



**(NASDAQ: TRCH)**

## **Investor Presentation**

**Emerging Mid-Continent Focused E&P  
June 2014**

# Forward Looking Statements



This presentation of Torchlight Energy ("Torchlight" or "Company") contains forward-looking statements within the meaning of the federal securities laws. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, and goals, assumption of future events or performance are not statements of historical fact and may be deemed "forward-looking statements." Forward-looking statements can often be identified by the use of words such as "may," "will," "estimate," "intend," "continue," "believe," "expect," "plan," "propose," "projected," "seek," or "anticipate," although not all forward-looking statements contain these or other identifying words. Forward-looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Such forward-looking statements relate to, among other things: expected revenue, cash flow and earnings growth; estimates regarding oil and gas reserves, future oil and gas prices and present values of such reserves; strategies and timelines for growth of the Company's business; and projected capital expenditures. These statements are qualified by important factors that could cause the Company's actual results to differ materially from those reflected by the forward-looking statements. Such factors include, but are not limited to: the Company's ability to locate and acquire suitable interests in oil and gas properties on terms acceptable to the Company; the Company's ability to obtain working capital as and when needed on terms acceptable to the Company; the ability to integrate, manage and operate acquired oil and gas properties; the ability of the Company to build and maintain a successful operations infrastructure and to retain key personnel; possible insufficient cash flows and resulting illiquidity; government regulations; lack of diversification; political risk, international instability and the related volatility in the prices of oil and/or natural gas; increased competition; stock volatility and illiquidity; the Company's potential failure or inability to implement fully its business plans or strategies; general economic conditions; and the risks and factors described from time to time in the Company's offerings, reports and filings with the U.S. Securities and Exchange Commission (the "SEC"). The Company cautions readers not to place undue reliance on any forward-looking statements. The Company does not undertake, and specifically disclaims any obligation, to update or revise such statements to reflect new circumstances or unanticipated events as they occur.

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# Corporate Snapshot

NASDAQ: TRCH	
Share Price (6/2/14)	\$3.85
Market Cap (6/2/14)	\$77.7 MM
Common Shares Outstanding	20.2 MM
Float	11.22 MM
Warrants	9.19 MM
<b>Fully Diluted O/S Shares **</b>	32.7 MM
Insider Ownership	5.54 MM
Debt (3/31/14)	\$10 MM
Cash (3/31/14)	\$1.87 MM

\*\* Assumes complete conversion of debt into common and the exercise of all options and warrants

# Corporate Overview



- Headquartered in Plano, Texas
- Emerging oil and gas company focused on developing it's mid-continent assets
- Quick paybacks, high IRRs, and proven, bookable reserves can be exploited
- Large drilling inventory in productive areas where both conventional and unconventional plays exist
  - **90+ new wells slated for 2014 – 31 already underway**
- Company goal is to increase net barrels of production, thereby driving revenues, cash flows and shareholder value



- **Projects**

- Focus on Liquids Production
- Exploitation Rather Than Exploration Projects, Known Geology
- Proven in Field Drilling
- Excellent EUR's
- Repeatable Performance

- **Partners**

- Proven and Experienced Operators
  - Husky Ventures in Oklahoma
  - Ring Energy in Kansas
- Large Acreage Position and Growing in Mid Continent Projects

- **People**

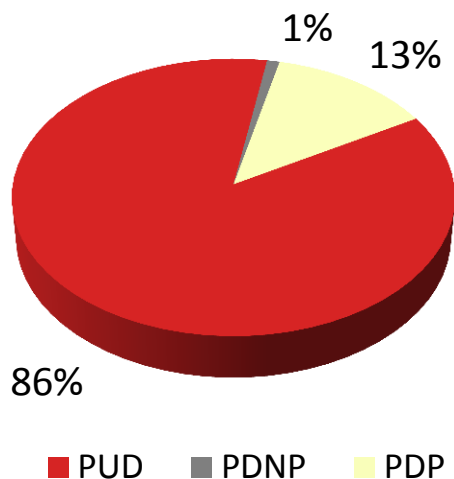
- Management and Board members combined with over 200+ years of Oil and Gas experience and;
- 100+ plus years of investment banking and project finance experience

# 1P Reserve Breakdown YE 2013

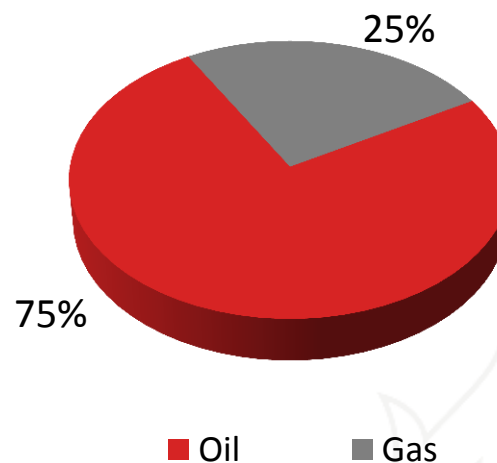


Reserves	Oil MBbl	NGL Mbbl	Gas MMcf	Total Mboe	PV 10 (\$M)	% of Total
PDP	75.8	0.0	56.4	85.2	3,616	13%
PDNP	6.8	0.0	4.8	7.6	334	1%
PUD	1,019.4	0.0	2,365.1	1,413.5	23,812	86%
<b>Total Proved</b>	<b>1,101.9</b>	<b>0.0</b>	<b>2,426.4</b>	<b>1,506.3</b>	<b>27,762</b>	<b>100%</b>

Proved Reserves



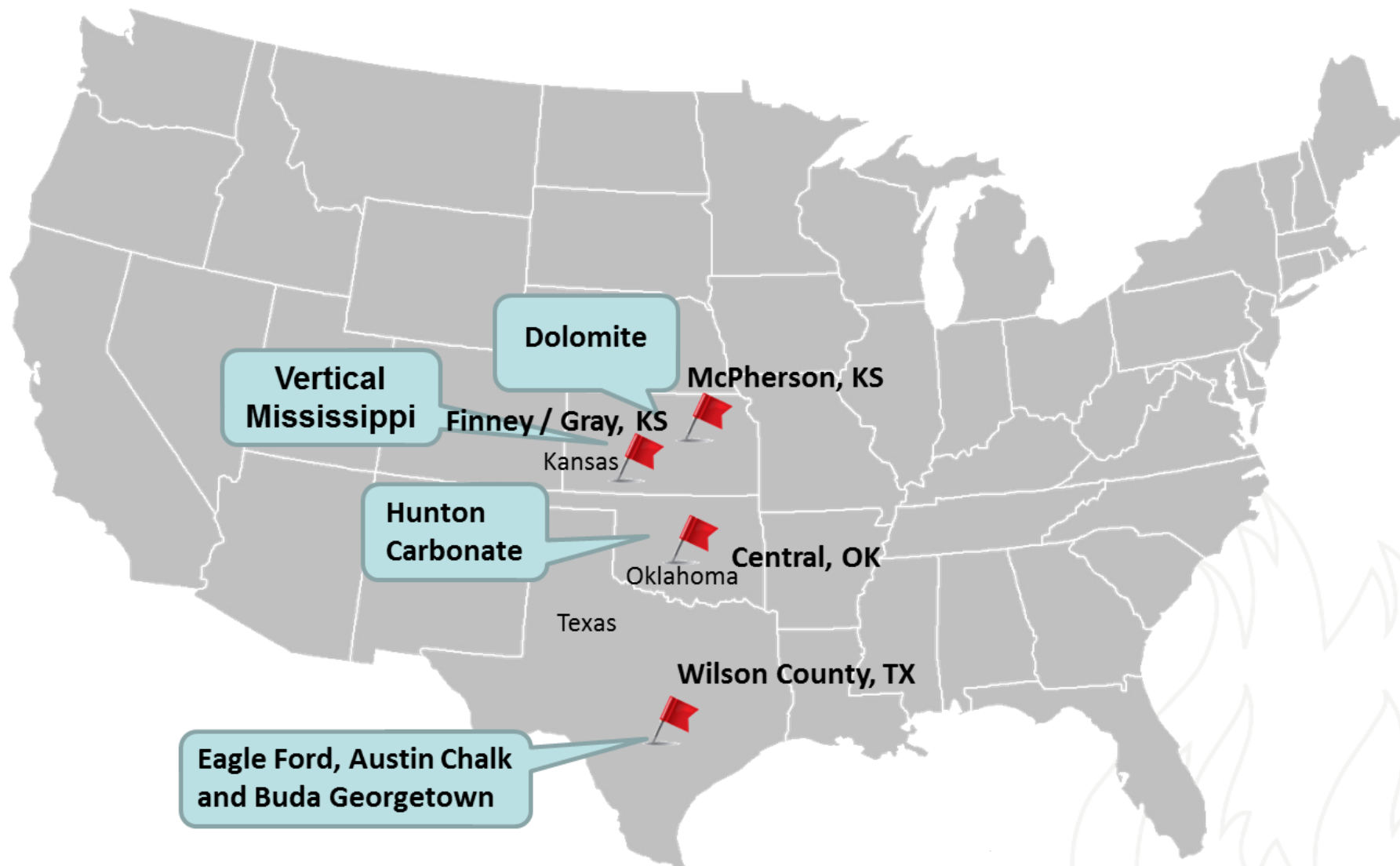
Oil / Gas Mix



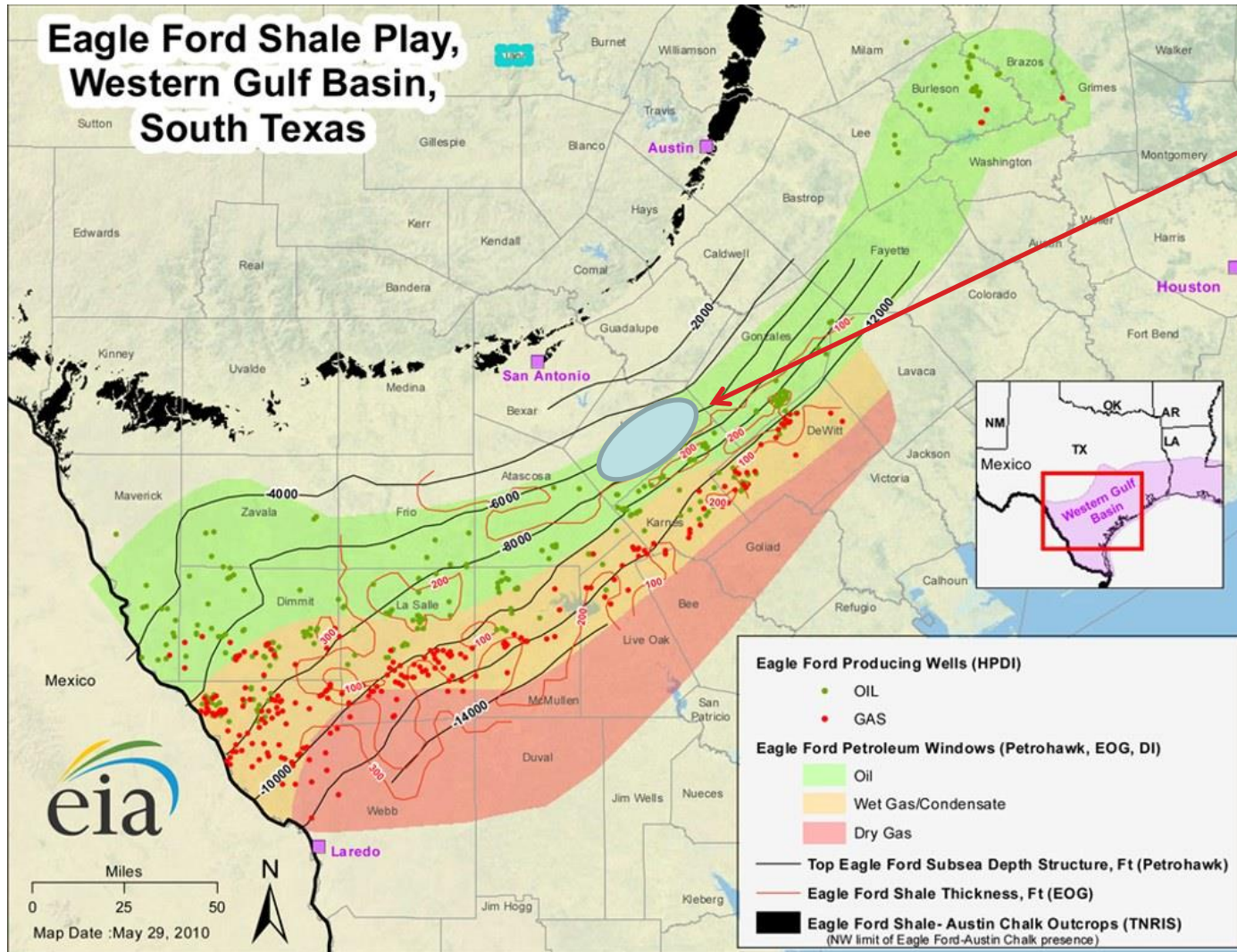
Reserves as of December 31, 2013  
Wright & Company  
Netherland, Sewell & Associates, Inc.

Combined Reserves of \$46 mm on just two operating properties at year end

# Properties Overview



# Texas Assets - Eagle Ford Trend



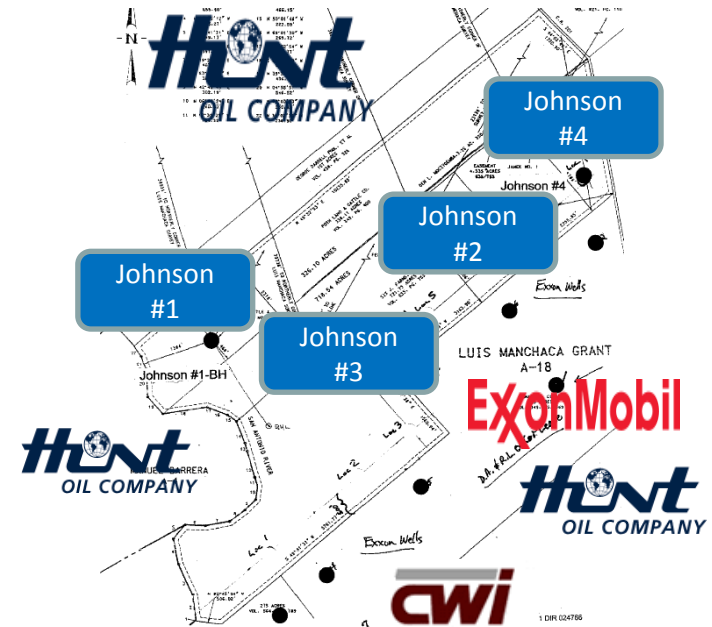
- Wilson County Area of Interest



# Marcelina Creek Project – Wilson County, TX



- Torchlight owns 75% working interest
- Three producing wells
  - Horizontal Austin Chalk to 2500' lateral – 30 Day test 195 BOPD, IP 438 BOPD
  - Vertical Buda to 8,500' – currently producing 40 BOPD
  - Horizontal Buda well to 2700' – IP 197 BOPD
- Netherland Sewell reserve report, currently 1,243,456 in net reserves to Torchlight, ~\$25.9 million in PV10
- Lease offsets excellent Buda field drilled by Exxon
- Preparing to drill 2nd horizontal Austin Chalk well
- Total of 6 to 7 Horizontal wells can be drilled on the acreage to EACH HORIZON, leaving 20 locations remaining



Johnson #1BH – Flare and Heater Treater



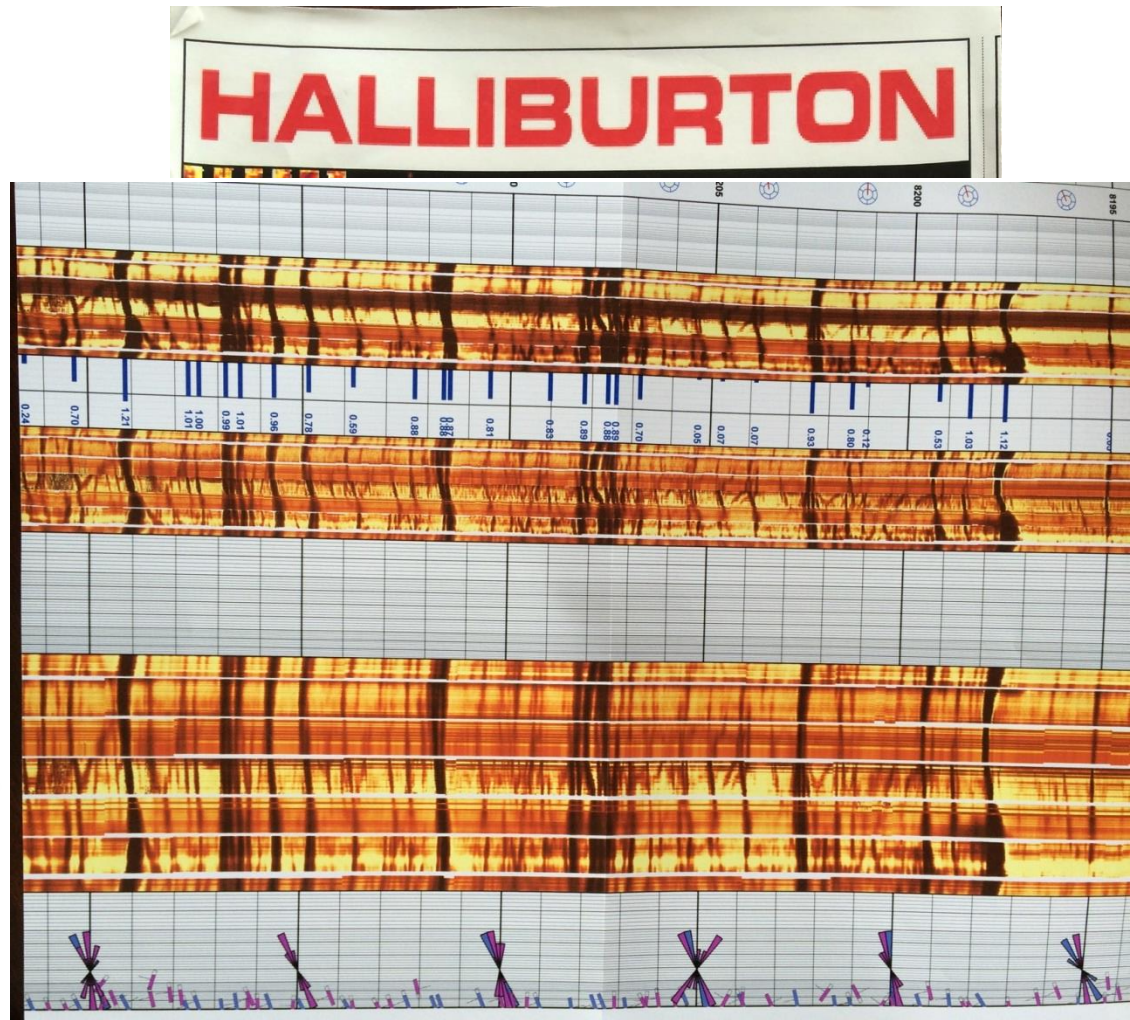
# Central Oklahoma Assets

- Approx. 25,000 gross acres currently
- 15-25% WI in the AMI's
- 5 AMI's – totaling over 300,000 potential acres
- Highly Successful Operator has drilled 50+ successful wells in the play
  - IP's in the 400 BOEPD to 1,400 BOEPD range
- Producing from the Hunton formation with multiple zones behind pipe including the Woodford Shale and Mississippian
- Predominately Oil and High BTU gas - \$6.25 - \$8.25 mcf
- 7 to 12 month payback
- 45+ wells planned for 2014 – 5 rigs running
- **200+ locations** remaining to be drilled
- **25 net locations to TRCH with PV 10's (\$3.2 to \$9.2mm)**
- EUR's 250 MBOE to 450 MBOE, now approaching 700 MBOE
- YE 2013, Wright & Company reserve report, 1,028,019 in net reserves to Torchlight, ~\$21.5 million in PV10



# Science Leads to Success

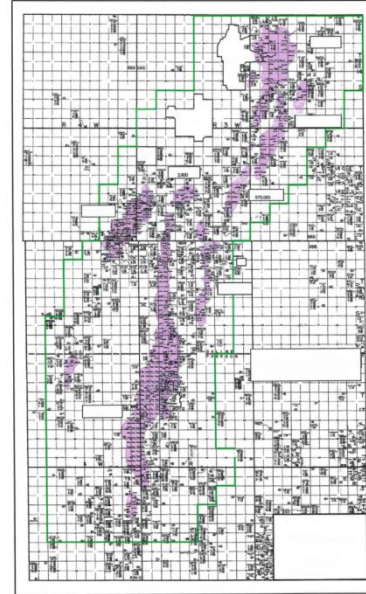
- Husky Ventures and its partners have spent well in excess of \$100 million perfecting the techniques necessary to unlock the horizontal Hunton Code
- Fracture Detection Logs (see picture) provide a unique view of the lateral leg of the wellbore that can then be interpreted by the Husky Ventures team
- Each frack is individually designed based on the FMI logs and the fractures already present in the well bore





## Smokey Hills, KS

- 18,000 acres under lease
- TRCH to operate – Husky to provide Geo support
- 217 million BO still in place
- 22 million BO Proven recoverable
- TRCH has greater than 50% WI in the play
- 60-200 remaining locations on 40's
- Excellent Porosity 14%-21%
- Quarterly Drilling beginning in Q3 2014
- Expected IP's 30 to 50 BOPD
- Target zone shallow 3400'
- Low AFE's - \$450k
- Under 12 month payout

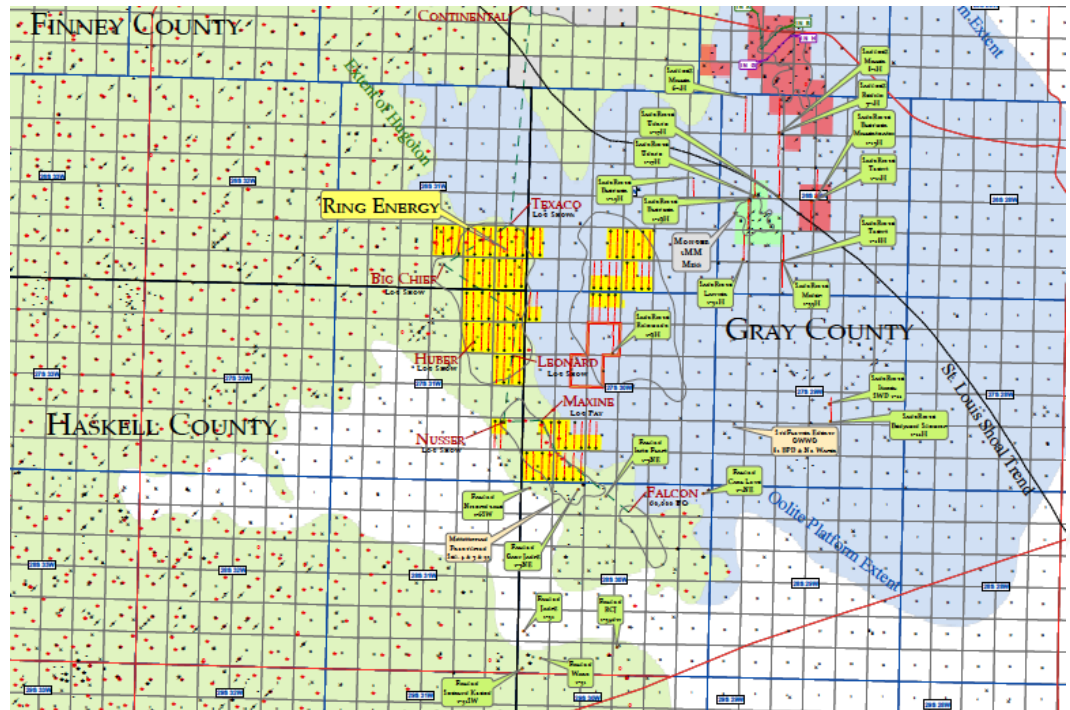




# Kansas Assets – Finney /Gray / Haskell

## JV with Ring Energy (acreage in yellow)

- 17,000+ acres under lease
- TRCH Entered into JV (Drill to Earn) 50% WI in the entire play
- Proven Operator – Ring Energy (Ticker NYSE: REI)
- 450 possible locations
- 3 county AMI
- Excellent offset well control
- Drilling Program underway
- Expected IP's 70 to 100 BOPD
- Target zone shallow 5200'
- Low AFE's - \$650k
- Under 12 month payout

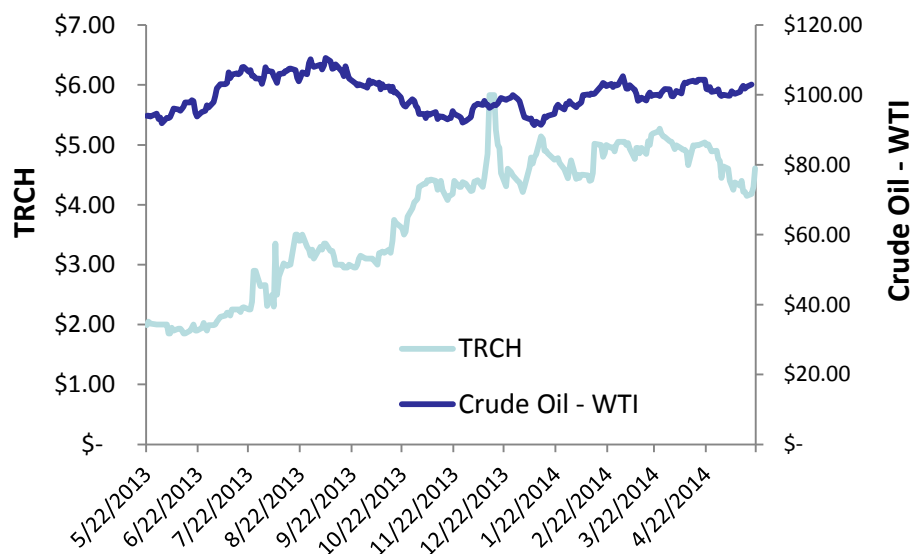


# Common Equity – Market Upside

## Trading & Liquidity Analysis

	1 Day	7 Days	30 Days	90 Days	1 Year
<b>Average Price</b>	\$4.61	\$4.28	\$4.55	\$4.84	\$3.81
<b>Average Volume</b>	53,100	24,667	23,900	31,960	24,937

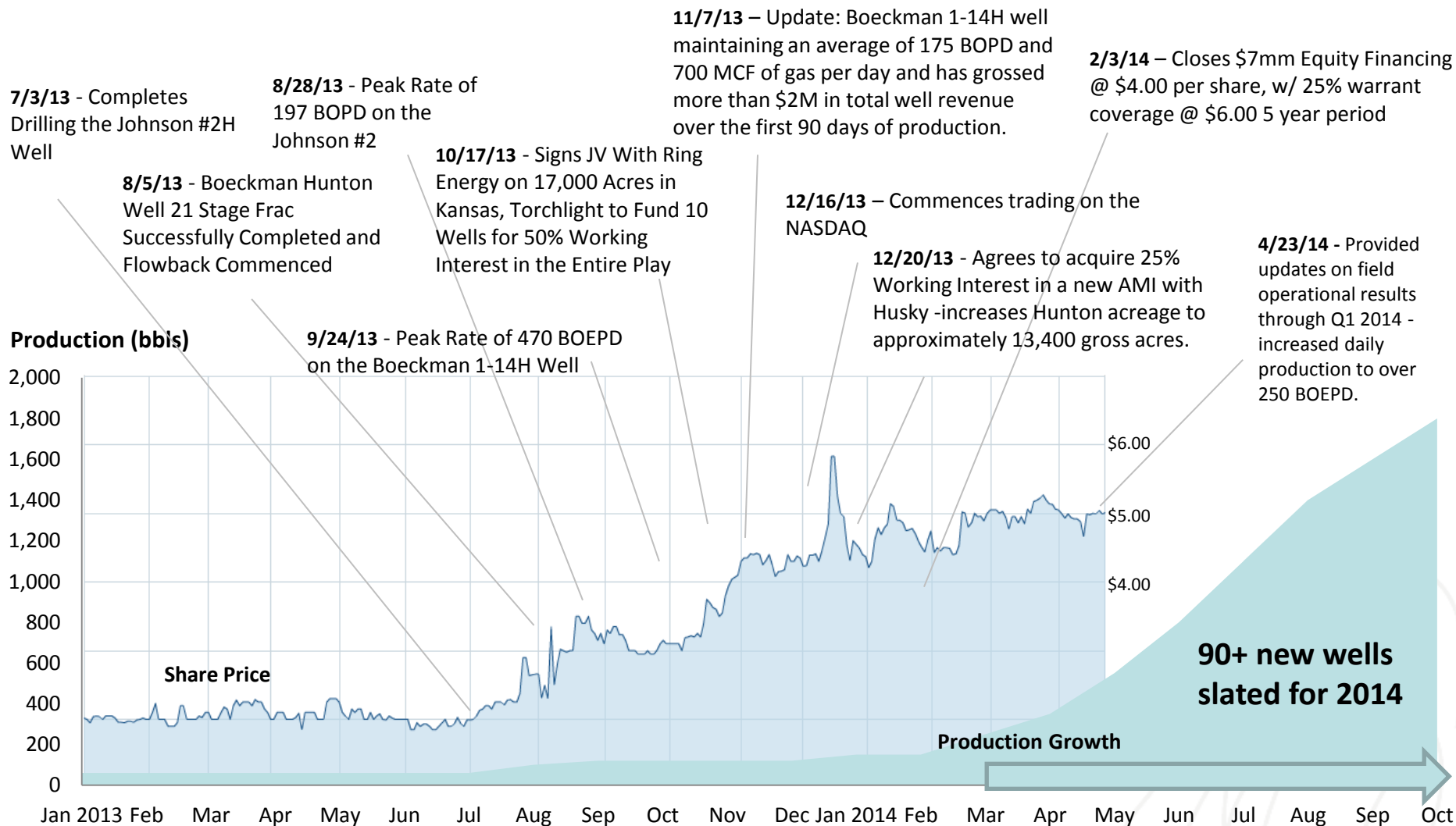
## Stock Price vs. Oil Price



## Shareholder Base - Current

	Common Shares	Beneficial Ownership
<i>Source: S&amp;P Capital IQ</i>		
<b>TRCH Institutional Ownership</b>		
Hodges Capital Management	600,000	4.07%
Others	14,286	0.10%
<b>Total TRCH Institutional Ownership</b>	<b>614,286</b>	<b>4.17%</b>
<b>Implied Retail Float</b>	<b>5,889,854</b>	<b>39.98%</b>
<b>TRCH Insiders</b>		
Lapinski, Thomas	3,000,000	20.36%
Brda, John A.	2,512,500	17.05%
Dulin, Robert Kenneth	521,360	3.54%
Turner, Wayne	75,000	0.51%
Danneberg, Kenneth I.	25,000	0.17%
Others	94,000	0.64%
<b>Total TRCH Insiders</b>	<b>6,227,860</b>	<b>42.27%</b>

# Company Timeline



# Projected Drilling Plans – Across All Projects

	2014	2015
Capex \$MM	\$35.8	\$50*
Total Wells	90+	180

**Projected to drill out of cash flow by Q4 2014**

\*reflects increases in WI positions



# Investment Summary



- Focused on proven established plays with multiple pay zones
  - Currently developing proven opportunities
  - De-risked assets – currently cash flowing out of 20 producing wells
  - Directly operate projects where we are majority WI
- Disciplined M&A strategy – acquiring projects with strong economics (<1 year payback)
- Proven management with over 200 years combined experience
- **Future drilling inventory on existing assets of over 1,000 new well locations**
  - Large acreage positions with over 50,000 combined gross acres in proven and producing areas and growing
  - 90+ wells slated in 2014 – 32 underway

# Executive Management & Director Bios



**Tom Lapinski , CEO & Chairman of the Board** - Mr. Lapinski has served as our Chief Executive Officer, Interim Principal Financial Officer and director since November 2010. He also previously served as our President from November 2010 to January 2012. He is the founder of Torchlight Energy, Inc., our wholly owned subsidiary, and has served as its Chief Executive Officer, President and director since its incorporation in June 2010. From 2002 to the present, he has engaged in consulting work on evaluating exploration, acquisition and re-development opportunities in the Rocky Mountain Region, Texas Gulf Coast, Mid-Continent, the Middle East, and South America. From September 1996 to June 2002, Mr. Lapinski served as President of Stephens Energy International of The Stephens Group, LLC. While there, he was involved in oil and gas exploration and production project development. Prior to that, he spent over 30 years in senior positions with Amoco Corporation before retiring. His expertise is in project evaluations, operations management and strategic planning with experience throughout the Rocky Mountain region, Alaska, U.S. mid-continent, the U.S. Gulf Coast and international arenas. Mr. Lapinski received a degree in Geophysical Engineering from the Colorado School of Mines in 1966.

**John Brda, President and Director** - Mr. Brda has been our President and Secretary and a member of the Board of Director since January 2012. He has been the Managing Member of Brda & Company, LLC since 2002, which provides consulting services to public companies—with a focus in the oil and gas sector—on investor relations, equity and debt financings, strategic business development and securities regulation matters. With over 20 years of investment banking experience, including 5 years as a fund manager, prior to becoming a consultant, Mr. Brda has the knowledge and experience to execute and ensure success for his client companies. Over that time period, Mr. Brda, either originated, invested in, or placed over \$70 million in financings. He graduated college in 1988 with a B.S. in Finance from Southern Illinois University, Carbondale, IL.

**Willard G. McAndrew III, COO and Director** - Mr. McAndrew has 43 years of experience in the oil and gas industry from field operations to refining to management. He began his career in 1969 working as a roustabout for Hercules Drilling Company in South Louisiana. Later he joined Exxon Corporation's Refinery, Distillation and Specialties division in Baton Rouge, Louisiana, becoming the fourth generation in his family to work for Exxon. He was an operator on the Foster Wheeler #1 Pipestill that processed over 100,000 barrels of oil per day. Mr. McAndrew has served as President and owner of several companies involved in all phases of the oil and gas business from prospect acquisitions, drilling and/or recompleting hundreds of wells, owning over 200 miles of gas gathering and transmission pipelines in two states and large multi-well development projects. He has acted as strategic consultant to both private and public companies and was responsible for the structure, formation, funding and marketing of partnerships and joint-venture oil and gas financings. He is also a director for Sports Society for American Health. He attended Louisiana State University and served in the United States Marine Corps.

# Executive Management & Director Bios



**Roger N. Wurtele, CFO** - Mr. Wurtele is a versatile, experienced finance executive that has served as Chief Financial Officer for several public and private companies. He has a broad range of experience in public accounting, corporate finance and executive management. Mr. Wurtele previously served as CFO of Xtreme Oil & Gas, Inc. from February 2010 to September 2013. Since May 2013 he has worked as a financial consultant for us. From November 2007 to January 2010, Mr. Wurtele served as CFO of Lang and Company LLC, a developer of commercial real estate projects. He graduated from the University of Nebraska and has been a Certified Public Accountant for 40 years.

**David Arndt, Operations Manager** - David Arndt is a seasoned executive in the oil and gas industry with over 45 years of operations, engineering and personnel management experience. David has developed drilling programs and economic studies on exploratory and development projects in North Dakota, Mid-Continent, Texas, Gulf Coast, SE Asia and in the Middle East. Prior to joining Torchlight Energy, David was a Vice President/Manager/Senior Engineer and oversaw the drilling, completion, reworking and production operations for companies such as Conoco, Scotia Group, Sundance Resources and Petrosearch Energy Corporation. David has traveled the world but focused on the mid-continent in the USA producing from some of the largest oil and gas fields. David has a B.S. in Petroleum Engineering from Penn State University.

**Wayne Turner, Director** - Mr. Turner has served as one of our directors since March 2011. He is presently the Managing Partner of JEBCO Seismic, LP, a position he has held since 1989, and is the Managing Partner of Big Thicket Oil & Gas, L.P., a position he has held since 2001. Mr. Turner took over management of JEBCO in 1989, when he acquired an ownership interest in the company. JEBCO is an independent international geophysical data acquisition contractor. JEBCO's non-exclusive surveys and third party datasets represent a unique and readily available source of information for both mature and frontier regions. JEBCO has operated both offshore and onshore in Canada and the U.S. JEBCO has also conducted surveys in the North Sea, Africa, Asia, and South America. One of JEBCO's most significant accomplishments was signing an agreement with the Ministry of Geology in the USSR in 1989. The company was active in Russia, Kazakhstan, Uzbekistan, and Azerbaijan before and after the break-up of the USSR. The company has provided oil and gas exploration information to the industry, assisted in license rounds, and assisted in direct negotiations for oil and gas properties in these countries. Mr. Turner spent significant time in these countries and personally negotiated the major contract agreements involved. Mr. Turner started Big Thicket Oil & Gas, L.P. in 2001. This company is active in oil and gas exploration in Texas, Louisiana, Oklahoma, and New Mexico. Most of the activity is through partnerships, which allows the company to remain small in staff, but have access to expertise in different areas. Big Thicket does not operate wells, but is involved in generating and evaluating prospects. Mr. Turner graduated in 1971 from the University of Houston with a degree in Electrical Engineering. He is active in various charitable organizations including the Houston Livestock Show and Rodeo and Houston Children's Charities.

# Board of Directors Bios



**Jerry Barney , Director** - Mr. Barney has over 30 years of experience in various management and consulting positions with technology, oil services and government entities. Mr. Barney was a director of Barney Family Companies, a successful investment firm with holdings in oil and gas properties, office buildings and financial assets. Mr. Barney has a Bachelor of Science from the University of Kansas; a MA in Education from Columbia University; and a MBA from Rensselaer University.

**Edward Devereaux, Director** - Mr. Devereaux is a seasoned investment executive with over three decades of experience in investment management, investment banking and securities sales and marketing. Mr. Devereaux has helped raise more than \$10 billion of investment capital in his career, which includes Prudential Securities and Lightstone Securities. Mr. Devereaux has a B.A. from Hofstra University.

**E.L. Shockey, Director** - Mr. Shockey is a successful and experienced entrepreneur and executive who currently acts as a mentor for many of the companies in his investment portfolio. After completing his service in the U.S. Navy, Mr. Shockey entered the software industry and gained broad knowledge of military software and telephony applications while at GE, RCA, Raytheon, and Northern Telecom. He founded Computerware in 1978 and successfully developed and marketed a telephone company management system for shared tenant services. Computerware was bought by a venture capital fund in 1986. Mr. Shockey then founded Telecommunications Support Systems (TSS) to dispatch substitute teachers for schools. Its customers included 600 of the largest school districts in the U.S. and Canada. TSS was sold in 2000 and currently operates as eSchools Solutions, Inc.



## Company

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## Investor Relations

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