



South Texas Project Summary Baron Energy Inc.

August 1, 2017

Information Update

Forward-Looking Statements



FORWARD-LOOKING STATEMENTS: Certain statements contained in this document constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act and Section 27A of the Securities Exchange Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, that address activities, events or developments that Baron Energy Inc. and its subsidiaries expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

South Texas Project Plan



South Texas Project Plan

- 1) Build a portfolio of oil and gas properties with substantial upside
- 2) Target 300 BOPD production by YE 2019
- 3) Monetize the portfolio in 2019
- 4) Various options available for EXIT 2019

Executive Summary



- Baron Energy Inc. (“Baron” or the “Company”) (OTCPK: BROE), a publically traded, independent energy company based in San Marcos, Texas, acquiring and operating producing oil and gas properties in South Texas
- Seasoned, multi-disciplined management team with decades of industry experience
- Company uses a targeted management methodology and project driven business model
- Baron operates production in South Texas only; does not participate in exploration
- Baron is building a portfolio of producing properties (“South Texas Project”) with substantial upside and plans an exit in 2019 that could significantly increase Baron’s per share value
- This summary outlines the South Texas Project business plan, strategy, type properties, timing, funding, and exit plan
- Additional information on Baron Energy Inc. and its South Texas Project can be found on the Company’s website at www.baronenergy.com

Management Team



Ronnie L. Steinocher | Chairman, President and CEO

- 37 years of oil and gas experience; 18 years with a major oil company; 10 years as an owner/operator; CEO Baron Energy since February 2010
- Extensive experience in drilling, engineering, production operations, business development, new ventures, and general management
- BS in Civil Engineering, The University of Texas at Austin
- Licensed professional engineer in Texas; member of Society of Petroleum Engineers

Lisa P. Hamilton | Executive Vice President, CFO and Director

- 36 years of oil and gas experience; 20 years with a major oil company; 10 years as an owner/operator; CFO Baron Energy since February 2010
- Extensive experience in finance, land, contracts, regulatory, joint ventures, production operations, business development, new ventures, and general management
- BS in Business and Commerce with Highest Honors, University of Houston-Downtown

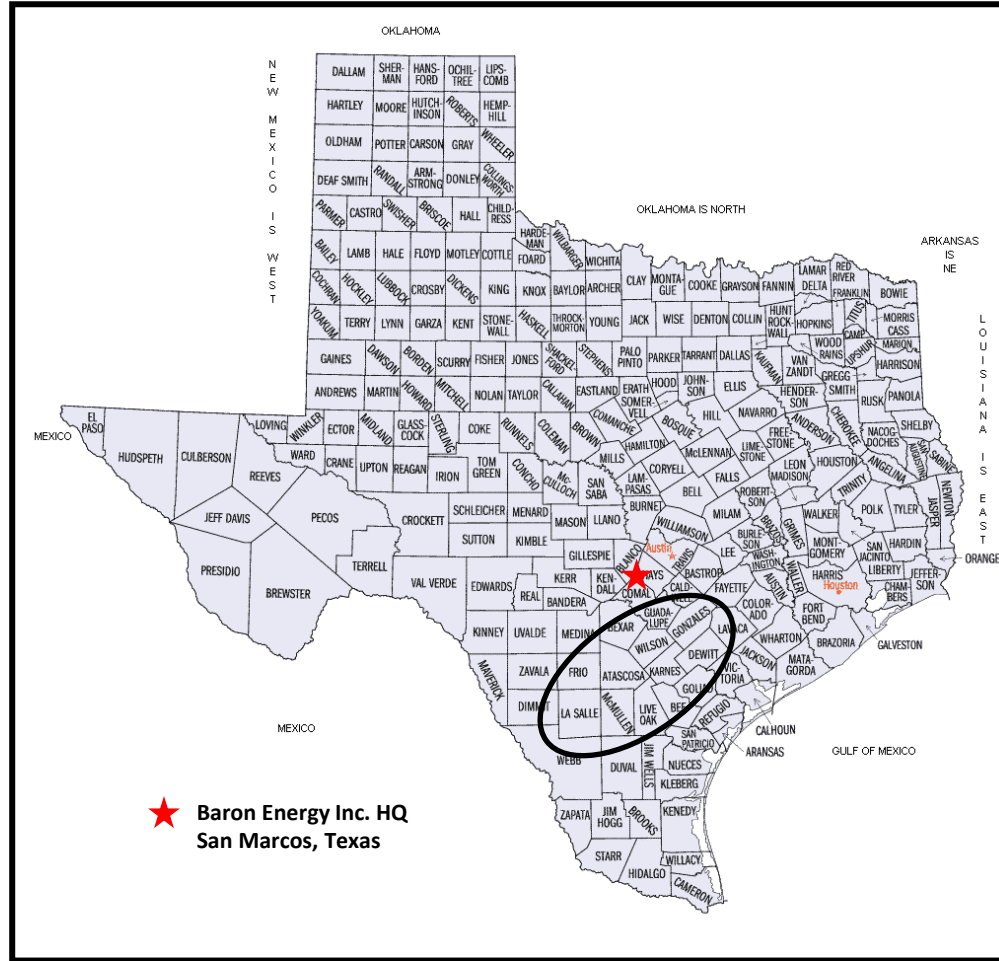


South Texas Project Highlights

- Well progressed plan; ready for production ramp up
- Seasoned, multi-disciplined management team; decades of industry experience
- Simple strategy; highly flexible business model
- Realistic acquisition targets; production only – no exploration activities
- Reasonable growth targets; high potential focus area of operations
- Significant value creation expected for EXIT 2019
- Current 3-4 year future drilling inventory
- Plan to begin recompleting/drilling select wells in 2017
- Exit 2019 Target of less than 20 wells and 300-500 BOPD production

EXIT 2019 TARGET DATE

South Texas Focus Area of Interest





Focus Area of Operations

- South Texas
- 17 Counties
- 12,000 producing leases
- 122,500 wells drilled
- Stacked pay scenarios throughout focus area
- 1.6 million barrels of oil equivalent production per day (BOEPD)

Baron is currently concentrating on 2 counties within its Area of Operations



2016 RESULTS and 2017-2019 TARGETS BASE CASE

2016 RESULTS

- Increased producing well count from 1 to 5
- Increased production from 3 Bopd to 15 Bopd
- Increased acreage from 193 acres to 734 acres

2017 TARGETS

- Acquire 1-2 producing wells with upside
- Recomplete 1 producing well
- Drill 1 PUD development well
- Increase production from 15 Bopd to 50-150 Bopd

2018 TARGETS

- Acquire 1-2 producing wells with upside
- Drill 2 PUD development wells
- Increase production to 100-300 Bopd

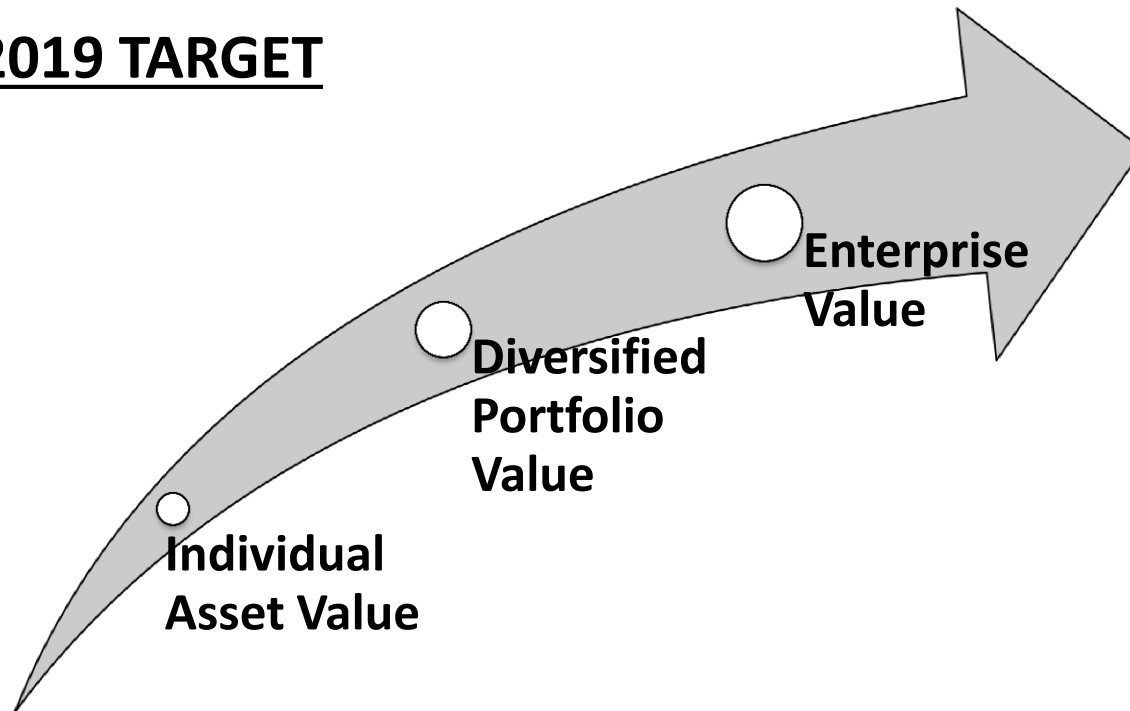
2019 TARGETS

- Acquire 1-2 producing wells with upside
- Drill 3 PUD development wells
- Increase production to 300-500 Bopd

A Diversified Portfolio Is More Valuable Than Individual Assets



EXIT 2019 TARGET



Work Program – Production Ramp Up Base Case



	2016	2017	2018	2019 EXIT	2020
Current Producing Wells	5	5	6	8	11
Recompletion (1)		(1)			
New Development Wells		1	2	3	4
Total Wells YE	5	6	8	11	15
BOPD YE (2)	15	100	200	300	500

Notes

- 1) *Recomplete existing producer*
- 2) *Production (BOPD) at Year-End (YE) Base Case Targets*
- 3) *Does not include future acquisitions*

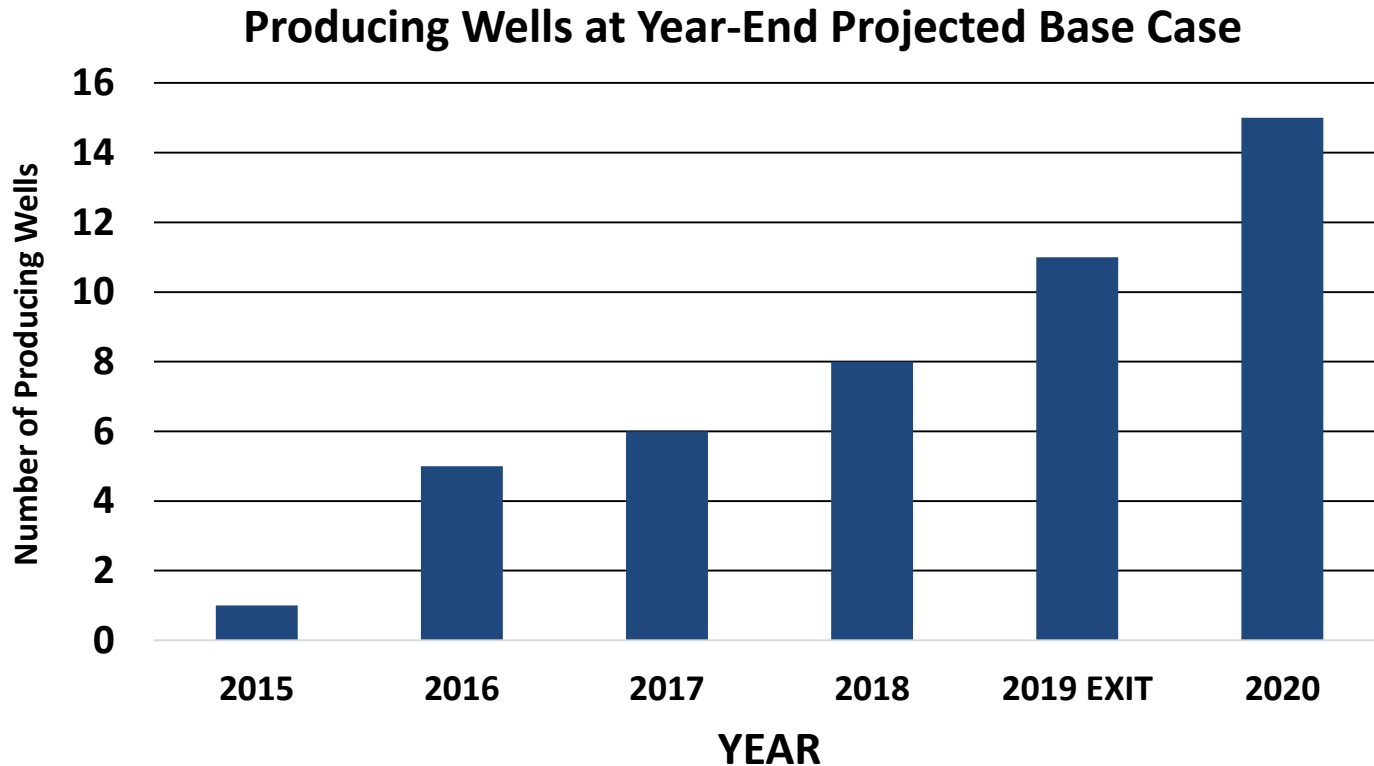


Critical Success Factors

- 1) ID properties that fit the preferred acquisition profile
- 2) Secure funding for the acquisition and close deal
- 3) Complete near-term production enhancement program
- 4) ID and inventory upside for each property
- 5) Repeat process to stay-on-pace with Exit Plan
- 6) Secure funding for drilling new wells
- 7) Begin drilling development wells in 2017 pending funding

Baron's Management Team has closed more than 130 buy/sell transactions in Texas since 2002, operated oil and gas properties in 24 Texas counties and, at peak, operated more than 150 wells and 500 BOEPD.

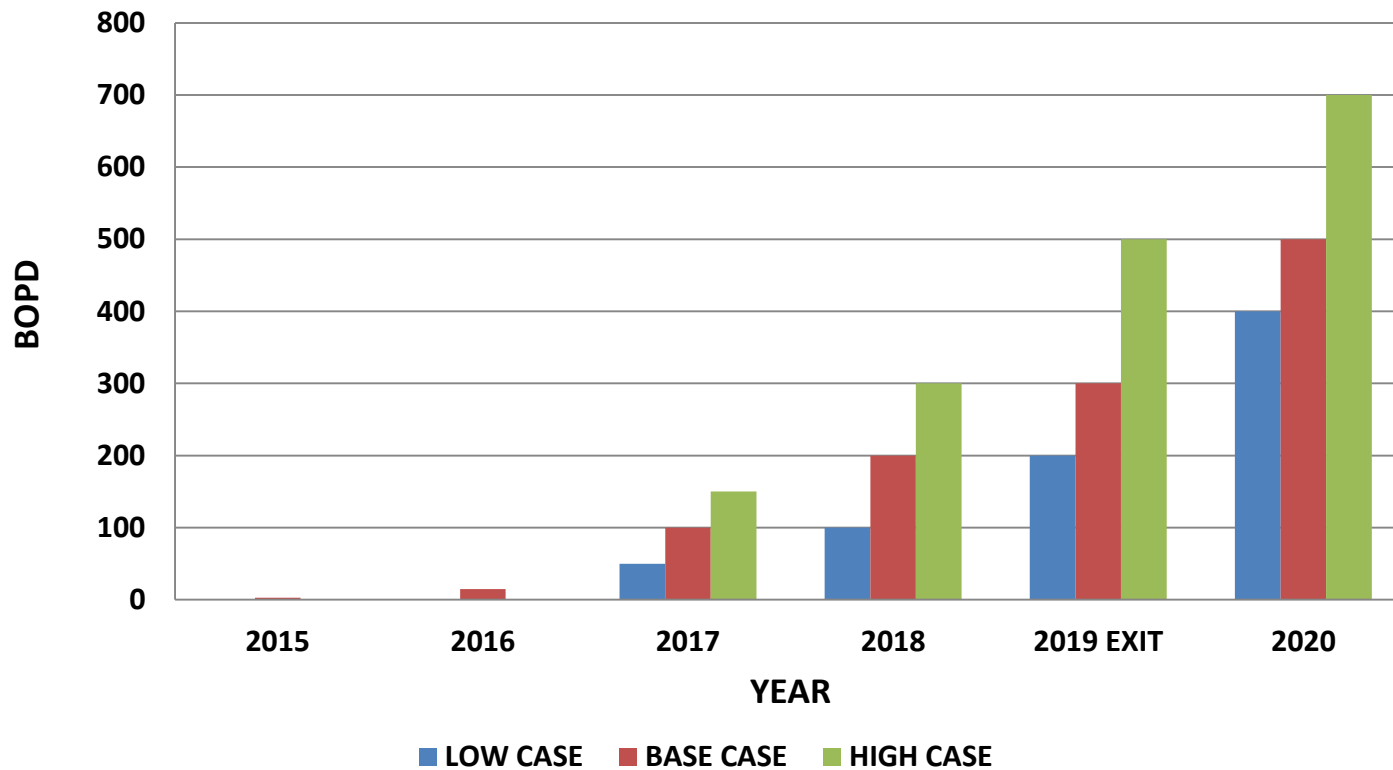
Producing Well Status and Projected Well Count at Year-End



Production and Projected at Year-End



Production and Projected at Year-End





Base Case Plan - Example Costs

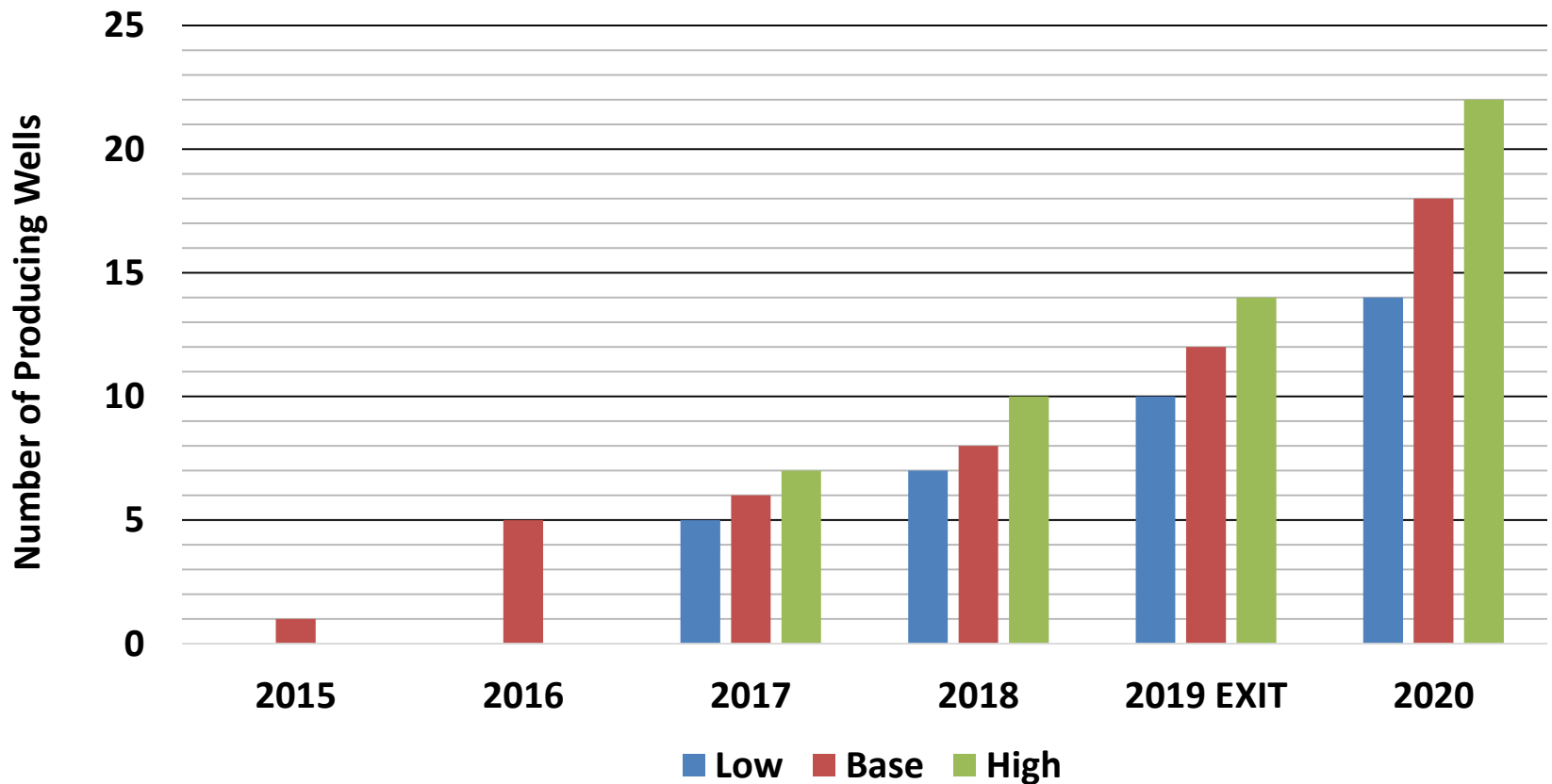
- \$75-125K per well average acquisition cost
 - Range \$60-375K per well; 2-5 BOPD/Well
- \$10-20K per workover
- \$20-400K per recompletion
 - IP = 20-150 BOEPD
- \$0.7-\$0.9 million per new drilled development well
 - Vertical wells
 - 6,500-7,700 feet TVD
 - IP = 50-200 BOEPD; 40-120 MBo/well EUR

Future acquisition/drilling costs are expected to be funded mostly from project cash flows beginning in 2018

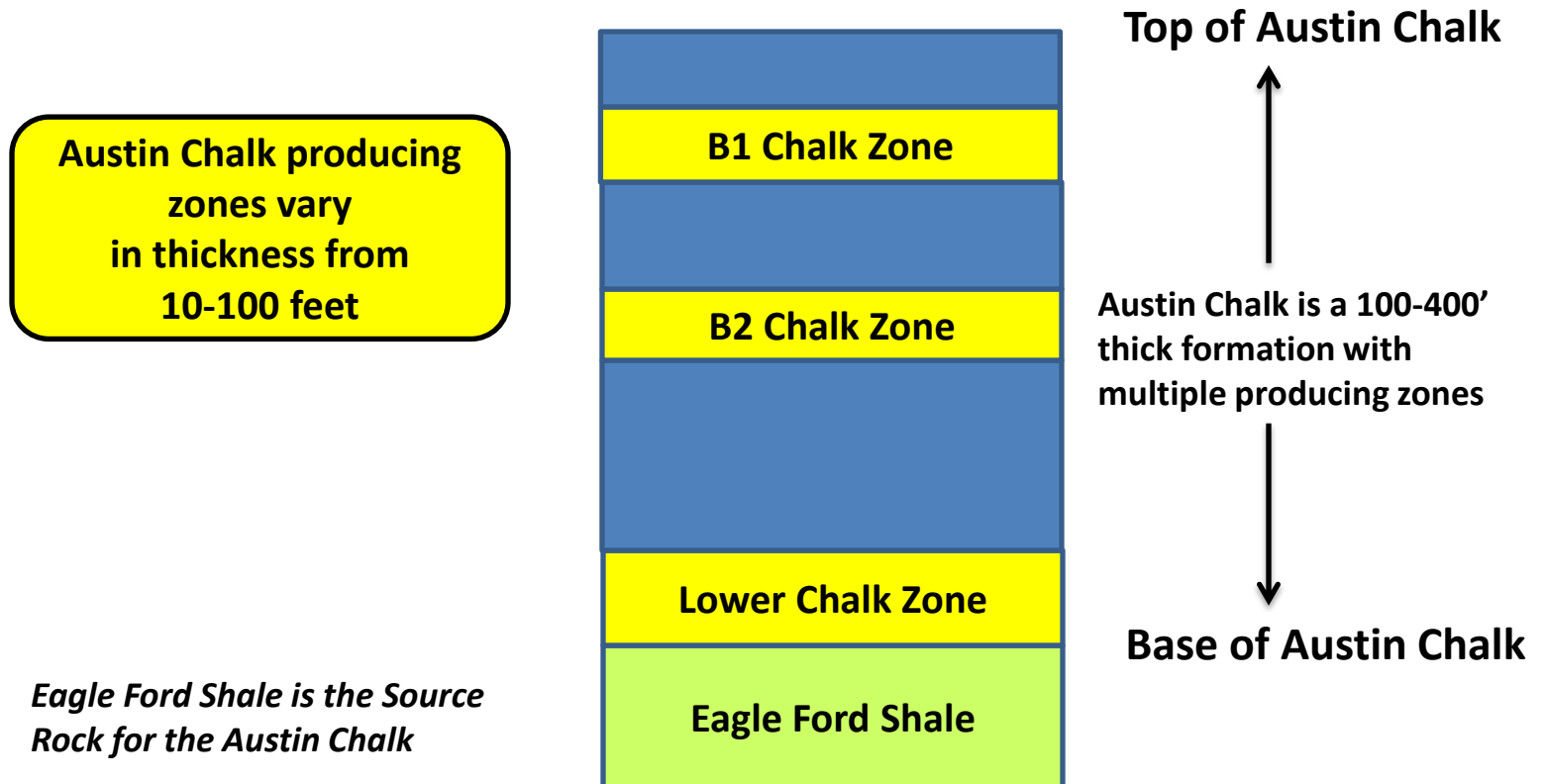
Well Count Year-End Examples



Projected Number of Wells at Year-End



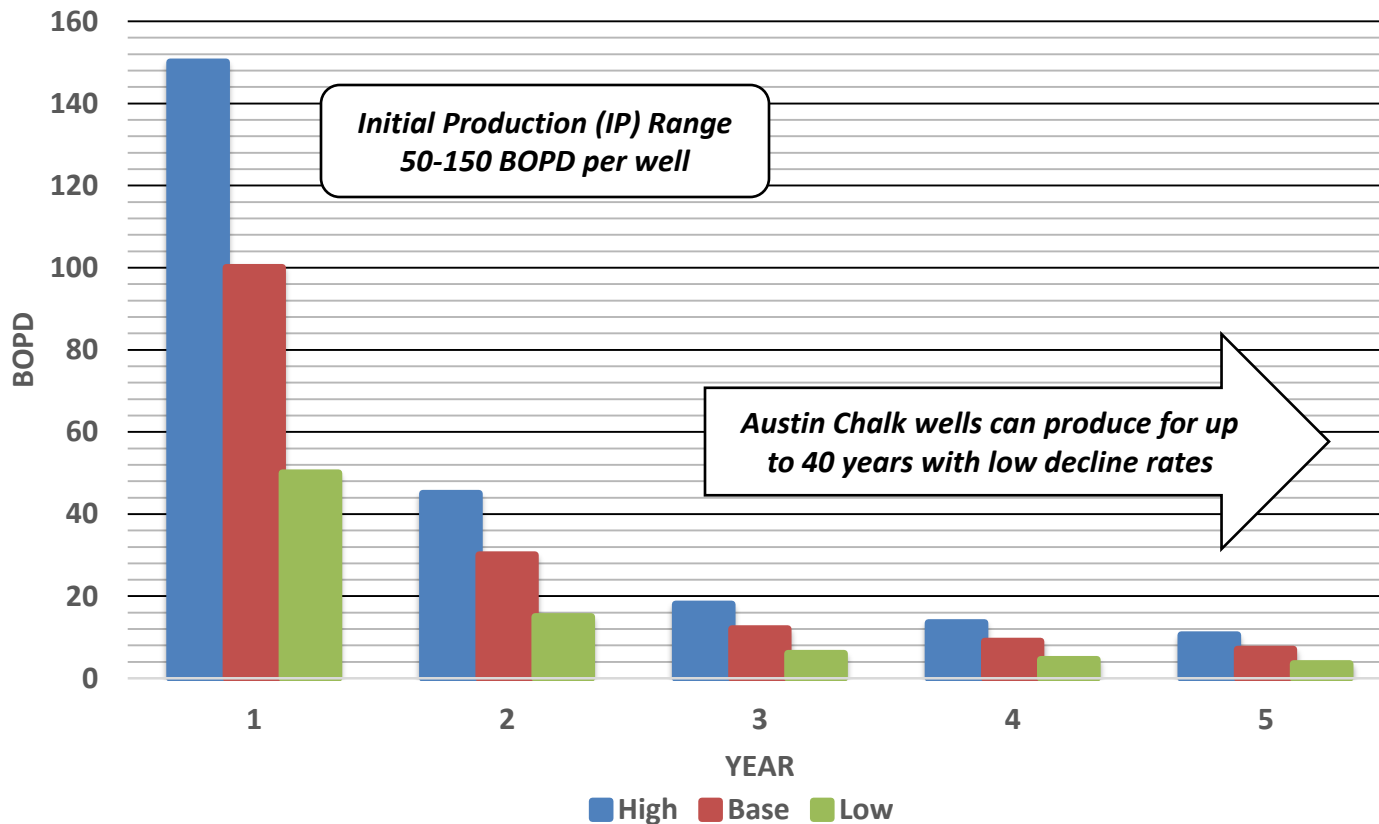
Austin Chalk Formation - South Texas Multiple Producing Zones



Austin Chalk Vertical Well Production Profiles



Austin Chalk Production Profiles – Vertical Well



Pump Jack on Austin Chalk Well South Texas



- Rural terrain
- Existing infrastructure
- Local services
- Favorable weather throughout year



Crude Oil Transport Well-to-Market South Texas



- Oil moved from well to storage tank then to sales via truck
- Local oil sales
- Oil moved to local commercial storage prior to pipeline transfer to market



Legacy Austin Chalk Wells South Texas



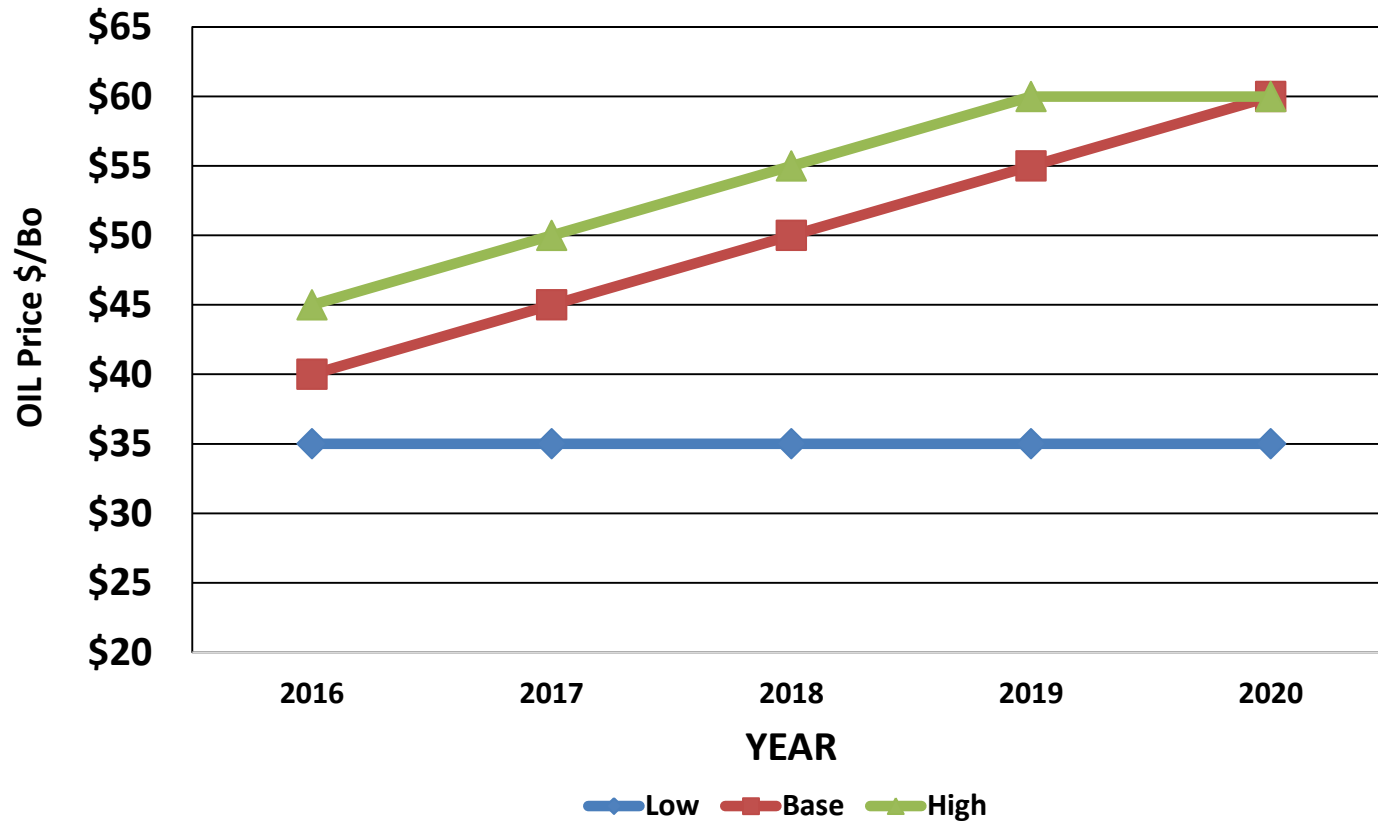
- **Some Austin Chalk wells have been on production for more than 40 years**
- **Wells are still producing and could produce for many more years**
- **Some leases have significant upside potential via recompletions and future drilling locations**



Oil Prices Used In Property Evaluations



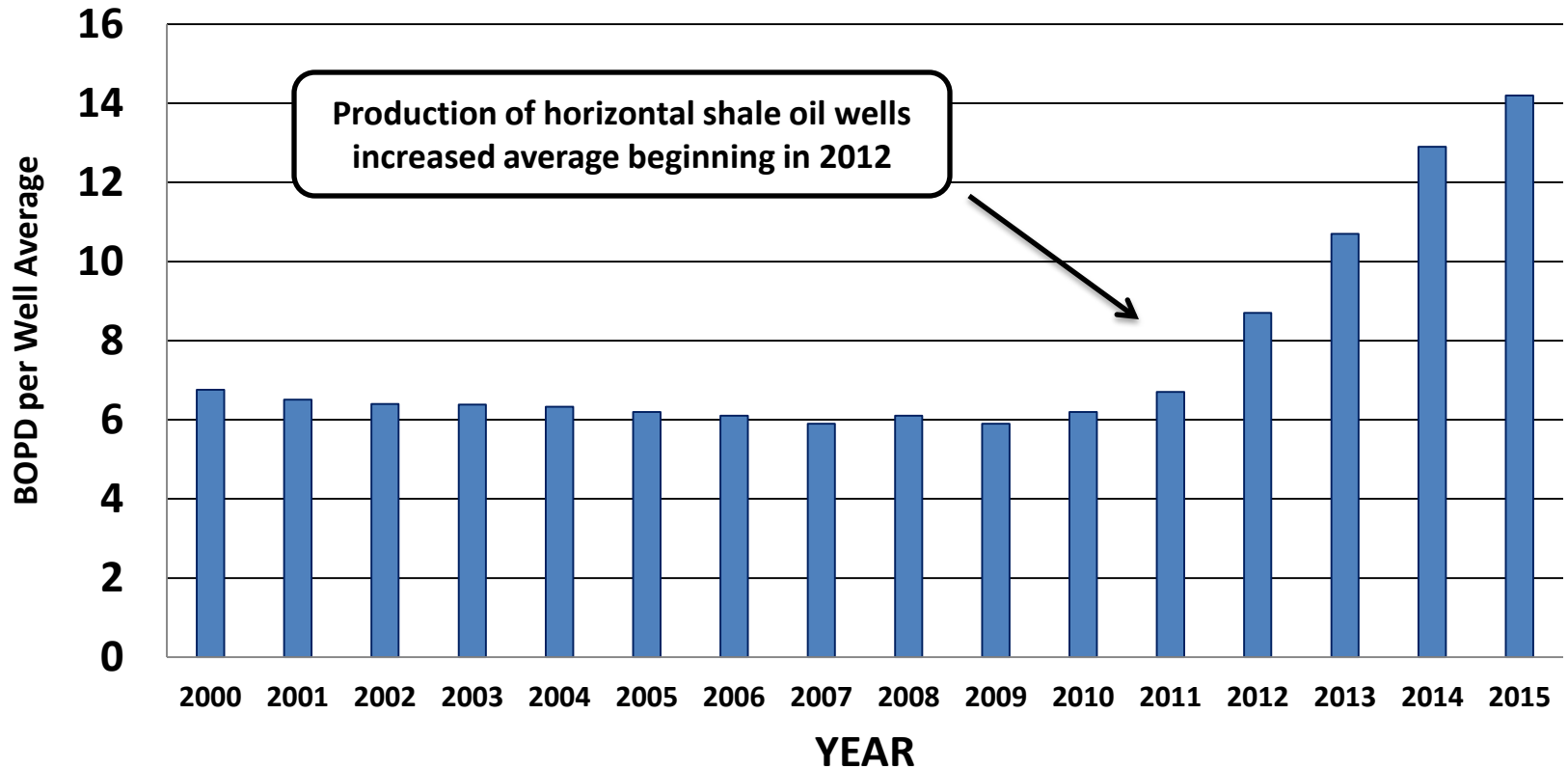
West Texas Intermediate (WTI) Oil Prices



Average Oil Production Per Well in Texas



Average Oil Production per Well in Texas





South Texas Project Summary

- **High Growth Business Model**
 - Targeted Exit in 2019
 - Production only; No exploration activities
 - Acquire production with upside; Drill development wells
 - Acquired first well in December 2015
- **Present and Future Value**
 - Ready for production ramp up via drill bit
 - Escalating production; Reasonable year-end production targets
 - Building future drilling inventory to increase portfolio value
- **EXIT 2019**
 - 300-500 BOPD YE Targets; 300 BOPD Base Case for EXIT
 - 3-year future drilling inventory at EXIT
 - Monetize South Texas Project
 - Various EXIT options available

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