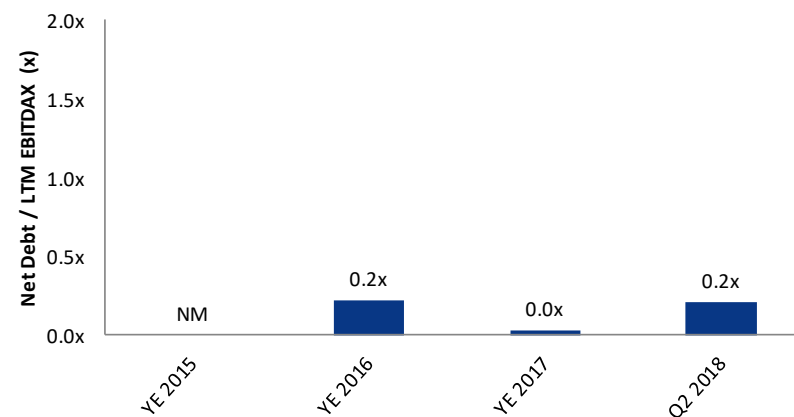
Adj. EBITDAX (\$mm)⁽³⁾



Lease Operating Expense (\$/Boe)⁽⁵⁾

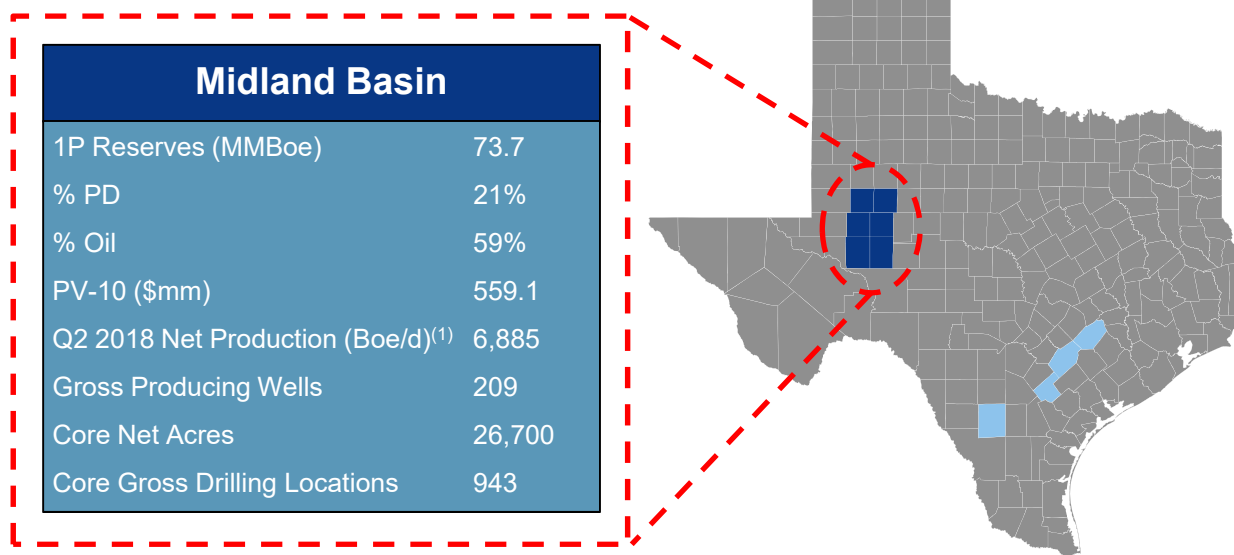


Net Debt / LTM EBITDAX



- (1) Represents reported sales volumes.
- (2) Reflects midpoint of 2018 FY Guidance.
- (3) See "Reconciliation of Non-GAAP Financial Measure – Adjusted EBITDAX".
- (4) Based Q1-Q2 2018 Adjusted EBITDAX of \$45.8mm on an annualized basis.
- (5) Includes re-engineering, workovers and ad valorem taxes.

Areas of Operations



Eagle Ford	
1P Reserves (MMBoe)	6.5
% PD	73%
% Oil	62%
PV-10 (\$mm)	82.1
Q2 2018 Net Production (Boe/d) ⁽¹⁾	1,960
Gross Producing Wells	178
Core Net Acres	16,000
Core Gross Drilling Locations	161

Total	
1P Reserves (MMBoe)	80.3
% PD	25%
% Oil	59%
PV-10 (\$mm)	641.2
Q2 2018 Net Production (Boe/d) ⁽¹⁾	8,845
Gross Producing Wells	387
Core Net Acres	42,700
Core Gross Drilling Locations	1,104

Notes: Reserve quantities and values were independently estimated by CG&A utilizing NYMEX 5-year strip prices as of December 31, 2017 (Oil – \$59.55, \$56.19, \$53.76, \$52.29, \$51.67 / Gas - \$2.84, \$2.81, \$2.82, \$2.85, \$2.89). PV-10 is a non-GAAP financial measure. See “Non-GAAP Financial Measure – PV-10”.
 (1) Represents reported sales volumes.

Asset Overview

Significant Position in the Midland Basin

26,700 Total Net Acres in Core of Midland Basin
943 gross locations identified in only 4 benches

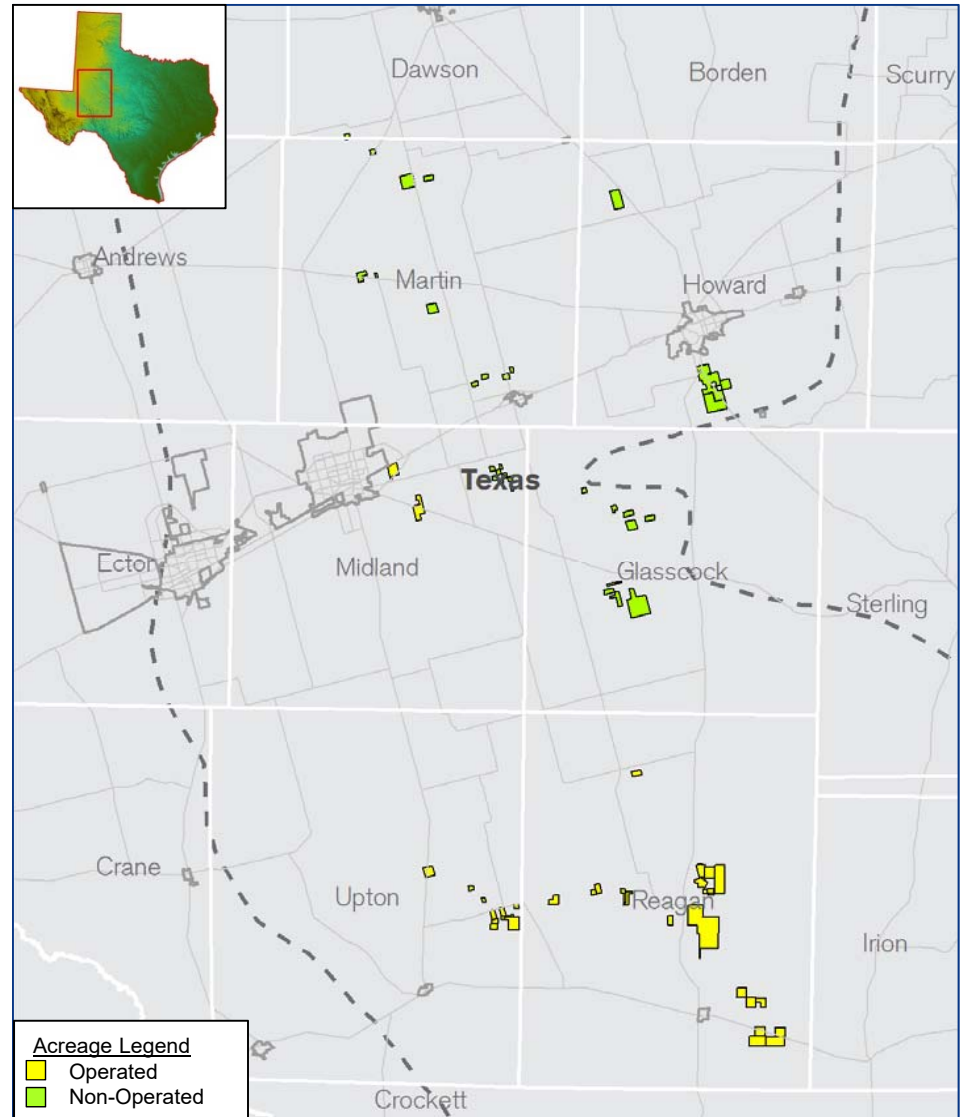
Significant Operated Position in Midland Basin⁽¹⁾
20,500 net acres, 87% working interest, 526 gross locations identified in only 4 benches

Q2 2018 Net Production of 6,885 Boe/d⁽²⁾
(60% oil, 80% liquids)
Wells in progress drive immediate production growth

Attractive Rates of Returns (“ROR”)⁽³⁾
Single well RORs of 80% - +100%

Position Delineated In Multiple Benches
Strong offset results in the Wolfcamp A and B, Lower Spraberry, Significant Wolfcamp C potential

Completion Evolution Sets Stage for Further Well Performance Improvement



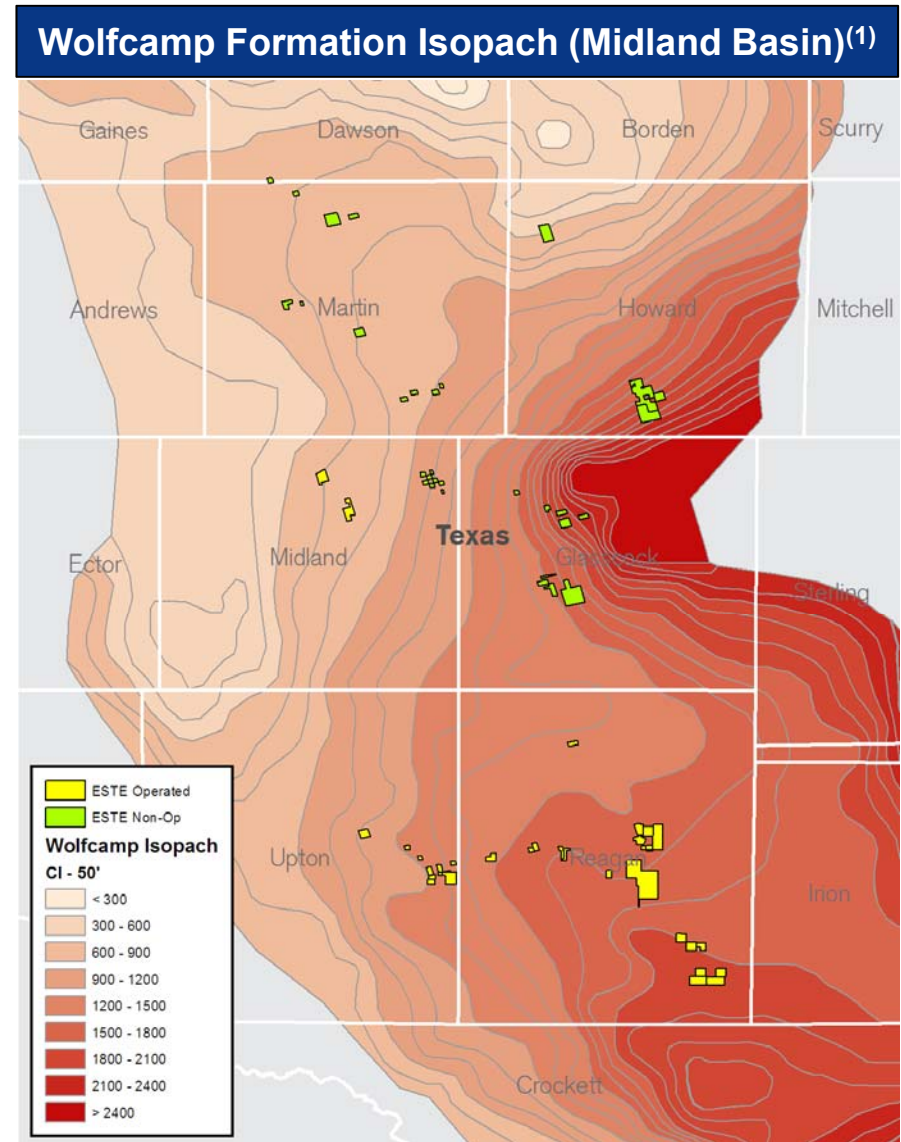
(1) Does not include non-operated position.

(2) Represents reported sales volumes for both operated and non-operated properties.

(3) Single well rates of return based on flat price deck of Oil – \$60.00/Bbl, Gas - \$3.00/Mcf before deductions for transportation, gathering and quality differential.

Consistent Thickness in Place Across the Operated Position

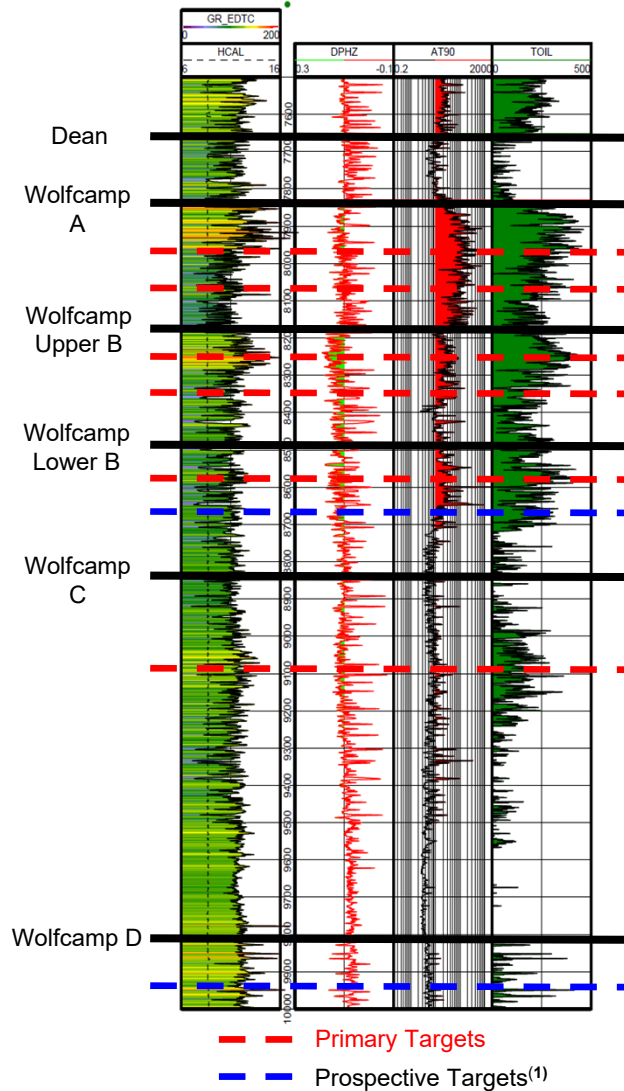
- Reagan County Wolfcamp
 - Thickest Wolfcamp shale section in Midland Basin
- Current Reagan inventory
 - 1 Wolfcamp A target
 - 2 Wolfcamp B targets
 - 1 Wolfcamp C target
- 7 viable target benches tested or developed by industry
 - 2 Wolfcamp A targets
 - 3 Wolfcamp B targets
 - 1 Wolfcamp C target
 - 1 Wolfcamp D target
- Offset operators have developed five benches in a stacked “wine rack” pattern
 - 2 Wolfcamp A targets
 - 3 Wolfcamp B targets
- Thermal maturity places ESTE’s acreage in oil window with low gas/oil ratios (“GOR”)
 - Average 80% Liquids, 20% Gas
- Shallower true vertical depth (“TVD”) than northern end of Midland Basin
 - D&C costs are lower



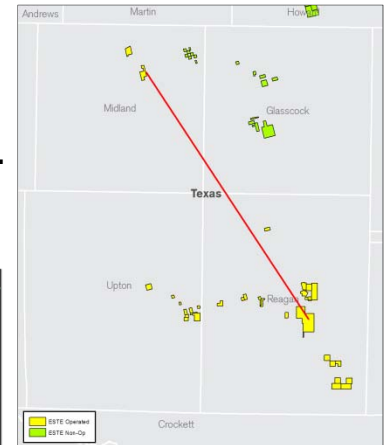
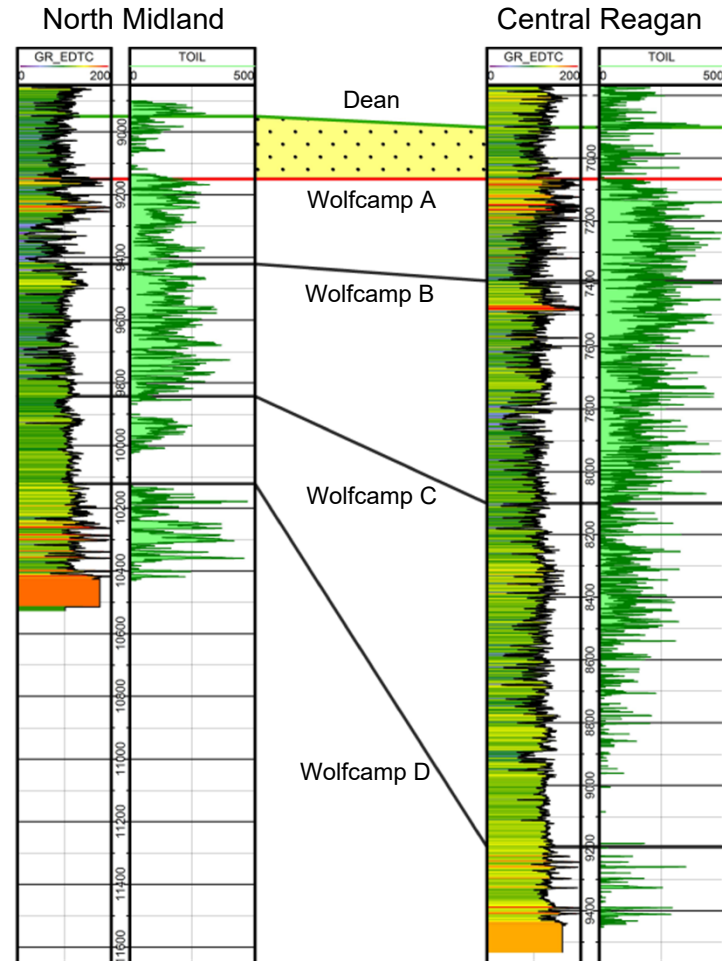
Source: University of Texas Bureau of Economic Geology.
(1) Does not include Wolfcamp A in the Wolfcamp Isopach.

High Quality Pay Across Multiple Zones

Reagan County Type Section



Reagan Co. Resource Greater than Midland Co.



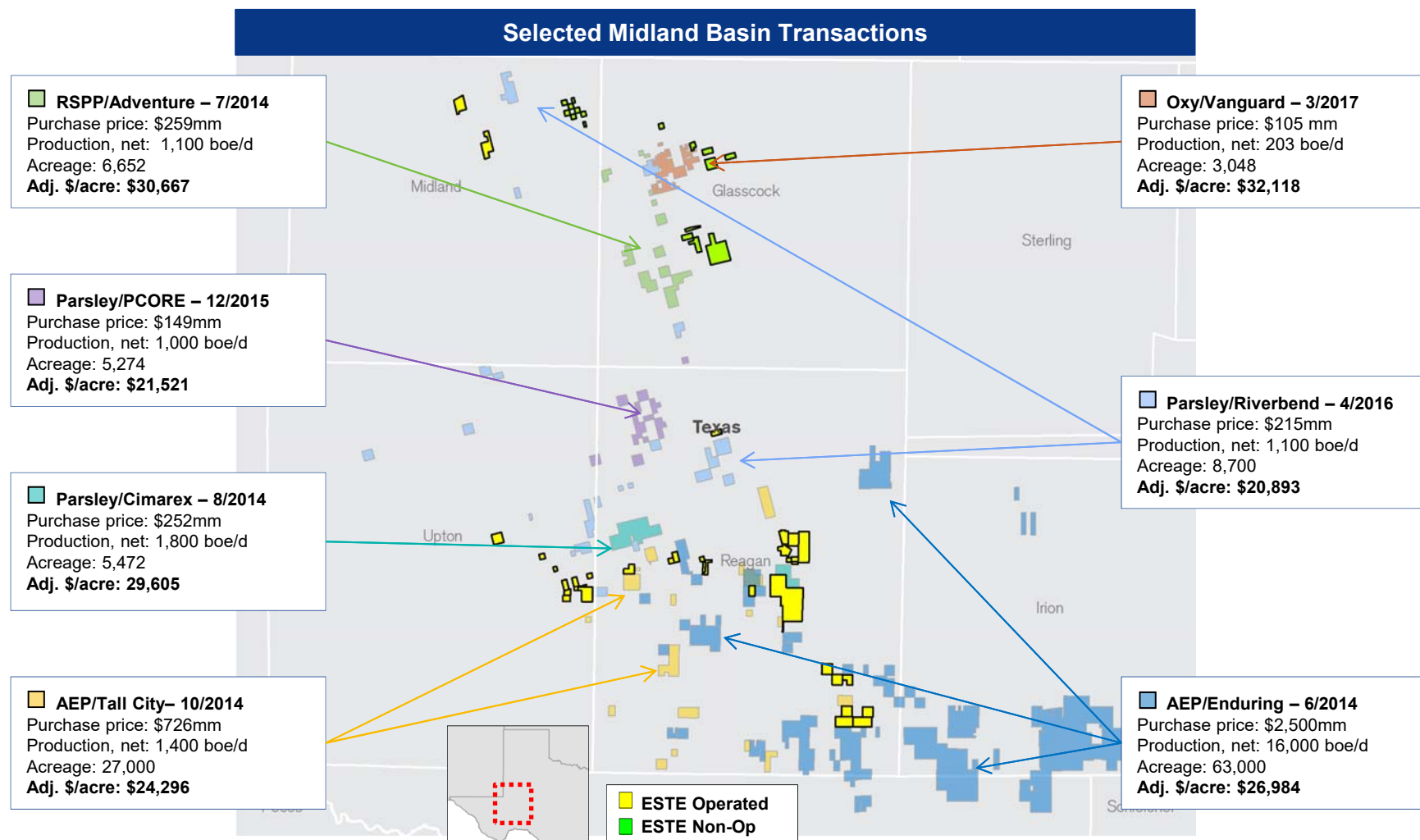
Wolfcamp A
Thickness increases 50-100'
from Midland to Reagan County.

Wolfcamp B
Thickness increases 250-300'
from Midland to Reagan County.

Wolfcamp C
Bench is much thicker in Reagan
County.

(1) Prospective targets tested in offset wells by other operators.

Significant Acreage Position in Midland Basin Core at an Attractive Price



Compelling Bold purchase price of ~\$12,000⁽¹⁾ per undeveloped net acre compares favorably to recent Midland Basin acquisitions

Source: Company filings and 1Derrick.

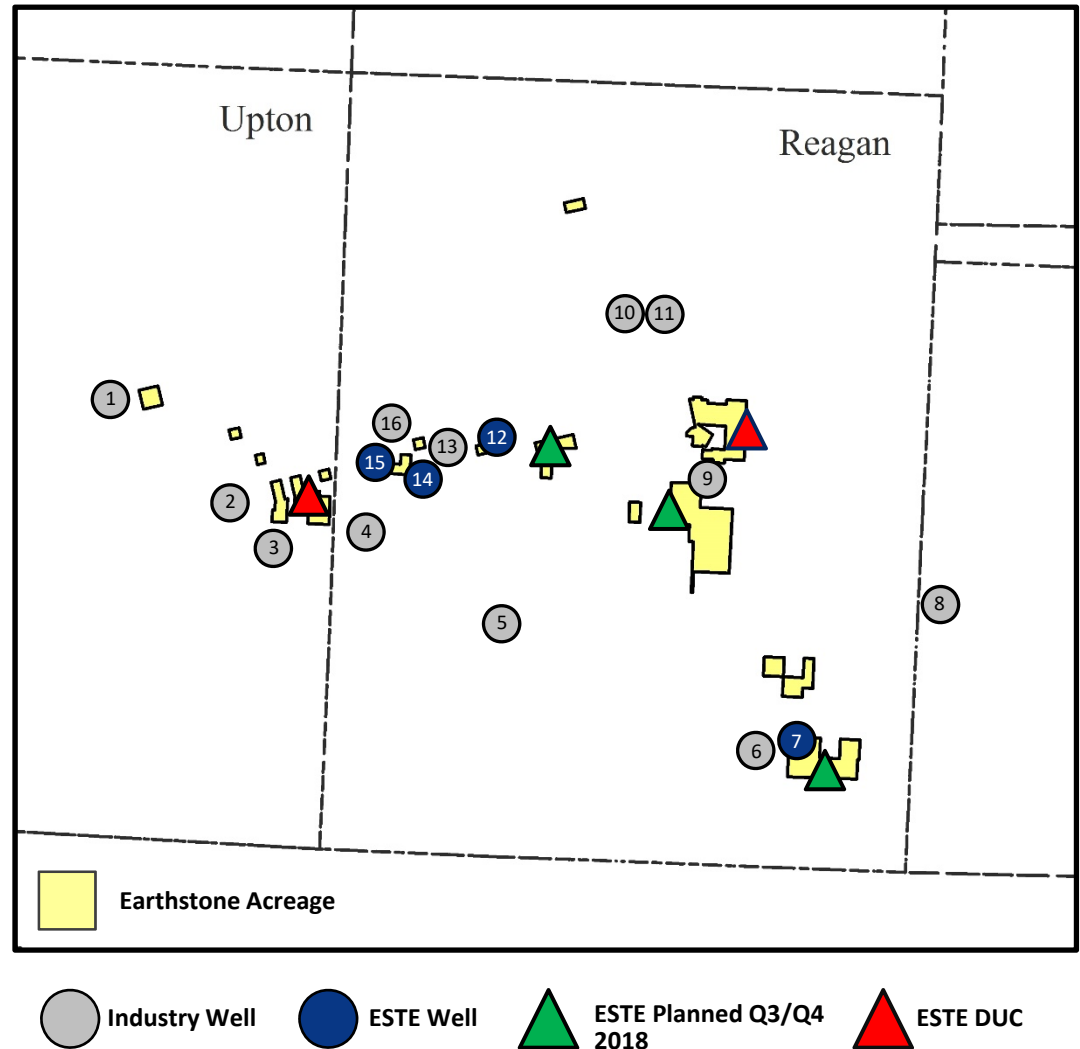
Note: Includes transactions with purchase prices greater than or equal to \$100mm at announcement in Reagan, Glasscock and Upton counties for which transaction price and PDP is publicly available. Transaction value excludes PDP value of: \$50,000/boe/d for transactions in 2014, \$35,000/boe/d for transactions in 2015, \$30,000/boe/d in 1H 2016 and \$35,000/boe/d thereafter.

(1) Based on announced transaction value of ~\$324mm on 11/8/2016 and PDP value of \$35,000/boe/d.



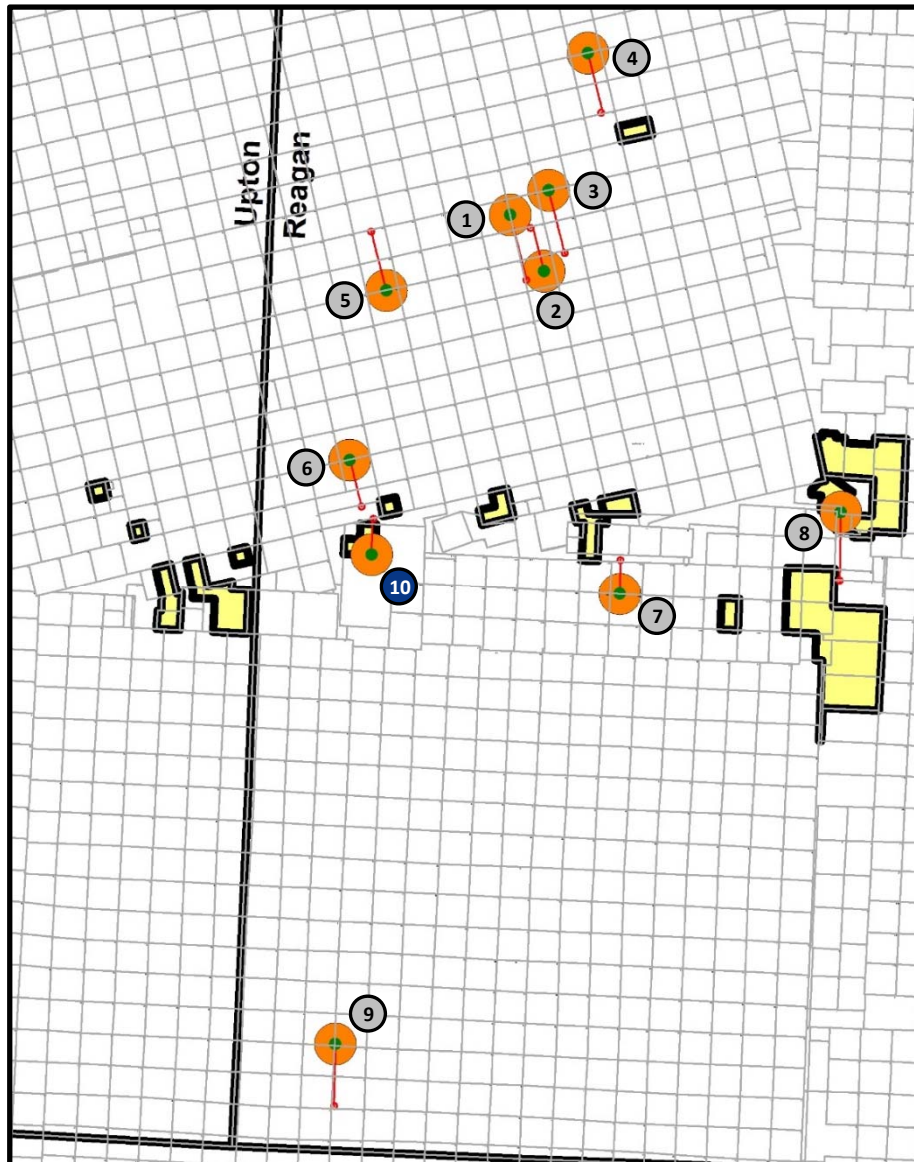
Significant Multi-zone Results in Southern Midland Basin

<p>1 Concho Karen P1 Unit #5101BH Wolfcamp B Upper IPW2: 1388 Boe/d (88% oil)</p>	<p>9 Parsley Char Hughes 28-2 #4803H Wolfcamp C IPW2: 1304 Boe/d (82% oil)</p>
<p>2 Henry Fantasy #717WB Wolfcamp B Upper IPW2: 1075 Boe/d (89% oil)</p>	<p>10 Apache SRH North #1527HA Wolfcamp A IPW2: 1266 Boe/d (75% oil)</p>
<p>3 Pioneer Univ. 3-310 PU #9H Wolfcamp A IPW2: 1242 Boe/d (84% oil)</p>	<p>11 Apache SRH North #1526HU Wolfcamp A IPW2: 1403 Boe/d (85% oil)</p>
<p>4 Pioneer Univ. 2-20 #76H Cline/Wolfcamp D IPW2: 2998 Boe/d (82% oil)</p>	<p>12 Earthstone (Bold) Hartgrove 22 A #4HL Wolfcamp B Lower IP24: 1030 Boe/d (93% oil) ⁽¹⁾</p>
<p>5 Sequitur Univ. 9 #2707 WC Wolfcamp B Lower IPW2: 900 Boe/d (92% oil)</p>	<p>13 Callon Ham A1 #101LH Wolfcamp B Lower IPW2: 2034 Boe/d (86% oil)</p>
<p>6 Sable Chico East #236HS Wolfcamp A IPW2: 1114 Boe/d (86% oil)</p>	<p>14 Earthstone (Bold) West Hartgrove 1 #1BU Wolfcamp B Upper IP24: 1267 Boe/d (86% oil) ⁽¹⁾</p>
<p>7 Earthstone (Bold) WTG 4-232 A #2BL Wolfcamp B Lower IP24: 2000 Boe/d (93% oil) ⁽¹⁾</p>	<p>15 Earthstone (Bold) West Hargrove 1 #2C Wolfcamp C IP24: 995 Boe/d (77% oil) ⁽¹⁾</p>
<p>8 Pioneer Rocker B #133H Wolfcamp B Upper IPW2: 1397 Boe/d (82% oil)</p>	<p>16 Callon Eaglehead A-A3 #3LH Wolfcamp B Lower IPW2: 1437 Boe/d (85% oil)</p>



Source: Company filings and investor presentations.
Note: Well completions filed since Jan. 2018. IP tests are 24 hour tests.
(1) Wells are flowing back and may not have reached peak rates.

Recent Wolfcamp C Activity



① **Parsley**
Taylor 45-33 #4601
IPW2: 3214 Boe/d (77% oil)
TLL: 10,379'

② **Endeavor**
Jalonick 40-45 #242
IPW2: 734 Boe/d (76% oil)
TLL: 7,211'

③ **Parsley**
Oliver 39-34 #4807H
IPW2: 2522 Boe/d (77% oil)
TLL: 10,408'

④ **Parsley**
Paige 13A & 12A #4801H
IPW2: 1827 Boe/d (74% oil)
TLL: 10,438'

⑤ **Parsley**
Bast 34 & 39 #4809H
IPW2: 1054 Boe/d (75% oil)
TLL: 10,189'

⑥ **Callon**
Eaglehead C A3 #26CH
IPW2: 1197 Boe/d (90% oil)
TLL: 7,269'

⑦ **Parsley**
Victor 1223 #4804H
IPW2: 541 Boe/d (82% oil)
TLL: 5,090'

⑧ **Parsley**
Char Hughes 28-2 #4803H
IPW2: 1304 Boe/d (82% oil)
TLL: 11,265'

⑨ **PT Petroleum**
University Orange #6091C
IPW2: 1101 Boe/d (93% oil)
TLL: 9,597'

⑩ **Earthstone (Bold)**
West Hartgrove 1 #2C
IP24: 995 Boe/d (77% oil) ⁽¹⁾
TLL: 5,860'

 ESTE Leasehold  Wolfcamp C Producer

Source: Company filings and investor presentations.
Note: Well completions filed since Jan. 2017. IP tests are 24 hour tests.
(1) Wells are flowing back and may not have reached peak rates.

Differentiated, Balanced Inventory in Midland Basin

Midland Basin Overview

- Contiguous acreage positions provide significant development advantage
- Long lateral development increases capital efficiency
- Over 95% of Midland horizontal locations have laterals of ~6,250 feet or greater
 - Over 50% of horizontal locations 8,750 feet or greater
- Additional upside from:
 - Middle Spraberry
 - Jo Mill
 - Additional Lower Spraberry
 - Additional benches in Wolfcamp B
 - Wolfcamp D
- Actively pursuing acreage and acquisition bolt-on opportunities to increase lateral lengths and ownership
- Near-term drilling focused in the Wolfcamp A and the Wolfcamp B based on positive offset results, but are optimistic about the upside potential in other zones

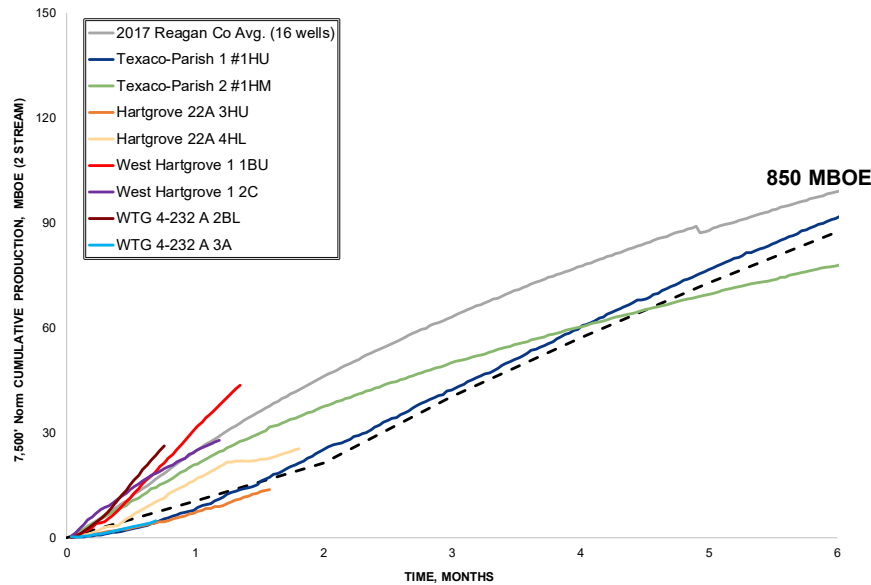
Gross Locations by Lateral Length and Target

Target	Gross Locations by Lateral Length			Total	% Total
	5,000' - 6,250'	6,250' - 8,750'	8,750' - 10,000'		
Lower Spraberry	1	46	40	87	9%
Wolfcamp A	9	112	160	281	30%
Upper Wolfcamp B	9	98	159	266	28%
Lower Wolfcamp B	7	81	119	207	22%
Wolfcamp C	6	55	41	102	11%
Total Gross Locations	32	392	519	943	100%
Total Net Locations				500	
<i>% Total (Gross)</i>	3%	42%	55%	100%	

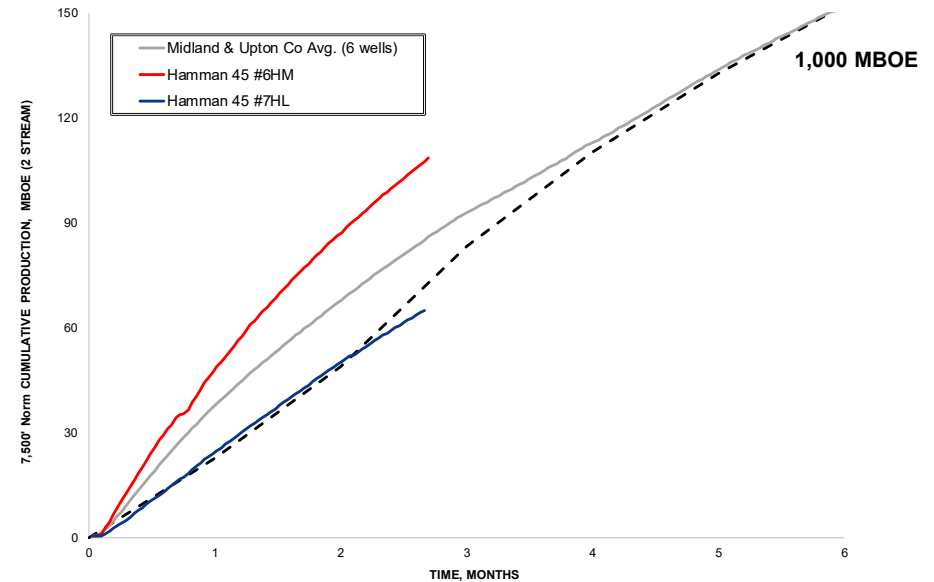
Well Performance Update

- All areas outperforming initial expectations
- All areas and target horizons generating attractive returns at strip prices with cost inflation
- Increased early time production profile while maintaining EUR
 - Improved rate of return (“ROR”) due to initial production outperforming previous type curves

Reagan County Results⁽¹⁾



Midland and Upton County Results⁽²⁾



**Type Curve Summary
(100% WI, 75% NRI 7,500' Laterals)**

County	DC & E ⁽³⁾ (\$m)	EUR (MBoe)	Oil (%)	NGL (%)	ROR (%) ⁽⁴⁾	
					\$50/\$3	\$60/\$3
Midland / Upton	\$7,000	1,000	67%	20%	>100%	>100%
Reagan	\$6,800	850	59%	22%	47%	88%

(1) Reflects average cumulative production of wells completed in 2016 and 2017 in Reagan County. Excludes shut in time for offset frac activity/operational downtime.

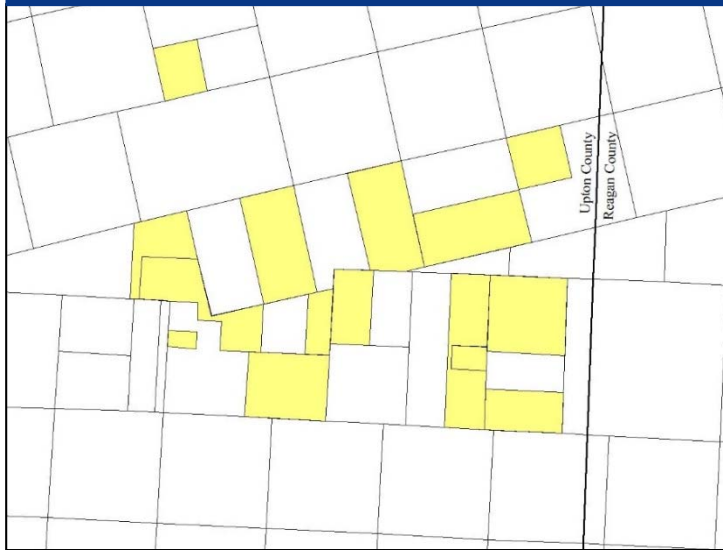
(2) Reflects average cumulative production of wells completed in 2016 and 2017 in Upton and Midland Counties.

(3) Reflects estimated 2018 drilling, completions and equipment costs, including production facilities.

(4) Single well rates of return assumes 3-stream economics on flat price deck of Oil – \$50.00 and \$60.00/Bbl, Gas – \$3.00/Mcf before deductions for transportation, gathering and quality differential.

Blocking Up Acreage – East Central Upton County

Pre Acreage Trade

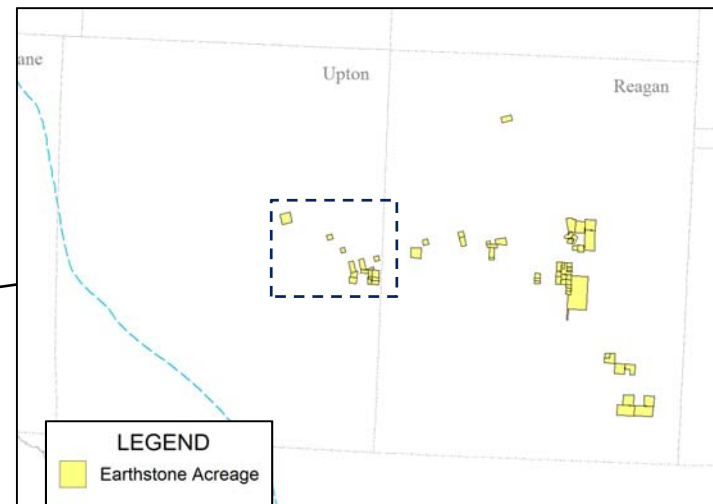


Post Acreage Trade



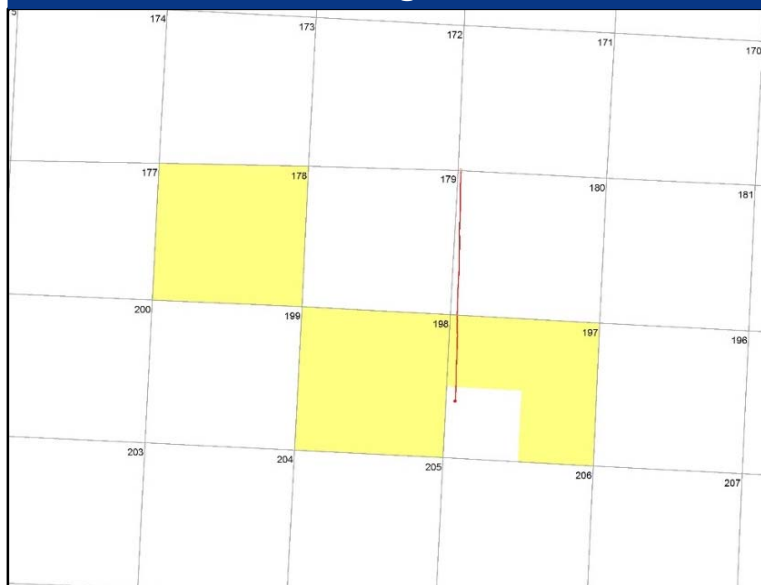
Acreage Trade Highlights

- ✓ Completed trade with offset operator to block up acreage for longer laterals
- ✓ Earthstone now has 2,650 net acres in the Benedum prospect with average 95% WI (80% NRI)
- ✓ Trade gives Earthstone 75 gross potential drilling locations in the Wolfcamp A, Upper B, and Lower B
- ✓ Average lateral length ~ 6,650'
- ✓ 2 wells planned for 2018

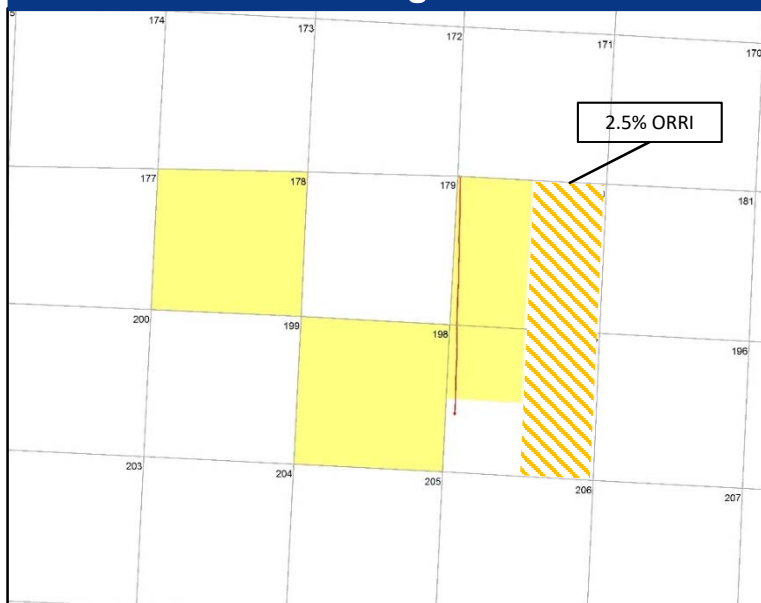


Blocking Up Acreage – Southeast Reagan County

Pre Acreage Trade

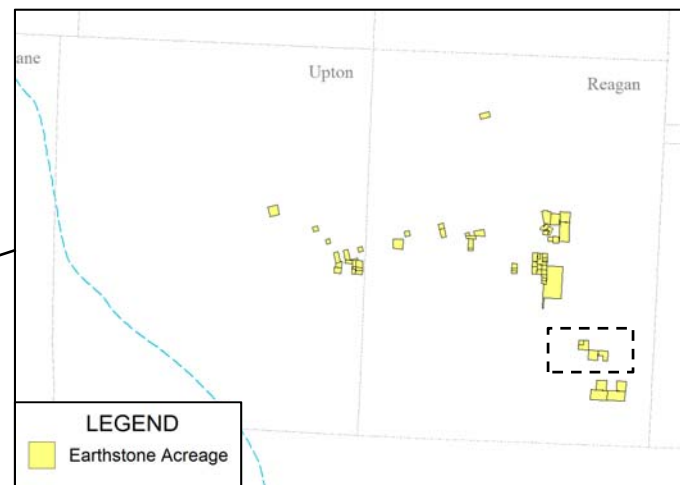


Post Acreage Trade



Acreage Trade Highlights

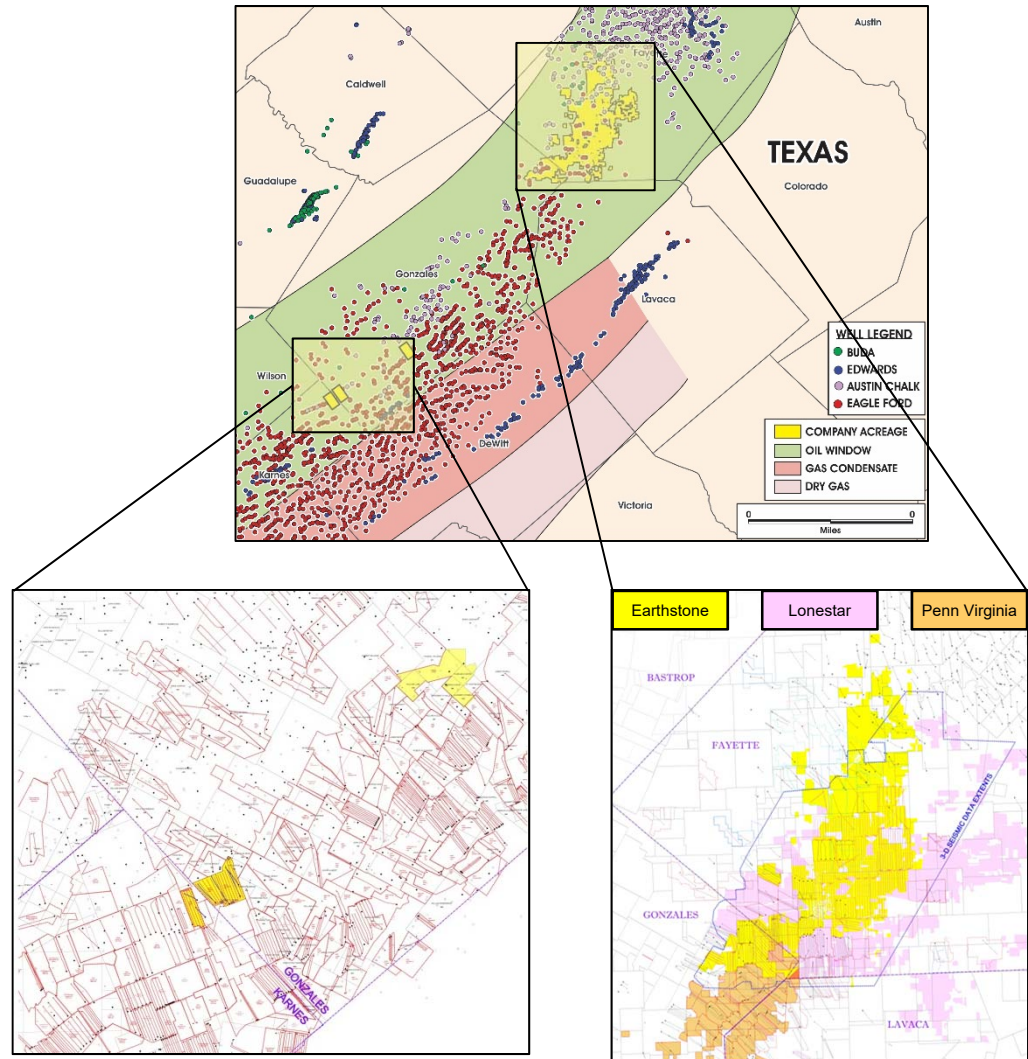
- ✓ Completed trade with offset operator and became operator of the RCR RE 180 well and unit
- ✓ 480 net acres in the RCR Unit with 100% WI (76% NRI)
- ✓ Ability to drill future wells with 7,500 ft laterals
- ✓ Retained 2.5% ORRI in offsetting 640 acre standup unit
- ✓ RCR RE 180 well online in December 2017
- ✓ Continuing to pursue other adjacent acreage acquisitions/trades to increase lateral lengths



Eagle Ford Asset Overview

- Operated Karnes, Gonzales, and Fayette Counties
 - 33,600 gross / 16,000 net leasehold acres
 - Working interests range from 17% to 50%
 - 60% held-by-production
- 104 gross / 44.8 net producing wells (98 operated / 6 non-op)
- 161 identified gross Eagle Ford drilling locations
- Majority of acreage covered by 173 square mile 3-D seismic shoot
 - Avoid faulting for steering Eagle Ford wells
 - Indicate natural fractures
 - Delineate other prospective opportunities
- Other Potential: Upper Eagle Ford, Austin Chalk, Buda, Wilcox, and Edwards
- Non-operated La Salle County
 - 61 gross producing wells
 - 25,100 gross / 2,900 net leasehold acres
 - Working interests range from 10% to 15%

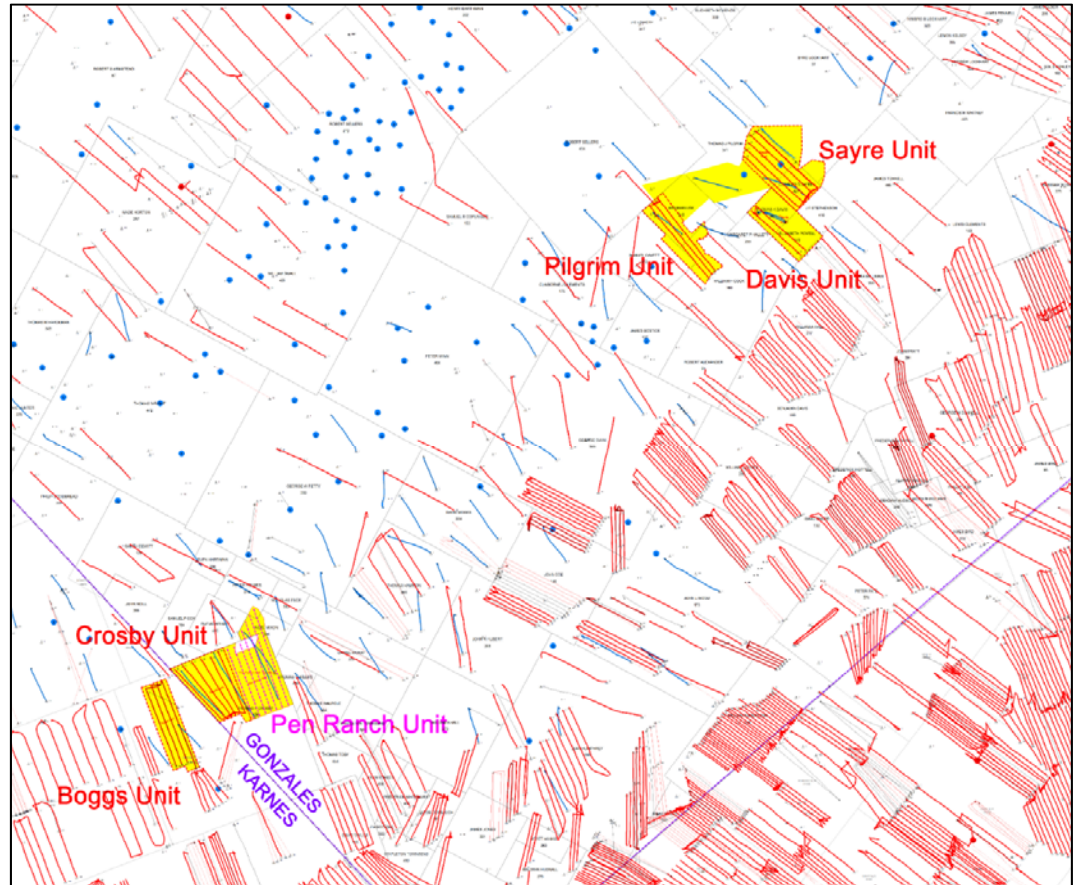
Karnes, Gonzales, and Fayette Counties, Texas



Offset operators include EOG,
Encana and Marathon

Recent Eagle Ford Activity

- 11 gross wells drilled in southwestern Gonzales County and completed in late 2017 and early 2018
 - 2 wells in Davis Unit (~5,300 foot lateral); 17% working interest
 - 3 wells in Pilgrim Unit (~7,300 foot lateral); 19% working interest
 - 6 wells in Crosby Unit (~4,900 foot lateral); 25% working interest
- Joint Development Agreements (“JDA”) with IOG Capital to fund a majority of Earthstone’s capital expenditures for a 50% interest in 13 wells in the Eagle Ford (11 drilled in 2017 and completed in 2017 and beginning of 2018)
 - JDAs in the Pilgrim, Davis and Crosby Units
 - Operated interests previously included 33% in Davis Unit, 38% in Pilgrim Unit and 50% in Crosby Unit
 - Reduced estimated 2017 budget by \$17 million
- Offsetting successful Earthstone Boggs Unit
 - 4 wells completed in October 2016
 - Cumulative production of 596 MBoe (93% oil) through January 2018
 - Average lateral length of ~6,260 feet
 - Average proppant of ~2,260 lbs/ft
- 2018 drilling and completion plans to offset the Davis and Crosby Units
 - Completed 5 well Sayre Pad offsetting Davis unit in July 2018



Financial Overview

2018 Capital Budget, Guidance and Liquidity

2018 Capital Budget⁽¹⁾

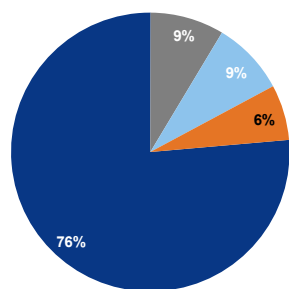
		Gross / Net Well Count	
	\$mm	Spudded	On-Line
Midland Basin:			
Operated Drilling and Completions	107	15 / 13.4	19 / 15.0
Non-Operated Drilling and Completions	12	5 / 2	5 / 2
Land / Infrastructure	9		
Eagle Ford	12	10 / 2.1	16 / 3.6
Total	\$140		

2018 FY Guidance⁽¹⁾⁽²⁾

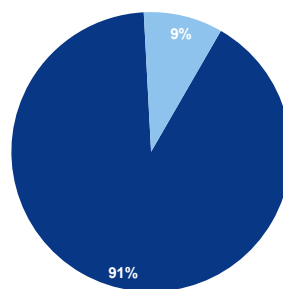
2018 Average Production (Boe/d)	10,500 – 11,000
% Oil	64%
% Gas	17%
% NGL	19%
Operating Costs:	
Lease Operating and Workover (\$/Boe)	\$5.25 – \$5.50
Production Taxes (% of Revenue)	5.0% – 5.3%
G&A (\$/Boe)	\$5.00 – \$5.50

2018 Capex by Project Area⁽¹⁾

Total Capex



D&C Capex



■ Operated Midland Basin ■ Non-Operated Midland Basin
■ Operated Eagle Ford ■ Land / Infrastructure

■ Midland Basin ■ Eagle Ford

Liquidity (6/30/18)⁽³⁾

(\$mm)	6/30/2018
Cash	4.2
Revolver Borrowings	22.5
Total Debt	\$22.5
Revolver Borrowing Base ⁽⁴⁾	225.0
Less: Revolver Borrowings	(22.5)
Plus: Cash	4.2
Liquidity	\$206.7

Notes:

- (1) Assumes a 1-rig program for the operated Midland Basin acreage.
- (2) G&A excludes transaction costs and non-cash stock-based compensation. Guidance is forward-looking information that is subject to a number of risks and uncertainties, many of which are beyond Earthstone's control.
- (3) Revolver balance of \$22.5mm and cash balance of \$4.2mm as of June 30, 2018.
- (4) Borrowing Base of \$225mm as of June 30, 2018.



Hedging Summary

Oil Production Hedged		
Period	Volume (Bbls)	\$/Bbl
Q3 2018	459,700	\$54.55
Q4 2018	413,700	\$54.05
Q1 2019	315,000	\$57.17
Q2 2019	318,500	\$57.17
Q3 2019	322,000	\$57.17
Q4 2019	303,600	\$57.07

Gas Production Hedged		
Period	Volume (MMBtu)	\$/MMBtu
Q3 2018	610,000	\$2.947
Q4 2018	610,000	\$2.947

WTI Midland Argus Crude Oil Basis Differential Swaps:

- Q3 – Q4 2018 Oil Basis Swaps of 303,600 Bbls (1,650 Bbls/day) at -\$0.15/Bbl
- 2019 Oil Basis Swaps of 912,500 Bbls (2,500 Bbls/day) at -\$7.03/Bbl
- 2020 Oil Basis Swaps of 366,000 Bbls (1,000 Bbls/day) at -\$5.95/Bbl

LLS Crude Oil Basis Differential Swaps:

- Q3 – Q4 2018 Oil Basis Swaps of 184,000 Bbls (1,000 Bbls/day) at +\$6.35/Bbl
- 2019 Oil Basis Swaps of 365,000 Bbls (1,000 Bbls/day) at +\$4.50/Bbl

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Reconciliation of Non-GAAP Financial Measure – Adjusted EBITDAX

Adjusted EBITDAX (as defined below) is presented herein and reconciled from the GAAP measure of net income because of its wide acceptance by the investment community as a financial indicator.

We define “Adjusted EBITDAX” as net income plus accretion of asset retirement obligations; depletion, depreciation and amortization; interest expense, net; (gain) on sale of oil and gas properties; unrealized loss on hedges; non-cash stock-based compensation; and income tax (benefit).

Our Adjusted EBITDAX measure provides additional information that may be used to better understand our operations. Adjusted EBITDAX is one of several metrics that we use as a supplemental financial measurement in the evaluation of our business and should not be considered as an alternative to, or more meaningful than, the GAAP measure of net income as an indicator of operating performance. Certain items excluded from Adjusted EBITDAX are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic cost of depreciable and depletable assets. Adjusted EBITDAX, as used by us, may not be comparable to similarly titled measures reported by other companies. We believe that Adjusted EBITDAX is a widely followed measure of operating performance and is one of many metrics used by our management team and by other users of our consolidated financial statements. For example, Adjusted EBITDAX can be used to assess our operating performance and return on capital in comparison to other independent exploration and production companies without regard to financial or capital structure and to assess the financial performance of our assets and our Company without regard to capital structure or historical cost basis.

The following table provides a reconciliation of Net income to Adjusted EBITDAX for the six months ended June 30, 2018:

(\$000's)	Q1-Q2 2018
Net income	\$13,663
(Gain) on sale of oil and gas properties	(512)
Accretion	84
Depletion, depreciation and amortization	20,520
Interest expense, net	1,223
Unrealized loss on MTM of hedges	6,858
Non-cash stock based compensation	4,013
Income tax (benefit)	(53)
Adjusted EBITDAX	\$45,796

Non-GAAP Financial Measure – PV-10

PV-10 is derived from the Standardized Measure of discounted future net cash flows, which is the most directly comparable GAAP financial measure. PV-10 is a computation of the Standardized Measure on a pre-tax basis. PV-10 is equal to the Standardized Measure at the applicable date, before deducting future income taxes, discounted at 10%. We believe that the presentation of PV-10 is relevant and useful to investors because it presents the discounted future net cash flows attributable to our estimated net proved reserves prior to taking into account future corporate income taxes, and it is a useful measure for evaluating the relative monetary significance of our oil and natural gas properties. Further, investors may utilize the measure as a basis for comparison of the relative size and value of our reserves to other companies. We use this measure when assessing the potential return on investment related to our oil and natural gas properties. PV-10, however, is not a substitute for the Standardized Measure. Our PV-10 measure and the Standardized Measure do not purport to present the fair value of our oil and natural gas reserves.

Earthstone's proved reserves as of December 31, 2017 were independently estimated by CG&A utilizing NYMEX 5-year strip prices as of December 31, 2017 (Oil – \$59.55, \$56.19, \$53.76, \$52.29, \$51.67 / Gas - \$2.84, \$2.81, \$2.82, \$2.85, \$2.89).